

THE STATUS OF MAJOR CITIES AND THEIR PERIPHERIES

Local and Regional Authorities in Europe no 59

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INTRODUCTION

Major cities are a key element in national economies and have an essential role to play in order to foster a balanced development, the social welfare and a sounder economy. When playing such a role, they and their regions – the metropolitan areas – have, at present, to face growing competition from other urban areas, not only in the national context, but also in the European context, or in a wider international one.

Moreover, major cities' social and economic environment is constantly and rapidly changing. The need for adaptation becomes crucial and it makes it necessary to improve their administrative organisation in order to improve their ability to solve problems and to compete effectively.

The major problems that the largest and most populated urban areas have to answer in general can be grouped under three headings:

- 1) marked social and economic imbalance within the metropolitan area, especially between the centre and the periphery, along with unequal allocation of financial resources;
- 2) greater needs for infrastructures and services, due to a high population density and the volume of commuting between residential areas and the areas where the economic activities take place;
- 3) lack of coordination when decisions concerning the metropolitan area (or most of it) are to be taken, especially those concerning planning, environment protection and economic development, and need for a fair but effective decision-making process, particularly when the implementation of appropriate solutions to problems concerning the community as a whole affect the interests of a part of it and therefore cause its reaction (the so-called "not in my back yard" – or NIMBY – problem).

The greater the population of the areas concerned, the greater the intensity of these problems grows and major cities often appear to be overpowered. Actually, their spatial borders, tasks, competencies and means no longer fit together.

At the same time, it becomes more difficult to conciliate the interests of the various groups within the metropolitan area, by means of the so-called "traditional" co-operation structures, such as authorities' associations or consortiums, generally responsible for competencies voluntarily delegated by the constituent local authorities, whose representatives comprise, in principle, the decision-making body of the agglomeration.

These forms of co-operation are a valid response to the needs of medium-size towns within the same geographical area, to jointly organise certain services and to undertake development actions. On the contrary, they may not be fully suitable in the case of major cities and their relations with their peripheries.

Tensions resulting from imbalance force relations to become more acute and difficult to overcome. Thus, the competent authorities hesitate about enlarging the powers of such a structure and transferring the financial resources necessary for its action to be really efficient.

However, the problems of major metropolitan areas cannot be solved unless powers and financial resources granted allow the body confronting these problems a long-term planning and the necessary resources (financial or others) in order to carry out its programmes.

This fact has led to the adoption of specific rules concerning cities of a certain importance and eventually a special regime for the "metropolis" and their surrounding areas, in a number of member states of the Council of Europe.

At the 10th Session of the Conference of European Ministers responsible for Local Government (The Hague, 15-16 September 1993), the CDLR prepared a report concerning the particular question of the administrative structures required to ensure the necessary coordination between cities and their periphery¹.

The aim of the current report is to deepen this analysis and to examine in further detail the current situation. Five case-studies, completed by a summary of national legislations of some member states in this field, give an overview of the problems encountered and of the different solutions adopted in order to ensure a balanced development between the city-centre and its periphery.

There are other European major cities not presented in this report, even though they are in a similar situation. Their specific problems should be solved by means of adequate decisions, bearing in mind their particularities and the need for a balance and harmonious development for the whole of the metropolitan area.

In the conclusions, the CDLR expresses its views on the questions of structures, competencies, administrative organisation and resources of major cities' authorities. It is important to note that there is no question of establishing one or several models for states, but to highlight the elements to be considered while specific measures concerning major cities and their peripheries have to be adopted.

¹ The report on *Major Cities and their Peripheries* is published in the study series "Local and Regional Authorities in Europe", no. 51. It deals with three types of situation: overcoming the division of agglomerations between several municipal authorities, co-operation between urban centres and their periphery, and co-ordinating the development and management of several urban centres which in practice form a single conurbation.

**SUMMARY FILES ON NATIONAL LEGISLATION
ON MAJOR CITIES**

AUSTRIA

LEGISLATION

In Austria, there is no specific legislation on major cities.

LOCAL FINANCES AND EQUALISATION MEANS

A particularity is the so-called "progressive population factor" ("*abgestufte Bevölkerungsschlüssel*") which is a formula for the percentage of sharing of financial resources calculated on the basis of the population. It is based on the assumption that despite the fact that all municipalities are legally equal, those which greater populations require greater financial resources in view of their different demands.

BELGIUM

LEGISLATION

The main reference texts are:

- the Constitution, Articles 165 and 166;
- the Law of 26 July 1971 on the Organisation of Urban Districts and Federations of Municipalities (and subsequent amendments);
- the Special Law of 12 January 1989 on Institutions in Brussels;
- the Special Law of 16 January 1990 on the Financing of the Communities and Regions;
- the Decree of 10 March 1994 establishing the rules for dividing the overall budget allocated to municipalities in the Brussels region.

DEFINITION

Belgian legislation sets no criteria for defining metropolitan areas. The Law of 26 July 1971, which provides for the creation of such entities under the name of "*agglomérations*", directly designated the five areas in which this special authority may be constituted, namely: Brussels, Antwerp, Charleroi, Ghent and Liège.

POWERS AND RESPONSIBILITIES

The 1971 Law states that the "*agglomérations*" are to foster the coordination of municipal activities and provides for the transfer to them of powers and responsibilities for the following sectors, on a mandatory or optional basis:

Sector	Mandatory	Optional
- waste collection and processing	X	
- public transport	X	
- fire prevention	X	
- emergency medical assistance	X	
- airports		X
- siting of public markets serving the entire area		X
- slaughterhouses		X
- public car parks		X
- tourism		X
- camp sites		X
- crematoria and places of remembrance		X
- technical assistance to constituent municipalities		X

They also exercise such powers as may be granted to them within the framework of devolution and decentralisation, together with the functions they accept at the request of municipalities within their territory.

In addition, the Brussels area has been given the powers and responsibilities of its municipalities with regard to water supply, the cleaning of streets, squares, markets and public parks, and snow-clearance. It also controls the creation of a metropolitan road system by taking over municipal road systems, the managing and lighting of that road system, and municipal computer facilities.

ADMINISTRATIVE STRUCTURE

The organs of the metropolitan area are: the Council and the Executive Board.

The members of the **Council** are directly elected by universal suffrage. The number of them depends on the size of the population but there may be no fewer than fifteen and no more than eighty-three. Fresh elections for the entire council are held every five years. As far as its powers are concerned, the council controls all matters lying within the authority of the metropolitan area and considers all matters submitted to it by superior authorities.

The **Executive Board** comprises a chairman, elected by the Council, and selected council members, who hold office for five years. The number of members, including the chairman, depends on the number of councillors but may be no fewer than three and no greater than nine. Within the framework of the metropolitan area's powers the Board's responsibilities include:

- implementing council decisions;
- implementing laws, decrees and orders;

- preparing the draft budget;
- financial management and accounts;
- administering the metropolitan area's assets and establishments;
- running the metropolitan area's general services and public corporations;
- issuing permits and authorisations;
- judicial proceedings.

Each metropolitan area has its own **staff**, including a secretary and a tax collector. Staff working for the municipal institutions and departments transferred to the metropolitan area are automatically transferred with those institutions and departments.

OPERATION

Of the five metropolitan areas provided for by the Law of 26 July 1971, only the Brussels metropolitan area has been created and given its own legal personality.

The present Article 166 of the Constitution enshrines the existence of the Brussels metropolitan area and entrusts the attached powers and responsibilities to the organs of the Brussels region (which also covers the nineteen municipalities in Brussels), established by the Special law of 12 January 1989, namely the Council and the Government of the region. Obviously the Brussels region has all the powers and responsibilities normally granted to the regions (except those constitutionally granted to the Walloon Regional Council and the Flemish Council).

LOCAL FINANCES AND BUDGET SHARING ARRANGEMENTS

In accordance with the 1971 Law, the metropolitan areas benefit from a special appropriation in the annual state budget, thus creating a fund for them. Furthermore, within the limits provided for by law, they may levy taxes, fix licence dues, receive subsidies, donations and bequeathals, and contract loans. The metropolitan council may ask its constituent municipalities to contribute to the cost of the functions taken on at their request.

The rules for sharing the general budget allocation between the municipalities differ where cities are concerned, as budget allocations vary according to population size.

The Brussels region has available to it all the receipts provided for in the special Law of 16 January 1989 on the Financing of the Communities and Regions, and in particular regional tax revenue. Furthermore, the law provides for a special (index-linked) budget allocation to be granted to the city of Brussels each year.

The order of the Brussels Region Council of 10 March 1994 establishing the rules for sharing the general budget allocation between the municipalities provides for 3% of the total amount awarded to each municipality to be deducted in favour of the Brussels metropolitan area. It also stipulates that the sum of 150 million Belgian francs (index-linked figure) shall be deducted from the general budget and awarded to the city of Brussels.

It should be noted that the remainder of the general allocation is split into three shares of 20%, 50% and 30% respectively. The first share, known as "base allocation" varies according to population and the total built surface area. The second, known as "adjustment allocation" is shared out so as to balance out discrepancies in local tax revenues. The third, known as "compensation allocation" depends on certain expenditure and situations (e.g. expenditure on education, the number of foreign residents, population density).

FINLAND

LEGISLATION

On the basis of a letter from the mayors of Helsinki, Espoo, Vantaa and Kauniainen, a Helsinki Metropolitan Commission was established in 1970. In 1974 a law was adopted by the Ministry of Interior on the Helsinki Metropolitan Area Council. This law was subsequently amended in 1985 and it constitutes the specific legislation in the field.

DEFINITION

The **Helsinki Metropolitan Area** consists of the municipalities of Helsinki, Espoo, Vantaa and Kauniainen. This area comprises a population of 860,000 inhabitants.

It is established in the relevant law that no additional municipalities join without prior amendment of the law.

The administrative response to the problems raised by the Helsinki Metropolitan Area was the creation in 1970 of the **Helsinki Metropolitan Commission**, on the basis of an agreement by the constituent municipalities.

In 1974, the Ministry of Interior adopted a law substituting the Helsinki Metropolitan Commission with the **Helsinki Metropolitan Area Council**, which is still functioning.

COMPETENCIES

The **Helsinki Metropolitan Area Authority** is responsible for:

- regional planning (Executive Board through the Development and Planning Unit);
- public transport (Transport Committee);
- environment (Executive Board through the Environment Office);
- waste (Technical Committee);
- recreation;
- other areas assigned by law to municipal authorities with the approval of their respective municipal councils.

ADMINISTRATIVE ORGANISATION

The organigram is the following:

- **Helsinki Metropolitan Area Council**, consisting of forty-four members appointed by each of the constituent municipalities' councils with a four-year term. Helsinki appoints 22, Espoo 10, Vantaa 10 and Kauniainen 2. The Council elects annually a chairperson and the post rotates among the municipalities and political tendencies;
- **Executive Board**, is the managing body of the Helsinki Metropolitan Area Council, responsible for executing the council's decisions. It consists of fourteen members with a two-year term, representing the municipalities: Helsinki 7, Espoo 3, Vantaa 3 and Kauniainen 1. The council chooses among its members a chairperson and a vice-chairperson which must represent different municipalities;
- **Permanent Committees**: A Transport Committee, dealing with public transport and a Technical Committee, dealing with waste related matters, assist the Executive Board in carrying out its tasks. Each of them consists of fourteen members, representing the municipalities in the same proportion as the Executive Board. The chairman is elected by the council;
- **Executive Director**, head of the administrative organisation of the Helsinki Metropolitan Area Council which numbers some 230 employees. The Executive Director is assisted by two deputies (heads of division) responsible for the following units: development and planning, public transport, central administration, waste management and environment.

COORDINATION

Internal coordination is mainly the task of the Executive Director.

Other forms of coordination refer to the traditional forms of intermunicipal co-operation. A law on this matter was adopted in 1993, stressing the position of the municipalities participating in the creation of any joint authority as owners of the latter.

LOCAL FINANCES AND EQUALISATION MEANS

The total budget of the Helsinki Metropolitan Area Council is over 700 million Finnish marks, which are financed in the following proportion;

- direct payments (user fees) 70%;

– Municipal contributions:

Helsinki	15%	
└		
Espoo		15% in total
Vantaa		
Kauniainen		
└		

EVOLUTION

In June 1986 the Finnish Council of State set up a committee with the task of preparing a report concerning the efficiency of the legislation regarding the Helsinki Metropolitan Area Council and its effects on municipal administration.

The committee concluded its work in 1987 and proposed a Helsinki Metropolitan Area Administration Act, which would bring substantial amendments to the existing situation, concerning namely in terms of organisation since the Helsinki Metropolitan Area Council, would consist of eighty-five members elected by the population, instead of the forty-four actual members elected by the constituent municipal councils.

This proposal was dropped however, given the different and conflicting views expressed on the direct election of the Area Council members.

Recently the Law on Local Self-Government has been amended. Some small formal changes, currently under preparation, will have to be made on the Helsinki Metropolitan Area Council law.

FRANCE

LEGISLATION

The main reference texts are as follows:

- Municipalities Code, particularly the provisions of Law no. 66-1069 of 31 December 1966 (amended) on Urban Communities, and Law no. 92-125 of 6 February 1992 on Town Communities;
- Law no. 82-1169 of 31 December 1982 on the Administrative Organisation of Paris, Marseille, Lyon and Public Establishments for Intermunicipal Co-operation (amended).

GENERAL DESCRIPTION OF STRUCTURES

Under French legislation, conurbations may adopt differing structures geared to their specific problems. In particular, the **urban community** (*communauté urbaine*) and **town community** (*communauté de ville*) were instituted to overcome the problems of coordinating the services and infrastructures which arise in cities.

The *district* is a similar but less integrated co-operation structure, having more in common with a multi-purpose **consortium of municipalities** (*syndicat des communes*) although it does exercise certain mandatory functions in the fields of housing and fire prevention and can levy taxes.

For new built-up areas, the municipalities concerned may set up a public development agency, to purchase and develop land, and form a **new town consortium** (*syndicat d'agglomération*). This structure fulfils mandatory functions, notably in town planning and economic development.

Finally, there are special provisions for France's three biggest cities, Paris, Marseille and Lyon.

These provisions and those governing urban communities and town communities are described in further detail below.

SPECIAL PROVISIONS FOR PARIS, MARSEILLE AND LYON

Law no. 82-1169 of 31 December 1982, whose objectives included bringing municipal administration closer to citizens and encouraging the latter to participate more actively in local life, provides for the administrative decentralisation of France's three biggest cities while leaving their unity intact.

These three cities are subject to the regulations governing municipalities and continue to be governed by a municipal council and a mayor. However, the law of 1982 provides for the institution of new organs of administration with clearly delimited powers: the **district council** (*conseil d'arrondissement*), overseen by a **district mayor** (*maire d'arrondissement*).

The **district council** consists of municipal councillors and district councillors elected by universal suffrage in the district.

The role of the district council is to participate in the running of the district and in local life. The powers devolved to it by the law may be divided into six categories:

- 1) it may obtain information on problems concerning the district by submitting written or oral questions to the municipal council;
- 2) it is consulted on matters concerning the district and, in particular, gives its opinion on draft municipal council decisions which are to be implemented on all or part of the district's territory and also on questions of town planning;
- 3) it manages certain facilities directly affecting the everyday life of residents in the district (child-minding facilities, cultural and sports facilities, public baths and green areas smaller than one hectare) and decides on the installation of new facilities serving these categories; the municipal council may also entrust the district council with the management of any other facility or service;
- 4) it appoints municipal representatives in all bodies whose activity is restricted to the district;
- 5) it participates in housing allocation and the definition of general conditions for gaining access to or use of various facilities;
- 6) it participates in the local life of the district in conjunction with local associations.

The **district mayor** is elected by the municipal councillors sitting on the district council and has a dual brief. As the executive arm of the district council, the mayor prepares and implements decisions and has his or her own powers, in matters such as civil status, compliance with compulsory schooling, registration for military service, town planning and municipal property.

Municipal officers (*agents de la commune*) are assigned to the mayor to assist the district organs in carrying out their duties.

The operating **budget** available to the district council comes exclusively from an overall budget allocation, established by the municipal council according to the infrastructures and services funded by the districts and to the specific features of each district, particularly the socio-occupational structure of its population.

URBAN COMMUNITIES

Definition

The urban community is a public intermunicipal co-operation body bringing together a number of municipalities in a built-up area with a population of over 20,000.

Law no. 66-1069 of 31 December 1966 instituted four urban communities:

- Bordeaux (27 municipalities totalling some 640,000 inhabitants);
- Lille (86 municipalities totalling some 1,080,000 inhabitants);
- Lyon (55 municipalities totalling some 1,150,000 inhabitants);
- Strasbourg (27 municipalities totalling some 430,000 inhabitants).

Five others have been established since then: Brest (the biggest of the five, with some 215,000 inhabitants), Cherbourg (the smallest of the five, with some 100,000 inhabitants), Le Creusot-Montceau les Mines, Dunkerque and Le Mans.

Competencies

By law, major powers and responsibilities normally falling within the remit of municipalities must be transferred to urban communities, particularly in the following areas:

- intermunicipal charters on planning and development, development plans, zoning plans or equivalent town planning documents, the constitution of financial reserves in the interests of the community;
- creation and servicing of residential areas;
- creation and development of joint development areas;
- economic development, creation and servicing of areas reserved for industry, offices, craft workshops, tourism, ports or airports, and building restoration in the interests of the community;
- construction, fitting and maintenance of schools in these areas;
- emergency and fire prevention services;
- urban transport;
- secondary schools;
- water, sewage and household waste;
- cemeteries and crematoria;
- slaughterhouses, livestock markets and fruit and vegetable wholesale markets;
- roads, road signs and car parks.

Municipalities may furthermore transfer all or part of their functions to the urban community. Conversely, functions may be transferred from the community to municipalities. Such transfers are decided by mutual agreement between the community council and a special majority of the municipal councils (two thirds of the councils representing over half of the community population or half of the councils representing two-thirds of the community population).

Administrative structure

The urban community is run by a **council** comprising at least one delegate from each municipality or more, depending on population size. The council elects a **chairman**. In the areas of competence falling to the community, the community council and its chairman fulfil the functions bestowed or imposed by laws and regulations on the municipal council and the mayor.

Finance

The main resources of the urban community are:

- revenue from direct taxation (own fiscal system);
- taxes or dues for services rendered;
- subsidies from the state or other public authorities and from local authorities or local authority groupings;
- revenue from shareholdings in public infrastructures operated by developers or constructors;
- local infrastructure taxes;
- the overall infrastructure budget allocation, increased by 20%, and the overall operating budget allocation.

TOWN COMMUNITIES

Definition

Like the urban community, the town community is a public body bringing together a number of municipalities in a built up area with a population of over 20,000, with the aim of concerted development for the metropolitan area as a whole. Four town communities have been established to date, the largest being La Rochelle (over 120,000 inhabitants).

Competencies

The town community may execute the following functions in the interest of the community and on behalf and in the stead of its constituent municipalities:

- development plan, sector development plan, intermunicipal planning and development charter;
- drawing up of local housing programmes;
- creation and development of joint development areas;
- economic development, creation and servicing of areas reserved for industry, offices, craft workshops, tourism, ports or airports.

The community must also fulfil functions in at least one of the following areas:

- 1) protection and enhancement of the environment and living conditions, measures against water and air pollution, noise abatement, drainage, and waste collection, treatment and disposal;
- 2) housing policy and rehabilitation measures;
- 3) roads and urban transport;
- 4) cultural and sports facilities, pre-school and primary school facilities, cultural events and activities.

Constituent municipalities may also transfer other functions, together with the relevant public infrastructures or services, to the community. Such transfers are decided by mutual agreement between the community council and a special majority of the municipal councils (two thirds of the councils representing over half of the community population or half of the councils representing two-thirds of the community population).

Organs

The town community is run by a **council** made up of municipal delegates. Seats are allocated on the basis of population size, but each municipality has at least one seat and none of them may fill over half of the seats.

The council decides on all matters falling within the competence of the community.

GERMANY

LEGISLATION

Specific legislation has only been adopted in certain *Länder* and for certain urban areas, namely:

Baden-Württemberg	Stuttgart
Hesse	Frankfurt
Lower Saxony	Hannover and Brunswick
Saarland	Saarbrücken
North Rhine-Westfalia	Ruhr District

All other metropolitan areas may establish intermunicipal co-operation under the provisions of the local government law and the law on intermunicipal co-operation.

DEFINITION

The administrative response to the problems raised by majors cities and their peripheries is the so-called '**regional union**' and the '**conurbation**', which are considered as public law entities. Several regional unions and conurbations exist: Stuttgart Regional Union, Frankfurt Periphery Union, Brunswick Conurbation, Hannover Conurbation, Saarbrücken City Union, Union of the Ruhr District Local Authorities (KVR).

COMPETENCIES

They vary according to the various legislations concerned.

Sector\Area	Stuttgart	Frankfurt	Brunswick	Hannover	Saarbrücken	KVR
Regional planning	•	•	•	•	•	○
Transport	•	•	•	•	○	
Waste	•	•	○	○	○	○
Water		•	○	○	○	
Tourism	•		○	○	○	
Culture, sports, leisure	○	•	○	○	○	•
Economic promotion	•	•	○	○	•	

Environment		•	○	○	○	•
Health		•	○	○	○	
Abattoirs		•	○	○	○	
Energy		•	○	○	○	
Others		○	○	○	○	○
Requirements for additional tasks to be entrusted	2/3 majority	majority + agreement of supervisory authorities	unanimity	unanimity	by law	2/3 majority

• Mandatory ○ Additionally

ADMINISTRATIVE ORGANISATION

Specific forms of administrative organigrams are envisaged in the major cities concerned. It varies according to each *Land* legislation and for each metropolitan area.

Stuttgart Regional Union

- **Regional Assembly**, whose members are elected by the population an act on a honorary capacity;
- **Chairman of the Union**, elected by the Regional Assembly among its members at its first meeting, is at the same time chairman of the latter and acts in a honorary capacity; and
- **Regional Director**, elected by the Regional Assembly as a temporary civil servant for eight years, represents the Union and heads its administration.

Frankfurt Periphery Union

- **Union Assembly**, elected by the population for a four years term;
- **Union Committee**, elected by the Union Assembly, consists of a **director** (chairman) and a **chief officer**. It is the administrative authority of the Union; and
- **Local Authorities' Chamber**, whose members are elected by the constituent municipalities among their municipal councils.

Brunswick Conurbation

- **Union Assembly**, elected by the constituent municipalities' councils for the same term than their members, its members serve in a honorary capacity;
- **Union Committee**, consisting of the chairperson of the Union Assembly, twelve other members and the Union Director in a honorary capacity; and

- **Union Director**, elected by the Union Assembly, is a temporary civil servant.

Hannover Conurbation

- **Union Assembly**, elected by the constituent municipalities' councils for the same term than their members; its members serve in a honorary capacity;
- **Union Committee**, consisting of the Chairperson of the Union Assembly, eight other members, in addition the Chief Executive Official of the City of Hannover and the Chief Executive Official of the County of Hannover, both in an advisory capacity; and
- **Union Director**, elected by the Union Assembly, is a temporary civil servant.

Saarbrücken City Union

- **City Union Assembly**, elected by the population for an eight years term, their members serve in a honorary capacity;
- **City Union Committee**, consisting of fifteen members appointed among the members of the City Union Assembly, they serve in a honorary capacity;
- **Planning Council**, consisting of representatives of the constituent municipalities and chaired by the President of the City Union Assembly without right to vote; and
- **President of the City Union**, elected by the population for an eight-year term, is the statutory representative of the city.

Ruhr District Local Authorities Union (Kommunalverband Ruhrgebiet, KRV)

- **Union Assembly**, members sent by the constituent municipalities councils according to proportional party representation (one representative per 125,000 inhabitants) plus twenty-eight representatives with only advisory capacity (from the employers' and employees side five each, three from the regions' council (*Bezirksplanungsrat*) as well as the chief administrative officials of the fifteen member cities and districts);
- **Union Committee**, consisting of the chairperson and fifteen other members of the Union Assembly;
- **Union Director**, elected by the Union Assembly for an eight years term.

LOCAL FINANCES AND EQUALISATION MEANS

In addition to fees and earmarked transfers, these unions may be financed through contributions from the constituent municipalities and through their land specific transfers or equalisation.

HUNGARY

LEGISLATION

The Act LXV of 1990 on Local Government, as amended by Act LV of 1992 on the Modification of the Statutes related to the Laws on the Entrepreneurial Assets of the State and by Act LXIII of 1994, constitutes the legislative framework for the specific features of major cities management.

Chapter VI on *City of County Right* allows for the creation, under certain conditions, of a "city of county rights" which will coexist with the county structure itself.

In addition, chapter VII on *The Capital* contains specific provisions concerning the organisation and management of the county capital city. This section has already been covered in the case study prepared for the group of specialists on major cities (LR-S-MC).

DEFINITION

A "City of county right" (CCR) is a city which counts at least 50,000 inhabitants and enjoys a special statute granted by the National Assembly upon request by the city's representative body. It coincides necessarily with the county's capital city.

As a result of this statute, the government of the CCR is a "settlement government (in the sense of chapter II of the Law), in its own territory, with the appropriate differences" and discharges the functions and powers of the county government. All the other provisions of the law apply.

ADMINISTRATIVE ORGANISATION

The CCR has the following organigram:

- **General Assembly**, is the representative body of the government, elected by the population;
- **District Offices**, are set up by the General Assembly and are headed by a magistrate appointed by the latter;
- **Coordinating Committee**, consisting of ten members elected by the CCR General Assembly (5) and the County General Assembly (5), is responsible for preparing and coordinating the co-operation in the performance of joint tasks. It is alternatively chaired by the mayor of the CCR and the president of the County General Assembly.

IRELAND

LEGISLATION

The Local Government (Dublin) Act of 1993, and the Local Government Act of 1991, supplemented by the Regional Authorities, Establishment Order, regulate the terms for the organisation and management of the Dublin region.

DEFINITION

The Local Government Dublin Act of 1993 replaced the Dublin County Council, the Dun Laoghaire-Corporation and the Deans Grange Joint Burial Board with three new local authorities: the Dun Laoghaire-Rathdown County Council, the South Dublin County Council and the Fingal County Council; in a view to ensure more relevant and accessible local government for the capital city.

As a result, the Dublin region is served by four local authorities within their respective areas:

- Dun Laoghaire-Rathdown County Council;
- South Dublin County Council;
- Fingal County Council; and
- Dublin Corporation (for the City of Dublin)

Covering the area of the four local authorities, the **Dublin region** was established by the Regional Authorities Establishment Order of 1993 made under the Local Government Act of 1991. The region counts a total population of over 1 million inhabitants.

COMPETENCIES

Each of the four local authorities has the same powers and functions, as any county local authority, namely:

- housing;
- road transportation and safety;
- water*;
- waste*;
- fire services*;
- development;
- environmental protection;
- recreation;
- agriculture;
- education and
- welfare,

and other powers of general competence, to act in the communal interest.

Some of the competencies are exercised jointly by the four local authorities (those marked with (*)), and there is a joint integrated fire service which is provided by the Dublin Corporation.

Concerning the Regional Authority, its tasks are to promote the coordination of the various public services in the region and to monitor and advise on the implementation of the EU Structural and Cohesion Fund programmes. In addition, the Regional Authority has to draw up a regional report setting out the overall needs and development requirements of the region and to review the development plans of the constituent local authorities.

REGIONAL ADMINISTRATIVE ORGANISATION

The Dublin Regional Authority comprises 29 elected representatives, members of the constituent authorities' councils in the following proportion: Dublin Corporation 15 and each of the County Councils 5. Their term of office is co-terminus with their membership of the appointing local authority.

The Dublin Regional Authority has an **operational committee**, responsible for advising and assisting the Regional Authority and consisting of a broad basis which includes the chairperson ("Cathaoirleach") of the Regional Authority as chairperson and chief executives of various public bodies. The membership may vary according to the subject to be treated.

COORDINATION

The coordination is the main task of the Dublin Regional Authority, as it has already been mentioned.

A key element in the self-government functioning of the Dublin region is the so-called "Metropolitan Interest", i.e. the common interest of the four local authorities as a whole. According to Section 32 of the Local Government Dublin Act, the four local authorities concerned have a statutory duty to have regard to the overall interest of the combined areas of the authorities and their inhabitants in formulating policies and carrying out functional programmes. In addition, they have to take all appropriate steps to ensure proper coordination and to ensure that appropriate policies and programmes are put in place and implemented in order to promote the metropolitan interest. This includes the obligation for the four local authorities to exchange all information that is necessary to promote the metropolitan interest.

Finally, the Regional Authorities Establishment Order of 1993 has provided for special coordination arrangements between the Dublin regional authority and the surrounding Mid-East Regional Authority.

LOCAL FINANCES AND EQUALISATION MEANS

The management and financial regime of the Dublin local authorities is the same as applies to the county and city councils across the country.

The expenses of the Dublin Regional Authority are borne by the constituent local authorities in proportion to their respective population.

ITALY

LEGISLATION

The reference text is Law no. 142 of 8 June 1990 on Local Self-governing Entities, which established a new structure for major conurbations, known as "metropolitan city". It also provides for the administrative decentralisation of the most heavily populated municipalities, through the creation of municipal wards, which may be mandatory or optional, depending on the case.

PROVISIONS FOR METROPOLITAN AREAS

Definition

The law states that metropolitan areas are those containing the municipalities of Turin, Milan, Venice, Genoa, Bologna, Florence, Rome, Bari and Naples and the municipalities closely linked to them through economic activities, essential social services, cultural relations and territorial characteristics.

It is for the regions concerned to determine the limits of metropolitan areas, following consultation with the municipalities and provinces concerned. It should be noted that this may entail the creation of new provinces or changes in the boundaries of existing ones, since the metropolitan area must correspond to a province.

When the metropolitan areas have been defined, the regions may, following consultation with the municipalities concerned, change the territorial boundaries of those municipalities or create new municipalities through mergers or dissociations.

Metropolitan areas have a two-tier administration system, comprising **metropolitan city** level and **municipality** level.

Competencies of the metropolitan city

The metropolitan city replaces the province. It is not solely a change of name, as legislation on the division of administrative functions in regions stipulates that the metropolitan city must be given not only the powers of the province but also those of municipalities which are supra-municipal in nature or which must, for reasons of economy or efficiency, be applied in a coordinated manner, particularly in the following areas:

- spatial planning in the metropolitan area;
- roads, traffic and transport;
- protection and enhancement of cultural heritage;
- protection and enhancement of environment and water resources;
- collection and distribution of water and energy sources;
- waste management;

- services for economic development and large-scale retailing;
- metropolitan-level services in the areas of health care, schools and vocational training.

Administrative structure of metropolitan cities

The **organs** of the metropolitan city are the **metropolitan council**, the **metropolitan committee** and the **metropolitan mayor**.

The **council** is the decision-making body. Its members are elected by universal suffrage in the metropolitan area. It is empowered to guide and oversee policy and administration and, in particular, has powers and responsibilities for the following:

- statute of the metropolitan city and of specialised public agencies, together with departmental regulations;
- annual and longer-term budgets, annual accounts, regional and town planning and development programmes, civil engineering projects;
- staff statute and organisational chart;
- conventions and forms of association between municipalities or between municipalities and provinces;
- setting up and operating bodies for decentralisation and public participation;
- management of public services, either directly, through specialised agencies or through subcontractors;
- local authority shareholdings in joint-stock companies;
- local taxes, tariffs and dues;
- public borrowing, bond issues and property transactions;
- public tenders and subcontracting outside the domain of everyday administration.

The **committee** is elected by the council, with an absolute majority of votes being required. Its members (who, not counting the mayor, must be even in number and never more than eight or one-fifth of the total number of councillors) may be appointed (if the statute permits) from among the citizens not elected to the council on condition that they are eligible to stand.

The committee exercises all the functions not assigned to the council, the mayor or any other bodies or senior officials. It implements the policies of the council, formulating and initiating proposals.

The **mayor** chairs both the council and the committee and is elected by both the council and the committee and by the same majority. In particular, the mayor is responsible for ensuring that administrative services run smoothly and measures are properly implemented. As an arm of state authority, mayors also have their own powers in areas such as electoral matters, civil status, registration for military service, public order, health and hygiene.

Metropolitan cities have their own **staff**, managed by a **secretary** who, acting on the mayor's instructions, directs and coordinates the work of officials. He or she also attends meetings of the committee and the council and is responsible for preparing and implementing decisions.

Local finances

Metropolitan cities' main resources are:

- revenue from the taxes they levy;
- additional taxes or a share of the taxes levied by the state and the regions;
- taxes or dues for services rendered;
- funds transferred from the state and the regions.

It should be noted that the amounts transferred by the state to local authorities – and therefore to metropolitan cities and their constituent municipalities – are established on the basis of objective criteria taking account of population, area, socio-economic conditions and other adjustment criteria which balance out discrepancies in tax revenues.

ARRANGEMENTS FOR ADMINISTRATIVE DECENTRALISATION

Under the 1990 Law, the main municipality of each province and others with over 100,000 inhabitants must institute "**decentralisation wards**", which may be formed by municipalities with over 30,000 inhabitants.

The aim is not to generate a further tier of local self-government but to create a structure for participation, consultation and basic services management, performing the functions delegated to it by the municipality. Its functions and structure are set out in the statute of the municipality and in specific regulations.

Its representative body is the **ward council**, which is elected by universal suffrage in the ward and represents the desiderata of the ward's constituents within the municipality. The council appoints a **chairperson** from among its members.

LATVIA

LEGISLATION

The Law on Self-Government of 1994 contemplates the various types of local self-government. Major cities are contemplated in the Law as Republican Cities (cities of republican significance) which dispose of their own self-government. By regulations adopted 23 February 1983, the Cabinet of Ministers established a list of 'republican cities'.

It is important to note that there is no specific legislation on 'Republican Cities'. The regime that applies to the latter is the same that applies to all the other local and regional entities, especially in terms of elections, administrative structure, finance and equalisation.

COMPETENCIES

The particularity of the **republican cities** is that they cumulate the powers of the region towns and the rural municipalities (article 15), which are the ordinary municipalities, and of the regions (article 16). Thus, in addition to the purely municipal competencies, they are also responsible for the regional authorities competencies such as: public transport, health, education, welfare, industrial waste, culture, defence, elections, historical and natural preservation, and socio-economic promotion.

ADMINISTRATIVE ORGANISATION

The administrative structure of the republican cities is the following:

- **Republican City Council (Dome)**, elected by the population and headed by a **chairperson** elected among the Dome members by absolute majority. In addition, there is a **vice-chairperson**, also elected by the Dome members among themselves by simple majority. Finally, there is a **Permanent or Standing Committee** consisting of Dome members;
- **Audit Commission**, whose members – between three and seven (except Riga which has fifteen) – are elected by the Republican City Council among the voters of the respective territory proportionally to the political representation in the council.
- **Executive Director**, elected by the Republican City Council at the chairperson's proposal. The Executive Director is the highest responsible for the work of the self-government institutions and enterprises.

COORDINATION

Internal and external coordination, between local authorities and between the latter and the state is assured by a **consultative council** which covers the administrative territory of the republican city.

It is chaired by the Chairperson of the Republican City Council and both, the republican city and the state are represented by the following members:

Republican City:

- Chairperson of the Republican City Council and
- Chairperson of the Standing Committee

State:

- Representative of the State Reform Ministry;
- Head of the Republican City Police;
- Head of the Republican City Revenue Service;
- Head of the Regional City Service of Employment;
- Regional Officer of Environment Protection, and
- Representative of the Defence Forces (in the case of republican cities in border regions).

LOCAL FINANCES

Republican cities finances is subject to the general regulations – Local Budget Law – applicable to all levels of self-government, account taken that it is also responsible for regional functions. In this capacity, its budget is financed by revenue from the municipal property, tax payments, grants from the state budget, loans, local duties, fines and revenues from local enterprises.

SLOVENIA

LEGISLATION

Specific rules concerning major cities are set by the law on Local Self-Government of December 1993, which makes a distinction between ordinary municipalities and "city municipalities".

DEFINITION

City municipalities are established in order to meet the requirements of global land and city planning and to fulfil needs related to municipal services and development planning.

The law defines the city municipality as a compact settlement or a group of settlements linked by the daily commuting of the population between the city and its boundaries.

City municipalities are established by law. To date, 11 city municipalities have been established. The largest has 276,000 inhabitants.

COMPETENCIES

In addition to duties and functions commonly fulfilled by municipalities, city municipalities perform duties and functions related to the development of the urban area as a whole. The main sectors of responsibilities are:

- transport facilities;
- public buildings;
- use of land;
- cultural, scientific, social, welfare and medical institutions of significance for the wider local community or for the republic;
- protection of natural and cultural monuments;
- services for the wider area in the fields of education, professional training, social care, child care and other services of public interest.

ADMINISTRATIVE ORGANISATION

City municipalities are organised exactly as the other municipalities.

The **municipal council** is the highest decision-making body; its members are directly elected by the inhabitants.

The **municipal board** is the executive body; its members are appointed by the council.

The **supervisory board** controls the use of financial resources and the management of municipal assets; its members are appointed by the council.

The **mayor**, who is directly elected by the inhabitants, represents and acts on behalf of the municipality. He is responsible for the implementation of decisions taken by the municipal council and municipal boards.

LOCAL FINANCES

The financial means of city municipalities are the same as those of ordinary ones and comprise:

- local taxes and other compulsory contributions;
- revenue from the municipal assets;
- transfers from the state.

CO-OPERATION AND COORDINATION BETWEEN CITY MUNICIPALITIES AND NEIGHBOURING MUNICIPALITIES

Municipalities may decide to integrate themselves into a region which will perform local duties and functions of wider interest related in particular to municipal services, economic, cultural and social development, to the fulfilment of the common needs of the inhabitants, to the strengthening of local self-government in municipalities and to the adjustment of their development.

Any city municipality which forms part of a region may be entrusted by the other municipalities to perform the administrative functions of the regions.

SWEDEN

LEGISLATION

There is no specific legislation on major cities in Sweden. However, the Swedish Local Government Act contains a number of provisions referring to particularities of major cities, namely Stockholm and its surrounding municipalities. These provisions are Chapter 2, Section 6 which refers to the special faculties of the Stockholm County Council and Chapter 4, Sections 24 and 28 about "commissioners" in the Stockholm City.

COMPETENCIES

The particularity for the Stockholm County Council is that the law allows for the latter to take responsibility for matter that normally local authorities are responsible for if the need for co-operation and coordination cannot otherwise be provided for. This occurs especially in the fields of public transportation, water supply and sewage system and planning.

ADMINISTRATIVE ORGANISATION

The only special feature of the Stockholm city's administrative organisation is the existence of the so-called "**commissioners**". These "commissioners" receive a different name in the rest of municipalities across the country. The law only regulates them in the case of Stockholm (Chapter 4, Sections 24 and 28) but not for the rest of the country's municipalities. Thus, they are elected by the **Municipal Assembly** at its first meeting for a four-year term and are full-time employed highest officials, responsible for different areas. They attend the Assembly meetings and take part in the deliberations. They can also put forward proposals but cannot take part in the decision-making.

LOCAL FINANCES

The Tax Equalisation in Stockholm County Council Law allows the Stockholm County Council to grant subsidies and loans to the local authorities within the county council to the extent that tax equalisation is promoted.

CASE STUDIES ON MAJOR CITIES AND THEIR PERIPHERIES

COPENHAGEN²

INTRODUCTORY REMARKS

The city of Copenhagen and its peripheries is the only metropolitan area in Denmark. The metropolitan area has 1,7 million inhabitants, which is about 1/3 of the total danish population of 5,2 million inhabitants.

The political-administrative structure in the metropolitan region is at the present being investigated by a "metropolitan commission" appointed by the Minister of the Interior. The commission is going to lay out its proposals at the end of 1995.

I. DESCRIPTION OF EXISTING POLITICAL AND ADMINISTRATIVE ARRANGEMENTS

The first part of this chapter gives a general description of the administrative culture and tasks of the local governments in Denmark. The administrative culture, finances and tasks are in principle the same for all local governments in the country, both in the metropolitan region and in the rest of the country. The general description provides a background for assessing the more detailed descriptions of specific aspects of local government administration in the metropolitan region.

The last part of this chapter gives a detailed description of the local government administration of the public transportation system and the regional planning in the metropolitan region.

1. Administrative culture

There are two main tiers of local authority in Denmark: the counties and the smaller municipalities. Since the reform of local government in 1970 there has been 14 counties and 275 municipalities (including the municipalities of Copenhagen and Frederiksberg).

The administrative culture for local governments has developed on the basis of the municipal reform in 1970, that strongly reduced the number of municipalities and counties. The reform restructured the boundaries of the municipalities and introduced a new division of tasks and burdens, and the division between parish municipalities and town municipalities was abandoned. Since then the municipalities throughout the country have been identical in regard to tasks and financing.

The reform ensured that one town was situated in one municipality, thus providing the inhabitants living in different areas of the urban community with more equal municipal service and taxation conditions.

The only exception is the metropolitan region of Copenhagen. This is the only urban region in

² This case study has been prepared in co-operation with Mr N.M. Jensen

Denmark that is divided into different municipalities.

There is a strong tradition in Denmark for local self-government. Danish municipalities and counties are in charge of nearly 25% of the total Danish production. The municipalities and counties finance their expenses to an ever increasing extent by means of municipal taxes.

Compared to local self-government elsewhere Danish municipalities and counties must be said to be very independent and powerful.

Municipal government is based on the principle that citizens have the right, through their own representatives, to manage the local and regional tasks within their municipality/county.

Every municipality and county must – within the rules of the law – decide its own individual rules. The municipal council and the county council must also create their own administration.

2. *The tasks of Danish municipalities and counties*

Danish municipalities and counties have been assigned many tasks compared to what is seen in other countries. The decentralization in Denmark has reached a level which has an equivalent only in Sweden.

The distribution of tasks within the public sector is decided by the Parliament. In principle the legislation has divided the functions between state, counties and municipalities in such a way that overlapping is avoided.

The counties have no responsibilities towards the municipalities. Municipalities and counties each have their individual tasks.

The distribution of tasks between state, municipalities and counties is shortly described below:

The tasks of the state:

- Police;
- Administration of law;
- Foreign service;
- Development assistance;
- Defence;
- Advanced education;
- Research;
- Sickness benefits;
- Pensions;
- Unemployment insurance;
- Child allowance;
- Some culture activities;

- Subsidies to certain trades;
- Measures for employment;

Some of the state tasks, e.g. pensions and child allowances, are administered by the municipalities. The state refunds the counties and municipalities in full for these tasks.

The tasks of the counties:

- primary and secondary health service:
 - . general practitioners;
 - . hospitals;
- regional social service:
 - . institutions for the physically and mentally handicapped;
- secondary education:
 - . gymnasium schools for 16-19 years old;
- environmental protection;
- regional roads;
- regional public transport;
- regional physical planning;

The tasks of the municipalities:

- social service:
 - . children (day nurseries, kindergartens);
 - . adults (social security);
 - . elderly people (residential homes, day-care centres, day care in private homes);
- primary education;
- local roads;
- local public transport;
- culture:
 - . public libraries;
 - . museums;
 - . theatres;
 - . music;
- local physical planning;
- local environmental protection:
 - . refuse disposal;
 - . water quality;
- supply of water, gas, electricity and heating.

The most important tasks for the municipalities according to expenses are in the social and health services. The tasks concern cash benefits, practical assistance, institutions for children, handicapped and elderly people.

The most comprehensive economic assistance is the cash benefit, which is given to persons below the pensionable age with no other possibility for economic assistance. The state reimburses 50 % of the municipal expenditure on cash benefit.

The municipalities run several institutions such as kindergartens, creches and other day-care institutions for children, homes and residences for elderly people and organise home care, health visitors and home-nursing.

Furthermore, the municipalities administer old people's pensions, disablement pensions and children's allowances, normally reimbursed by 100% from the state, sickness benefits, reimbursed by 50%, housing rebate, and housing subsidies to pensioners reimbursed by 40% and 75%.

As far as education is concerned the tasks are distributed between state, county and municipality. The primary school has nine classes and is run by the municipality. The municipalities also offer one or two years of pre-school class and one year after the 9th year. There are some other offers connected to school, e.g. school libraries, school doctors and dentists and school transport. The municipalities also initiate spare-time education for adults.

In the cultural field the municipalities have to establish public libraries, where the citizens can borrow books free of charge. Some libraries organise cultural arrangements such as concerts, authors' readings and theatrical performances for children.

Finally it should be mentioned that the municipalities have some tasks with regard to town development and environment, e.g. removal of waste, disposal of sewage and supply of water, gas, electricity, natural gas and district heating.

The tasks of the counties are those which demand a larger population basis. Hospitals are the most important task according to expenses in the counties. They are exclusively financed by counties. The counties see to it that citizens receive free medical treatment in hospitals and free consultations with general practitioners or specialists.

The tasks of the counties in the social field are first and foremost day and night institutions for children and young people, and institutions for young people and adults with physical or mental handicaps. The expenses of the counties are reimbursed for those below the age of 67 by 50 % from the municipalities.

The counties are responsible for the education of 16-19 years old, the "gymnasium" (the upper secondary school) and the higher preparation examination school. The state is in charge of commercial schools for those between 16 and 19.

Finally, counties are responsible for the supervision of enterprises causing environmental pollution and for the physical planning of open areas.

3. *The metropolitan region*

The metropolitan region includes the municipalities of Copenhagen and Frederiksberg and three counties: the counties of Copenhagen, Frederiksborg and Roskilde. The three counties cover forty-eight municipalities. In the metropolitan region the two central municipalities of Copenhagen and Frederiksberg have a special status. They are at the same time municipality and county.

The municipalities and counties in the metropolitan region have exactly the same tasks and financing conditions as all other municipalities and counties in the country. But there are special arrangements in regard to the way certain tasks are carried out, e.g. hospitals and public transport. And there is a special financial equalisation system for the municipalities in the metropolitan region.

4. *Public transport*

The regional public transport in Denmark is a task for the counties and the local public transport (within the municipality) is a task for the municipalities.

Outside the metropolitan region of Copenhagen all regional and local public transport is carried out by buses, but in the metropolitan region, regional and local public transport is carried out by both buses and S-trains (suburban electric trains).

Before 1990 the Metropolitan Council had the responsibility for all local and regional public transport in the metropolitan region.

When the Metropolitan Council was abolished in 1990, the S-trains were transferred to the Danish State Railways (DSB) with the aim of strengthening the investment in the S-train-net and increasing the coherence between the S-trains and the rest of the railway-management.

The bus service were transferred to the new company HT (Metropolitan Traffic Company), that was established by law in 1990.

When the Metropolitan Council was abolished in 1990 and the HT was established, the task of coordinating the public transport in the metropolitan region was transferred to the HT.

According to the HT-act, HT in co-operation with DSB has to make a plan for the total public transport in the metropolitan region. The plan must specify the guidelines for investments, routes, the amount of driving and management planning of all buses and S-trains within the metropolitan region.

The regional physical planning in the metropolitan region must be coordinated with the public transport plan. According to the law, the public transport plan must be revised every four years.

DSB is part of the common fare-system in the metropolitan region, which means that identical fares are charged all over the metropolitan region. The charge depends only of the distance, regardless of the means of transportation (bus, S-trains or both). HT exercises the fare-competence.

HT is directed by a board of directors. The board consists of five members, one from each of the county councils of Copenhagen, Frederiksborg and Roskilde counties and one from each of the municipal councils of Copenhagen and Frederiksberg municipalities.

The total expenditures of HT is about 2.000 millions kroner. About 50% of the expenditures are financed by fares, the rest is financed by the counties of Copenhagen, Frederiksborg and Roskilde and the municipalities of Copenhagen and Frederiksberg. The financing is divided between these units proportional to their taxation base.

The establishment of HT is to a certain extent regarded as successful. It has managed to preserve one single planning unit for the public transport in the metropolitan region, and it has ensured a common fare-system for all local and regional public transport.

5. *Regional planning*

Until 1990 the regional planning in the metropolitan region was managed by the Metropolitan Council.

When the Metropolitan Council was abolished in 1990, the national and regional planning act was changed. The regional planning was transferred to the municipalities of Copenhagen and Frederiksberg and the counties of Copenhagen, Frederiksborg and Roskilde.

Before 1990 there was one administrative authority managing the regional planning for the whole metropolitan region, but since 1990 the competence of regional planning is managed by the five different – geographically limited – authorities.

The national and regional planning act did not establish a coordinating body for the planning of the metropolitan region, but it established, that the regional planning must be carried out in application of an overall view concerning the desired development for the whole metropolitan region. Each planning authority must negotiate with the four other planning authorities in the preparation of the plan. It is assumed, that the five planning authorities as far as possible should find common solutions and establish the necessary coordinating bodies.

Each of the five regional plans must – according to the law – be coordinated with the public transport plan for the whole metropolitan region.

The Ministry of Environment is responsible for the national physical planning. The national plan puts out directions and limits for the regional planning.

The regional plans are not to be approved by the Ministry of Environment, but in special cases, or if the government wants to promote a certain development, the ministry has the authority to issue plan-directives that must be followed in the regional and local planning.

The Ministry of Environment has issued a plan-directive concerning the regional planning in the metropolitan region.

The plan-directive is in accordance with the last regional plan from the Metropolitan Council, approved in 1989, just before the Metropolitan Council was abolished. It establishes that the town-structure in the metropolitan region is the so-called "finger-town", with a centre and the town development in fingers radiating from the centre leaving green areas between the fingers. The development of the old centre of Copenhagen must have character of town-preservation, just outside the old centre of town-renewal, and in the fingers of town-development.

The plan-directive establishes the following principles for the regional planning:

- the future town development must be attached to the existing infrastructure in order to gain the greatest possible benefit from the investments already made;
- the plan must aim at a balance between jobs and dwellings in the "town-fingers";
- jobs in the office- and service sector must be concentrated close to S-train-stations. In the "town-fingers" close to those S-train-stations, where high-frequent bus-routes crosses the railways;
- new workplaces in other sectors must be located close to S-train-stations in the "town-fingers";
- in the development of both residential and industrial areas the highest priority must be given to areas close to S-train-stations.

The plan-directive puts up a common framework for the five planning authorities. And each of the five planning authorities is obliged to put up an overall view for the whole metropolitan region when preparing its own plan. But it is a common opinion, that each planning authority looks at itself first and does not give enough priority to the interests of the metropolitan region as a whole.

This is especially evident in the planning of the development of business and industry and in the lack of a common marketing strategy for the metropolitan region.

However, some initiatives have been undertaken to counteract these conditions. One example is "Copenhagen Capacity" that was founded in 1993 by the five planning authorities in the region. "Copenhagen Capacity" has the purpose of developing and strengthening the internationally orientated business-development in the metropolitan region. The board of directors consists of thirteen members. Seven of the members are chosen among the politicians from the five authorities (mayors, etc.). The other six members are chosen among the managers from among the larger businesses in the region.

II. SOCIO-ECONOMIC IMBALANCES AND MEASURES TAKEN TO DEAL WITH THEM

The socio-economic situation in the metropolitan region is a result of the historical development in the region. Until about 1950 the growth in population and workplaces took place in the central parts of the city, that is the municipalities of Copenhagen, Frederiksberg and a few other municipalities close to the centre. Then the development gradually changed. People began to move from the centre to the suburbs. This development accelerated in the 1960s and 1970s causing a dramatic increase in the population in the suburbs and a fall in the number of inhabitants in the central parts of the city of about 40 percent from 1950 to 1990.

The typical situation has been, that young families who want – and can afford – a one family house, have moved to the suburbs. This has left the centre with a large proportion of low-income families and a biased age-distribution with relatively few children and many old people.

The development has resulted in great differences between the municipalities in the region in respect to population, dwellings, workplaces and income.

Compared to the rest of the country, the average income in the metropolitan region is relatively high and the unemployment rate is below the average, but there are great differences between the municipalities in the region. There is a larger contraction of social problems in Copenhagen and a few other municipalities in the region than in any other municipality in the country.

The socio-economic situation is described below in respect to population, dwellings, workplaces and income.

1. Population

The number of inhabitants in the region increased until 1975, when it reached the level of 1,768,000 inhabitants. Since 1975 there has been a minor fall to the present level of 1,731,000 inhabitants.

The most significant tendency has been the development in the two central municipalities Copenhagen and Frederiksberg contrary to the surrounding municipalities in the county of Copenhagen and the two more peripheric counties Frederiksborg and Roskilde.

Number of inhabitants (in thousands)

1,000	1950	1960	1970	1980	1990	1994
The central municipalities: Copenhagen and Frederiksberg	887	836	734	587	552	556
The peripheric municipalities in the counties of Copenhagen, Frederiksborg and Roskilde	552	772	1,015	1,159	1,159	
1,175						
The metropolitan region	1,439	1,608	1,749	1,746	1,711	
1,731						

Since 1950 the number of inhabitants in the two central municipalities has fallen with more than 330,000 inhabitants (37%). In the same period the number of inhabitants in the peripheric municipalities in the counties of Copenhagen, Frederiksborg and Roskilde has increased with 623,000 inhabitants (113%).

The tendency of removal from the central parts of the city to the suburbs during the last 45 years has left the central parts of the city with a population of many old people and few children.

In the central municipalities Copenhagen and Frederiksberg, 13% of the population is below 17 years, compared to 20% in the peripheric municipalities in the metropolitan region.

On the other hand 19% of the population in the central municipalities is above 65 years, compared to 12% in the peripheric municipalities.

In some of the municipalities developed in the 1970s, the population is still "young" and there are very few old people at present.

2. *Dwellings*

There are big differences in the housing conditions in the central parts of the city and the suburbs.

The central parts of the city is characterized by old, relatively small apartments. There are few one-family houses. 30% of the dwellings in the municipalities of Copenhagen and Frederiksberg lack one or more of the following installations: toilet, central heating or bath. In the peripheric municipalities only 5% of the dwellings lack one or more of those installations.

In the peripheric municipalities the situation is quite the opposite. Most of the houses are relatively new with modern facilities. In most of the municipalities there is a large proportion of one-family houses.

The central parts of the city has too few attractive dwellings. This is no doubt one of the causes of the economic problems in the municipality of Copenhagen, because it has caused middle-class and high-income families to move to the suburbs. Copenhagen used to be one of the most prosperous municipalities in the country, but the average income in Copenhagen has now fallen to a level below the average of the country and to one of the lowest levels in the metropolitan region.

The housing in the suburbs is a mix of one-family houses and multi-family buildings. Most of the multi-family buildings are built as supported housing for low-income families.

There has been different housing-policies in the different municipalities in the region. The result is that some municipalities have very few dwellings in supported housing, while others have many.

The table below shows the proportion of dwellings in supported housing in the fifty municipalities in the region.

Proportion of dwellings in supported housing in every municipality in the metropolitan region

Proportion of supported housing in the municipality (percent)	
Copenhagen	18
Frederiksberg	11
Ballerup	60
Brøndby	68
Dragør	13
Gentofte	3
Gladsaxe	37
Glostrup	44
Herlev	54
Albertslund	51
Hvidovre	38
Høje-Taastrup	25
Ledøje-Smørum	6
Lyngby-Tårnby	21
Rødovre	45
Søllerød	13
Ishøj	51
Tårnby	26
Vallensbæk	4
Værløse	21
Allerød	15
Birkerød	19
Farum	34
Fredensbrog-Humlebæk	23
Frederikssund	25
Frederiksværk	20
Græsted-Gilleleje	5
Helsingø	5
Helsingør	29
Hillerød	17
Hundested	10
Hørsholm	15
Jægerspris	4
Karlebo	35
Skibby	7
Skævinge	3
Slangerup	10
Stenløse	11
Ølstykke	4
Bramsnæs	0
Greve	23
Gundsø	0
Hvalsø	3
Køge	35
Løjre	2
Ramsø	6
Roskilde	24
Skovbo	10
Solrød	14
Vallø	4

Some of the municipalities in the region have none or very few dwellings in supported housing,

while in others, more than half of the dwellings are in supported housing.

The different types of housing attracts different social groups. The supported housing attracts low-income families and ethnic minorities, which often creates social problems in the area, but little income tax revenue to the municipality.

The social and economic problems in certain municipalities in the region are to some extent a result of the housing situation in the municipality. In the short term there is little the municipality can do to change the composition of the different types of housing within the municipality, but a change in housing policy will in the long term have a certain effect.

3. *Employment*

The unemployment rate in the metropolitan region is a little below the average for the country. But in a few of the municipalities in the region – among them Copenhagen and Frederiksberg – the unemployment rate is above the average. In some of the more prosperous municipalities in the region, the unemployment rate is among the lowest in the country.

In the metropolitan region there are 885,000 employed persons with residence in the region and 915,000 workplaces. This means, that there is a surplus of 30,000 workplaces in the region.

The surplus of workplaces is concentrated in the central parts of the metropolitan region. In the municipality of Copenhagen there is 308,000 workplaces and 212,000 employed persons with residence in the municipality, which gives a surplus of workplaces of 96,000 in the municipality.

In the municipalities in Copenhagen County there is also a surplus of workplaces, but in the peripheric municipalities (in the counties of Frederiksborg and Roskilde) there is a deficit of 80,000 workplaces.

Despite the big surplus of workplaces in Copenhagen, the municipality is losing workplaces. In the period 1984-93 the municipality lost 54,000 workplaces, while the municipalities in the counties of Copenhagen, Frederiksborg and Roskilde gained 44,000 workplaces.

The concentration of workplaces in the central parts of the region and the deficit of workplaces in the peripheric parts causes commuting to and from work. In forty-five of the fifty municipalities in the region, more than half of the employed persons resident in the municipality work in another municipality.

4. *Income*

The average income level in the metropolitan region is 13 % higher than the average for the country.

In forty-five of the fifty municipalities in the region, the average income level is above the average for the country, but in five municipalities – including Copenhagen – it is below the average for the country.

Average taxable income per taxpayer 1992

Average taxable income per taxpayer

Copenhagen Municipality	120,000
Frederiksberg Municipality	147,000
Copenhagen County	149,000
Frederiksborg County	142,000
Roskilde County	136,000
The metropolitan region	138,000
Denmark	122,000

There are quite big differences in the average income levels in the municipalities in the region. In the most prosperous municipality, the average income level is 191,000 kr. per taxpayer, while the lowest level in a municipality in the region is 119,000 kr. per taxpayer.

The most important source of income for the Danish municipalities is income tax. With these big differences in the income levels in the municipalities, it is only possible to finance municipal activities through the economic equalisation system between the municipalities.

5. The financial situation of local authorities in the metropolitan region

Both income and expenditures for municipalities and counties in the metropolitan region is relatively high compared to the average for the country.

The expenditure level for local authorities in the metropolitan region is 9% above the average for the country.

It is especially the municipalities in the central part of the region, that has a high expenditure level, e.g. Copenhagen with an expenditure level 25% above the average for the country. The more peripheric municipalities and counties in the metropolitan region have expenditure levels close to the average or below the average for the country.

The high expenditure level for municipalities and counties in the metropolitan region is not confined to special sectors. Analysis show, that the expenditure level is high in all expenditure fields for the municipalities and counties in the region.

The most important source of finance for municipalities and counties is the income tax. Each municipality and county chooses its own income tax percentage. The average total municipal and county income tax percentage for the metropolitan region in 1995 is 29,75%, which is a little below the average for the country. As shown in the table below there are big differences between the municipalities in the region.

Total income tax percentage for local authorities (municipalities and counties) in the

metropolitan region

	Income tax percentage
Copenhagen	30,8
Frederiksberg	27,9
Ballerup	31,2
Brøndby	31,3
Dragør	29,9
Gentofte	28,7
Gladsaxe	30,9
Glostrup	30,3
Herlev	30,3
Albertslund	30,3
Hvidovre	31,8
Høje Tåstrup	30,3
Ledøje-Smørum	30,0
Lyngby-Tårnby	29,6
Rødovre	31,4
Søllerød	28,3
Ishøj	29,9
Tårnby	29,3
Vallensbæk	29,9
Værløse	30,0
Allerød	28,6
Birkerød	28,3
Farum	27,3
Fredensborg-Humlebæk	28,6
Frederikssund	29,5
Frederiksværk	29,7
Græsted-Gilleleje	28,5
Helsingør	28,7
Hillerød	29,8
Hundested	29,7
Hørsholm	23,5
Jægerspris	29,6
Karlebo	29,7
Skibby	29,8
Skævinge	30,4
Slangerup	29,6
Stenløse	29,9
Ølstykke	29,3
Bramsnæs	29,5
Greve	28,9
Gundsø	28,0
Hvalsø	29,9
Køge	30,0
Lejre	25,7
Ramsø	29,1
Roskilde	30,2
Skovbo	28,5
Solrød	28,4
Vallø	28,4

The income tax percentage in the region differs between 23,5 and 31,8. These differences exist

despite the equalisation system, that is supposed to equalise most of the differences in the economic conditions for municipalities and counties.

6. *Economic equalisation*

One of the purposes of the Danish equalisation system is to reduce differences in the "tax price" from one municipality to another. Because the metropolitan region is more or less one urban community, there is a special equalisation system, creating a high degree of equalisation for this region.

The existing equalisation system consists of two elements:

- equalisation of expenditure need;
- equalisation of taxation base.

7. *Equalisation of expenditure need*

There are three systems of equalisation of expenditure need:

- municipalities in the whole country, i.e. also municipalities within the metropolitan region;
- equalisation measures for the municipalities within the metropolitan region. This equalisation is added to the country equalisation;
- equalisation measures for all counties.

In order to equalise expenditure needs there must be measures for the expenditure needs of the individual municipalities. They are calculated on the basis of so-called objective criteria, which are supposed to reflect the circumstances that give rise to the expenditure needs of the municipalities.

It is important that a criterion cannot easily be influenced by the municipality. The criterion should be easy to recognize. This means that it should figure in the official statistics for all municipalities. Finally there should be a causality between a criterion and one or more municipal expenses.

The system consists of the so-called demographic criteria (or age specific expenditure needs) counting for 75% of the total expenditure needs, and the so-called social criteria counting for 25%.

In the calculation of the age specific expenditure needs an amount of money is attached to each person in the age group. The total age specific expenditures of a municipality can be calculated by the number of inhabitants in each age group multiplied with the amount of money attached to a person in the age group.

The social criteria in the system cannot be related to particular expenses of municipalities. They were introduced in the system in order to take special social conditions into account. The social criteria is calculated as a social index for each municipality including the following elements: number of children of single parents, composition of different types of dwellings in the municipality, number of 20-59 year olds without a job, number of 25-49 year olds without an education, number of foreigners from countries outside Europe and North America.

The calculated total expenditure need for a municipality is divided by the number of inhabitants in the municipality in order to find expenditure needs per inhabitant, which is the basis of the equalisation. This figure is called the expenditure needs figure.

When all the expenditure needs figures of the municipalities and the counties have been found, the average expenditure needs figure per inhabitant is calculated. Municipalities and counties which have an expenditure need below average, pay a contribution to municipalities and counties, which have an expenditure need above average.

The levels of equalisation are:

- 45% in the countrywide equalisation for municipalities;
- 40% additionally in the metropolitan region, which means that 85% of the difference between the municipalities in the metropolitan region is equalised;
- 80% in the county equalisation.

8. *Equalisation of taxation base*

There are three equalisation systems for the taxation base:

- one countrywide system comprising all municipalities in the country;
- one metropolitan equalisation system for all municipalities within the metropolitan region;
- one county equalisation system for all counties.

In principle the equalisation of taxation base is made in the same way as the equalisation of expenditure need. The point of departure is the calculation of the taxation base for each municipality.

The taxation base for a municipality is calculated by dividing the revenue from the income taxes of the municipality by the taxation percentage with an addition of 6,5 % of the land values.

The municipalities and counties with a taxation base per inhabitant above the average pay a contribution to municipalities and counties, which have a taxation base per inhabitant below the average.

The levels of equalisation are the same as for the expenditure needs:

- 45% in the countrywide equalisation for municipalities;
- 40% additionally in the metropolitan region, which means that 85% of the difference between the municipalities in the metropolitan region is equalised.
- 80% in the county equalisation.

9. *Equalisation in the metropolitan region*

The high level of equalisation in the metropolitan region is an attempt to compensate for the fact that the region is more or less one urban community, divided in different municipalities and counties.

It is obvious that the high level of equalisation in the metropolitan region means that some of the most prosperous municipalities in the region pay a remarkable contribution. For example the prosperous municipality Gentofte north of Copenhagen must, in 1995, pay a contribution to the equalisation system of 539 mio. kr., which corresponds to 32% of the current and investment expenses in the municipality.

Other municipalities receive significant contributions, for example the municipality Ishøj south of Copenhagen. This is a municipality with a relatively low average income and big expenditure needs. In 1995 Ishøj receives 101 mio. kr., which corresponds to 18% of the current and investment expenses in the municipality. Copenhagen also receives money from the equalisation system. In 1995 it receives 1.406 mio. kr., which corresponds to 8% of the current and investment expenses in the municipality.

III. IMPACT OF THE POLITICAL-ADMINISTRATIVE ORGANISATION ON REGIONAL DEVELOPMENT

The metropolitan region of Copenhagen consists of fifty municipalities and three counties. The two central municipalities – Copenhagen and Frederiksberg – are at the same time municipality and county.

As mentioned above, there is a tradition of a high degree of independence and self-government for the local authorities in Denmark. At the local level there is no political and administrative tier above the municipalities and counties.

There is a strong political management within the geographically limited municipalities and counties, but there is no political and administrative body to ensure the management of the metropolitan region as a whole.

This means that there is a lack of coordination in the solution of some of the tasks, that are not confined to the geographically limited local authorities, but concerns the metropolitan region as a whole.

This is especially evident in matters concerning

- town development;
- cultural activities and investments;
- environment protection;
- business and industry development;
- housing and integration of refugees and immigrants.

IV. ATTEMPTS TO IMPROVE THE POLITICAL-ADMINISTRATIVE ORGANISATION

During the years several attempts at improving the political-administrative structure in the region have been made. The more recent ones are described below:

- the present Metropolitan Commission;
- the Metropolitan Hospital Community (HS) established in 1994;
- the Metropolitan Council established in 1974 and abolished in 1990;
- financial equalisation reform.

1. *Metropolitan Commission*

In November 1994 the Minister of the Interior appointed a metropolitan commission. The tasks of the commission are to illuminate different models for a reform of the county structure and the solution of the tasks of local authorities in the metropolitan region.

The proposals of the commission must have the purpose of making the solution of the tasks of local authorities more effective, to ensure coordination in the region, to improve the public service towards the citizens and to ensure a more equal distribution of financial burdens in the region.

The proposals of the commission can include changes in the county structure and changes of the distribution of tasks and financial burdens between the political-administrative authorities in the region. The proposals cannot include the establishment of additional political-administrative tiers in the region (no more than two tiers of local government in the region).

At the end of 1995 the commission is going to lay out its proposals. A new political-administrative structure on the basis of these proposals can come into force at the beginning of 1998.

2. *Metropolitan Hospital Community (HS)*

In Denmark the hospitals are run and financed by the counties (and the municipalities Copenhagen and Frederiksberg). Until 1994 the state had one hospital (Rigshospitalet) that is a highly specialized hospital located in Copenhagen.

In 1994 the state and the municipalities Copenhagen and Frederiksberg agreed to transfer all their hospitals to a new company (HS) with the task of running the hospitals in the area. All the HS-hospitals are located within a relatively small area. Copenhagen county was offered to join the HS, but did not want to.

The purpose of establishing HS was to ensure a coordinated planning and management of the hospitals in area, to ensure a better utilization of the total hospital capacity and to improve the effectivity.

The HS is managed by a board of directors with fifteen members. Seven of the members are appointed by Copenhagen municipality, two are appointed by Frederiksborg municipality and six are appointed by the Minister of Health.

HS is financed by the municipalities Copenhagen and Frederiksberg and the state. In the first ten years the state gives an extraordinary contribution of 1,000 mio. kr. to the HS. This contribution from the state have reduced the hospital expenditures for the two municipalities, thereby helping them to cope with their financial problems.

HS is a new type of administrative body in Denmark. It started working the 1. January 1995. It is still too early to say anything about advantages and disadvantages of this type of administrative body.

3. *The Metropolitan Council*

The Metropolitan Council was established by law the 1. april 1974. The Metropolitan Council had thirty-seven members, chosen by indirect election among the members of the municipal councils of Copenhagen and Frederiksberg and the county councils of Copenhagen, Frederiksborg and Roskilde counties.

The Metropolitan Council was a third tier of local authority in the region.

The tasks of the Metropolitan Council were:

- regional planning;
- coordinating, planning and managing the public transport;
- environment protection;
- planning of water supply;
- superior hospital planning.

In the rest of the country, these tasks were a matter for the counties, but in the metropolitan region the competence in these matters was transferred from the counties to the Metropolitan Council.

The Metropolitan Council was financed by contributions from the municipalities of Copenhagen and Frederiksberg and the counties of Copenhagen, Frederiksborg and Roskilde. The contributions were distributed proportional to the taxation base of these five bodies.

It was a weakness for the Metropolitan council that the members were chosen by indirect elections, thus regarding themselves more as representatives for their own municipal or county council than as representatives for the metropolitan region as a whole. This made it easy to create a majority in the council against solutions, but difficult to create a majority for solutions.

By the end of 1989 the Metropolitan Council was abolished by law. The tasks were transferred to the counties, except for the public transport that was transferred to the new company HT as mentioned above.

The purpose of the abolition was to make a more simple and less bureaucratic local government structure.

4. *Financial equalisation reform*

On 2 June 1995 the parliament approved a reform of the financial equalisation system. The reform will come into force by 1996.

One of the purposes of the reform was to improve the expenditure need equalisation giving more consideration to the expenditure needs in the major towns.

For the municipalities in the metropolitan region the result of the reform is, that money is transferred from the peripheric municipalities to the central municipalities – especially Copenhagen.

V. FUTURE DEVELOPMENTS

As mentioned above the Metropolitan Commission – appointed by the Minister of the Interior – is at the present preparing proposals for a new political-administrative structure in the metropolitan region.

The proposals are supposed to concern the county structure in the region, and possibly the division of tasks between the municipalities and counties in the region.

Any change of the county structure or change in the division of tasks require a law approved by the parliament. The Metropolitan Commission must lay out its proposals at the end of 1995, in order to give time to the preparation and approval of the necessary laws before 1998, when the possible new structure is supposed to come into force.

The reactions upon the appointment of the Metropolitan Commission has shown that there is little consensus about what changes are required. The general impression is that there is a consensus on preserving the autonomy of local governments and that there is no need for a third tier of local government, but very little consensus on anything else.

VI. CONCLUSIONS AND PROPOSALS

The metropolitan region of Copenhagen is more or less one coherent urban community divided into fifty municipalities and three counties. This is a special situation in Denmark. Everywhere else in the country one town is one municipality, and no other urban community in the country is divided between different municipalities.

It is considered as a problem that there is no political-administrative body to ensure coordination in the region.

There are several ways of approaching this problem.

One possibility is the so-called "big county" which is one metropolitan county comprising the whole metropolitan region.

Establishing a "big county" would be one way to create a body with the possibility of ensuring the coordination in the region. On the other hand the "big county" would be a very strong political and economical authority compared to both the existing local governments and the central government. The "big county" would comprise 1/3 of the Danish population and have the disposal of considerable financial resources.

A way to weaken the "big county" could be to transfer some of the tasks to other administrative bodies, for example the municipalities or the HS (the Metropolitan Hospital Community). Other similar bodies could be established to deal with specific tasks in the region.

Another possibility is the so-called "little big county" comprising Copenhagen County and the central municipalities Copenhagen and Frederiksberg. The "little big county" would comprise most of the coherent urban community, but not all of it. It would not be as strong politically and economically as the "big county", which would make it more acceptable for the rest of the local governments and the central government. But it would not solve the problem of ensuring coordination for the whole metropolitan region as well as the "big county".

Other variants of these possibilities are mentioned as well as proposals ranging from strengthening the voluntary co-operation between the local governments in the region to the possibility of transferring certain tasks to the central government, for example the regional planning.

At the moment everybody is waiting for the Metropolitan Commission to lay out its proposals at the end of 1995.

FRANKFURT³

I. GENERAL SETTING

1. *The Place of Local Authorities in the Administrative Structure*

As the name suggests, the Federal Republic of Germany is a federal state comprising sixteen states or *Länder*. Eleven 'old' *Länder* in West Germany (including Berlin) and five 'new' *Länder* on the territory of the former German Democratic Republic (East Germany), which was united with the FRG on 3rd October 1990. Three of the old *Länder* – Berlin, Hamburg, and Bremen – have the status of city-states, meaning that they are both *Länder* of the Federation and urban municipalities.

³ This case study has been prepared in co-operation with Dr Heinz.

The distribution of powers (legislative, executive, and judicial) between the Federation and the *Länder* is laid down by the Basic Law (designed originally as a transitional substitute for a federal constitution). The Federation is the prime focus of legislative power. Federal legislative competence is either exclusive, concurrent, or for framework legislation. By far the greatest part of executive powers are vested in the *Länder*. The relatively weak legislative powers of the *Länder* are offset by the *Bundesrat* or Federal Council, composed of representatives of the sixteen state governments, which participates in Federal legislation as the second chamber to the *Bundestag*, the Federal parliamentary assembly⁴.

Article 28 of the Basic Law places responsibility for "all local community matters" in the hands of local government administrative units, namely *Gemeinden*, *Städte* (towns/cities) and *Kreise* (administrative counties). In keeping with the German administrative tradition, these units are hence the most important bodies entrusted with the performance of administrative functions. The structure and internal organisation of local government units are the responsibility of the *Länder*, so that there are great differences from state to state. However, the matters to be dealt with at the local government level are essentially the same, since they are predominantly determined by Federal law. Important local functions are the provision of the technical infrastructure, the creation and maintenance of social infrastructural, cultural and leisure facilities, as well as local economic development and environmental protection.

The organisational form laid down by Hesse local government law for the larger local authorities in Hesse, including Frankfurt, is the so-called *unechte Magistratsverfassung* or modified collegiate council constitution. The representative body for the community is "an assembly of city representatives headed by a chairman elected from among the representatives, and which has the power of decision on all important matters"⁵. Day-to-day administration is entrusted to a collegiate executive, the *Gemeindevorstand*, referred to in urban communities as the *Magistrat*. This council is composed of a full-time chief executive official, the *Bürgermeister* and full-time salaried as well as honorary deputies (*Beigeordnete*; *Stadträte*).

⁴ See Hinrich Lehrmann-Grube, *Die Verwaltung der Verdichtungsräume*, Baden-Baden 1983, 15.

⁵ Model/Creifelds, *Staatsbürgertaschenbuch*, Munich 1977, 175f.

2. *Local Authority Finance*

The financial system of the Federation and the *Länder* is organised as a compound or integrated system. The distribution of competence in respect of financial autonomy, legislative powers and tax revenues is laid down by articles 104 ff. of the Basic Law. The Basic Law distinguishes between taxes the revenue of which goes exclusively to either the Federation or the *Länder*, and so-called "shared taxes" apportioned between the Federation and the *Länder*: income tax, corporation income tax, and turnover tax. These taxes provide the greatest part of the tax revenue accruing to the *Länder*.

The tax pool formed by the Federation and the *Länder* and the related sharing out of revenues from taxes and other charges is referred to as "vertical financial equalisation". The Basic Law also provides for horizontal financial equalisation among *Länder* of the Federation that differ in financial strength.

Local authority finances are integrated in the financial system of the Federation and the *Länder*, and are a complex conglomerate of taxes, levies, grants, and charges. The most important taxes for the *Gemeinden* are the impersonal taxes (real property and business taxes), firstly because of the volume involved and secondly 'because the local authorities can determine the level of these taxes autonomously by means of so-called "*Hebesätze* [municipal percentages of the basic rate]"⁶. In addition, they receive the revenue from local "nuisance" taxes, namely excise and expenditure tax, the levying of which is, however at the discretion of the local authorities concerned.

Since 1969 the *Gemeinden* have also been receiving a portion (at present 15% of the revenue from the wages and income tax. These funds are distributed to local authorities on a fixed allocation base in terms of the respective income tax proceeds. To compensate this income tax allocation, local authorities have to pay a proportion of their business tax revenues – also calculated to a fixed formula – to the Federation and the *Länder*.

Government allocations can be categorized as either general or specific:

- general allocations are financial equalisation payments within the system of revenue sharing among Federation, *Länder*, and local authorities, coming in the first place from the *Land* share in total proceeds from shared taxes (compulsory, since laid down by the Basic Law) and second from *Land* tax revenues (optional, since at the discretion of the *Länder*). These allocations, calculated in accordance with a complicated apportionment formula that varies from state to state, are intended to equalise local authority finances on a *Land*-wide basis to the benefit of financially weak local authorities;

⁶ Henrik Uterwedde, *Kommunen in Frankreich und Deutschland*, Bonn, 94.

- specific grants are made to local authorities by *Land* governments mainly for the purpose of financing particular projects - mostly in the social and technical infrastructure fields.

Charges are a further source of local authority income (in 1988 more the 20%)⁷. They are taken in payment for the use of public facilities (user charges) or of administrative services (administrative fees).

3. *Regional planning in the national planning system*

The spatial planning system in the Federal Republic of Germany reflects the federal constitutional structure, with planning taking place at four levels: the federal level (national interregional programme, regional policy guidelines); the *Land* level (state regional policy programmes, state development plans); regional planning (regional policy plans); and local planning (town and country planning; outline and detailed development plans).

Sub-regional planning in this system is a function of *Land* planning, and responsible for "comprehensive, supralocal, and suprasectoral territorial planning"⁸. From the legal point of view, it is to be considered a governmental function. The general legal basis is provided by the Federal Regional Planning Act (*Bundesraumordnungsgesetz*). It is given concrete form by *Land* planning acts and the pertinent implementing regulations. Working methods, types of planning, planning methods and their implementation therefore vary from one *Land* to another. In all *Länder*, however, the local authorities have a privileged right to participate.

As the link between *Land* planning and local authority town and country planning, regional and regional planning is under pressure from a variety of demands and interests. Which of these interests prevails in practice, and whether planning comes to be regarded more strongly as (governmental) regulative planning or as (territorial) development planning depends very much on its institutional entrenchment.

⁷ Deutsche Bundesbank, *Monatsberichte*, November 1989.

⁸ See for details: Akademie für Raumforschung und Landesplanung (eds.), *Zukunftsaufgabe Regionalplanung: Anforderungen - Analysen - Empfehlungen*, Hannover 1995, 1ff.

According to the Hesse State Planning Act as amended to 15th October 1980, Regional planning in Hesse forms part of an integrated, multiphase *Land* planning system. The most global component is the State Regional Policy Programme (*Landesraumordnungsprogramm [LRÖP]*), which sets the general objectives and defines the regional policy principles for the *Land*⁹.

The State Development Plan (*Landesentwicklungsplan [LEP]*), which is adopted by the *Land* government, is a sort of 'basic plan' for coordinating state sectoral and investment planning with regional plans. The Regional Policy Plans (*Regionale Raumordnungspläne – RROP*) are the most concrete phase in the Hesse planning system, updated every five to seven years for the individual planning regions, and lay down guidelines for local authority land use plans. Since the amendment of the Hesse State Planning Act, Hesse has been subdivided into three planning regions coinciding with the catchment area units (*Regierungsbezirke*¹⁰) of the regional administrative authorities (*Regierungspräsidenten*): Darmstadt, Gießen, and Kassel. The preparation and updating of the *RROP* is the responsibility of these second-tier *Land* authorities (in their capacity as supreme *Land* planning authorities) and of the standing regional planning conferences set up by the authorities, which bring together delegates from the representative assemblies of non-county *Gemeinden* with a population of 50,000 or more, from the *Landkreise*,¹¹ and from the county boroughs (*kreisfreie Städte*) in the individual planning regions – and in South Hesse also from the Frankfurt Regional Administrative Union (*Umlandverband Frankfurt [UVF]*).¹²

4. Regional Co-operation in Agglomerations

In some agglomerations in the Federal Republic of Germany, specific forms of inter-local organisation and co-operation have developed, which do not seek to supersede the common administrative structures and planning system but to complement them. Existing jurisdictional boundaries have not been adjusted, nor administrative territories enlarged. "Intercommunal co-operation seeks appropriate modes of problem-solving in conformity with the principle of local authority autonomy"¹³.

⁹ See *Das Hessische Planungssystem*, unpublished manuscript, Wiesbaden 1976, 2ff.

¹⁰ Administrative units within a *Land* acting as lower supervisory authorities and covering a number of counties (*Kreise*) and county boroughs (*kreisfreie Städte*).

¹¹ *Landkreise* are administrative county type authorities, grouping together a number of *Gemeinden* and possessing the right of self-government.

¹² See section III.

¹³ Roland Rapior, *Interkommunale Zusammenarbeit*, Beiträge zur Kommunalwissenschaft 15/Munich 1984, 18.

The main reasons for these approaches to co-operation have been:

- the ever-widening gap between the real areas of interlinkage in local functions and problem areas¹⁴ on the one hand, and existing local authority boundaries on the other;
- and the resulting increased need for coordination and co-operation between local authorities.

In local authority practice, several modes of co-operation can be distinguished that are rather difficult to assemble into a typology, and which tend to vary depending on the *Land* concerned¹⁵:

- "neighbourhood associations" (*Nachbarschaftsverbände*), joining six larger cities and their respective spheres of influence in Baden-Württemberg. Their main function is the preparation of joint land use plans and landscape plans;
- the Stuttgart Regional Union (*Regionalverband Stuttgart*) set up in 1994 represents a more advanced development in keeping with current needs. Replacing the *Nachbarschaftsverband Stuttgart*, it has taken over the mandatory functions of settlement development, regional transportation, waste disposal (certain sectors), economic development, and tourism marketing¹⁶;
- statutory special-purpose joint authorities for greater Hanover and Brunswick (Lower Saxony); these bodies are responsible for public transportation planning and regional planning within the authority territory. Both bodies are successor organisations to more comprehensive multi-purpose associations that had already been abolished by legislative act in 1980, the greater Hanover and greater Brunswick Local Authority Unions (*Kommunalverband Großraum Hannover/Braunschweig*);
- the Saarbrücken Municipal Union (*Stadtverband Saarbrücken*) as legal successor to the Saarbrücken *Landkreis*. This authority, institutionalized in 1974, exercises all the functions of a Saarland *Landkreis*. It is also responsible for preparing the land use plan for its territory and for development planning over a wide area;

¹⁴ The main areas concerned are public transport, water and waste management, economic development, land reserves, and land-use planning.

¹⁵ Frido Wagener, *Stadt-Umland-Verbände*, in Günter Püttner (eds.), *Handbuch der kommunalen Wissenschaft und Praxis*, vol.2, Berlin 1982, 422ff.

¹⁶ Heinz Münzenrieder, *Stadt-Umland-Verbände als kommunale Regelinstitutionen*, in BayVBl. 1995, Heft 2, p 44.

- arrangements of surrounding towns in Hesse. Included here are the Kassel Regional Special-Purpose Association (*Zweckverband Raum Kassel*) and the Frankfurt Regional Union (*Umlandverband Frankfurt*) established in 1974 for the Frankfurt region, which is regarded as "probably the most advanced arrangement between a central city and its sphere of influence in the Federal Republic"¹⁷ (see section III);
- The Ruhr District Local Authority Union (*Kommunalverband Ruhrgebiet [KVR]*) in North Rhine-Westphalia. This is, however, not a link between a central city and its tributary region in the narrower sense, but "an exceptional special-purpose authority for a polycentric agglomeration"¹⁸. This joint authority, with prime functions in environmental protection and landscape conservation, is the successor to the Ruhr Regional Planning Authority (*Siedlungsverband Ruhrkohlenbezirk – SVR*), abolished in 1979, which had far a broader jurisdiction.

¹⁷ Ibid., p 43.

¹⁸ Frido Wagner, l.c.

II. THE RHINE-MAIN REGION

1. *Multicentre agglomerations / City regions with heavy burdens*

According to the Federal Government Regional Planning Guidelines, the larger German city regions/agglomerations are "regional motors for growth for the regional development of the Federal Republic as a whole. However, their efficiency is increasingly hampered by the heavy burdens they have to bear".¹⁹ The main problems are the constant growth in private transport, harmful environmental impacts, difficulties in waste disposal and water supply, "pronounced housing shortages, scarce building land, and generally rising prices"²⁰.

Among the most badly affected agglomerations are Berlin, Hamburg, the Ruhr District, the Cologne-Düsseldorf region, and greater Munich, greater Stuttgart, and greater Frankfurt.

A package of measures has been proposed to alleviate these burdens and to ensure the continued feasibility of these regions. If such measures are to be successful, however, two essential conditions must be met: first there must be an amelioration in regional coordination and co-operation, and second existing and necessary local authority financial equalisation systems must be further developed in accordance with this purpose.

2. *Definitory difficulties in delimiting the Rhine-Main area*

The Rhine-Main Basin situated at the centre of the Federal Republic of Germany is the third largest German agglomeration after the Rhine-Ruhr district and Berlin, and is regarded by many as *the* economic heart of the Federal Republic. In 1992 an EC study ranked it first in Europe in respect of economic power²¹.

¹⁹ *Raumordnungspolitischer Orientierungsrahmen. Leitbilder für die räumliche Entwicklung der Bundesrepublik Deutschland*, Bundesministerium für Raumordnung, Bauwesen und Städtebau, Bonn 1993, 6.

²⁰ Ibid.

²¹ See Jörg Jordan, *Eine Region, die auf Platz 1 in Europa gesetzt wurde*, in *Frankfurter Rundschau*, 9 May 1992.

"From the functional space point of view, [the Rhine-Main area] is a unit, but administratively it is distributed over a number of jurisdictions, namely three *Länder* (Rhineland-Palatinate, Hesse, and Bavaria), thus falling under three regional policy regimes,"²² although the greater part of the area lies within the South Hesse planning region (see section I.3). There is no common administrative organisation for the area as a whole. Its spatial extension is not clearly defined. *Ballungsgebiet Rhein-Main*, *Verdichtungsraum Rhein-Main*, *Region Frankfurt*, *Stadtregion Frankfurt-Offenbach* or *Aktionsraum Frankfurt*²³: each of these terms refers to a differently defined territory with different dimensions, population figures, etc.

More recent definitions describe the Rhine-Main area as a region with high functional interdependence located between the cities of Darmstadt (to the South), Friedberg (to the North), Aschaffenburg (to the East) and Mainz (to the West), with Frankfurt at the geographical centre.

It is more and more difficult to give a precise, objectively well-founded delimitation of the region, or of most other agglomerations for that matter. Every relevant functional area or sphere of responsibility, from the labour and housing markets, to cultural and leisure infrastructure, mass transit, and sewage and refuse disposal covers a different territory. And each of these territories is subject to relatively rapid change.

3. *Structural characteristics and development trends*

The Rhine-Main basin is characterized by its geographically central position in transportation networks within the Federal Republic of Germany. It is the place where the supraregional axes of German and European rail and motorway networks cross, not to mention the Rhine and the Main waterways triangle²⁴. The Rhine-Main airport, situated to the Southwest of Frankfurt, links the region to all relevant international centres, being the second largest passenger airport in Europe after London Heathrow.

²² Albert Speer und Partner GmbH (eds.), *Zielvorstellungen für die Gestaltung des engeren Verdichtungsraumes Rhein-Main bis zum Jahr 2000 und Handlungsstrategien zur Umsetzung*, Frankfurt am Main 1990, Zusammenfassung, 1.

²³ See Jochen Schulz zur Wiesch, *Regionalplanung in Hessen*, Stuttgart 1977, 76.

²⁴ See Regierungspräsident Darmstadt (eds.), *Raumordnungsbericht 1989, Teil II. Planungsregion Südhessen*, Darmstadt 1989, 1.

Unlike the monocentrally structured regions of Hamburg, Munich or Berlin, the Rhine-Main area, with more than three million inhabitants and approximately 1.6 million persons in employment²⁵ exhibits a polycentric structure, in which, however, the city of Frankfurt is clearly predominant thanks to its outstanding economic clout as well as its size (pop. in mid-1994: 664,000).

Other higher order centres in the region are the two *Land* capitals of Mainz (pop. 184,000, Rhineland-Palatinate) and Wiesbaden (pop. 268,000, Hesse), as well as Darmstadt (pop. 140,000) and Offenbach (pop. 117,000)²⁶. Hanau and Rüsselsheim should also be mentioned, which, although not large cities, are nevertheless important regional employment centres.

According to the 1992 regional planning report,²⁷ the population of the cities and *Gemeinden* in the region has, after a period of decline, been increasing again since 1987 due to substantial immigration. The number of people in employment has also been rising, especially in the services sector. This urbanization in the residential and employment fields is continuing. Communities close to and further away from central cities are becoming increasingly attractive as places to live. At the same time, there is a relocation of manufacturing jobs, but also of logistical, distribution, and administrative functions to *Gemeinden* outside the central cities, accompanied by rising concentration of "high-quality" tertiary white-collar jobs in the higher order centres²⁸. The consequences of these developments are growing commuter flows, a continuous growth in road and traffic density, and a persisting demand for land for settlement purposes.

4. *The Economic Metropolis Frankfurt*

With somewhat more than 660,000 inhabitants and an area of 250 km², Frankfurt is a relatively small city according to international standards. However, its economic clout, based on specific historical preconditions, on the consequences of World War II, on its central position, and on its excellent transport and communications infrastructure, has lent the city a position of importance transcending the boundaries of Germany and Europe.

²⁵ See Bernd Hausmann, *Frankfurt am Main und sein Umland, Strukturunterschiede der Region*, manuscript, Frankfurt 1980, 1. The figures given by Hausmann are not taken by other authors because of other territorial definitions. Figures on population range from 2.5 million to 3.1 million, and on jobs from 1.2 to 1.6 million.

²⁶ All figures from *Statistisches Jahrbuch deutscher Gemeinden*, 82 (1995).

²⁷ Regierungspräsidium Darmstadt (eds.), *Raumordnungsgutachten, Planungsregion Südhessen*, Darmstadt 1992, 4f.

²⁸ Ibid.

Characteristic of Frankfurt's economy is "its strong orientation on the world market, the high degree of international interlinkage, an increasing concentration of top decision-makers (head offices, umbrella organisations, etc.), the high share (more than 70%) of the service sector, and (in comparison to other cities) the impressive degree of economic diversification"²⁹. According to the 1987 census (VZ 1987) more than 600,000 gainfully employed persons (in a population then of some 620,000) earned just under DM 50 billion, the highest GDP per capita of all Federal German cities.

The central economic factor in Frankfurt is the finance sector, which has decisively influenced the spatial structure and form of the city (high-rise development). More than 400 banks are represented in the city, of which over 60% are foreign. The airport is considered to be almost as important, with more than 27 million passengers (1989) and 1.1 million tonnes of air freight turnover. Third in importance are the more than twenty trade fairs – for the most part international events – that are staged each year, and the more than 6,500 wholesale and retail firms established in the city, many of regional and supraregional importance.

From as early as the seventies, persisting economic growth, a clear preference on the part of the most productive and hence solvent uses for the central city with resulting rises in rents and real property prices were accompanied by profound functional segregation processes – and in view of the narrow city boundaries – by growing functional interlinkage of the city with surrounding *Gemeinden*. Observers believe that Frankfurt is becoming more and more the centre of a "regional city" absorbing all the communities in its sphere of influence, which, although it does not exist on the political and administrative books, is nevertheless a reality.

5. *Frankfurt and its sphere of influence – socio-economic development*

Although Frankfurt is the central city of the Rhine-Main region, the entire area cannot be considered as belonging to the Frankfurt sphere of influence because of the many regional centres, each of which has its own catchment area³⁰. Representatives of the Frankfurt Planning Office regard the six *Landkreise* contiguous to the city and the county borough of Offenbach as falling within the Frankfurt tributary region. Every fifth employee from these *Kreise* works in Frankfurt; 82% of all Hesse commuters come from these immediate environs.

²⁹ Werner Heinz, *Stadtentwicklung und Strukturwandel*, Stuttgart 1990, 123.

³⁰ Bernd Hausmann, l.c., 1.

However, the relocation of businesses (out of the central city) and firm expansions as well as new establishments (under more favourable conditions as regards prices than in Frankfurt) have caused Frankfurt's share in the employment figures, increasing for the overall immediate region, to decline – from 67% in 1960 to 61% in 1987. Thus, while Frankfurt as a centre continues to grow, company business is increasingly done at locations in the umland"³¹.

Whilst in the sixties and especially in the seventies the population of Frankfurt declined steadily (to far below 600,000), since the second half of the eighties it has been growing markedly as has also been the case in the surrounding communities. However, there are pronounced differences between population structures in the central city and its umland, with increasing indications of extensive social segregation:

- every second household in Frankfurt is now a single-adult household; the average size of households in Frankfurt is 1.87, whilst the average size of households in the umland is 2.37.³² Less than a quarter of all households contain three or more persons, whereas outside the city the figure is over 40%.
- more than 20% of all Frankfurt inhabitants are foreigners – with persisting rates of immigration; in surrounding *Gemeinden* the figure is just under 10%.
- the proportion of social welfare recipients is about twice as high in Frankfurt as in the umland – with the rate of increase also markedly higher in the central city.

6. *Frankfurt and its umland - growing financial imbalance*

Since the eighties, local government finances have developed in opposing directions in Frankfurt and the surrounding *Gemeinden*. Whilst in Frankfurt the gap between income and expenditure has widened continuously and local government indebtedness has risen drastically, the debt position of many authorities in the environs has improved, or deteriorated only slightly.

The reasons given for the tight budgetary situation of the central city are, in addition to the Federal Government's policy of passing on expenditure, the recession, and the decline in revenues from business tax, as well as the costs of German unification, the functions and outlays that result from Frankfurt's special position as central city, and from which the entire tributary region benefits. These include:

³¹ Lorenz Rautenstrauch, *Perspektiven für die Verwaltungsorganisation im Stadt-Umlandbereich, Beispiel Rhein-Main*, manuscript, Frankfurt 1990, 5.

³² All data from Bernd Hausmann, l.c. 2ff.

- the construction, maintenance and management of numerous facilities in the cultural and leisure sectors, from opera and theatre to museums and libraries, the zoo and the Palm Garden. Although these facilities are used by the surrounding *Gemeinden* – every fourth visitor to a Frankfurt museum comes from the Rhine-Main area –, they are financed by the city alone. Every theatre ticket that an inhabitant of a neighbouring town bought during the 1986/87 season in the Frankfurt municipal theatres was subsidized by the city of Frankfurt to the tune of DM 208 in the form of an operating costs grant³³;
- expansion of mass transit systems, especially tramways and the underground railway system;
- construction of park and ride facilities in the umland;
- development of social welfare housing in surrounding communities, and
- the constantly rising welfare costs – also due to the special attractiveness of the large city for social outcasts and marginalized groups.

The financial costs of Frankfurt's central-city function are at present borne alone by the city. At the same time, the distribution of tax revenues is shifting more and more from the central city to the umland. Frankfurt's net income from taxes rose by 52% between 1979 and 1988, while that of surrounding *Kreise* grew by 68%³⁴. This negative development in income can be attributed to the following factors:

- changes in social structures in the city and its umland, and the consequent differentials in revenues from population-related wages and income tax. Whilst the umland *Gemeinden* benefit from the in-migration of well-paid middle class residents (working in Frankfurt, living in the environs) the concentration of low-income strata in Frankfurt lies heavy on the central-city purse. Already by 1983, the average taxable income per taxpayer in Frankfurt had been overtaken by that in surrounding *Gemeinden*. The figure for Frankfurt was about DM 39,700, for the umland DM 41,000, and for the "wealthy" Hochtaunus *Kreis* over DM 51,000³⁵. In umland *Gemeinden* in 1987, 30% of the administrative budget came from the local authority share of wages and income tax, whereas in Frankfurt the figure was slightly over 11%;

³³ Bernd Hausmann, *Keine Stadt hat so viele Schulden wie Frankfurt*, in *Frankfurter Rundschau*, 12 June 1992.

³⁴ Ibid.

³⁵ Bernd Hausmann, *Frankfurt am Main und sein Umland*, l.c., 5.

- unfavourable developments in the city's principal source of income - employment-related business tax – consequent on the recession and economic structural change, and on business policy disadvantageous to the city and the city budget. This includes tax-reducing investment in East Germany and decisions to relocate business activities beyond the city limits. Such locational decisions in favour of umland *Gemeinden* benefit firms in several ways. The locational credit and image value of the big city are retained while the burden of rent and real property prices and business tax (owing to lower local tax rates) is reduced;
- the local authority financial equalisation arrangements of Hessen disadvantage Frankfurt. In 1992 Frankfurt received DM 124 per inhabitant, whereas cities like Wiesbaden and Kassel reaped between 3.5 and 4.5 as much. Even the well-off Hochtaunus *Kreis* received twice as much.

Whether, especially in the agglomerations, there are increasing disparities in local authority finance between the centres and their environs that are far from being compensated by local authority financial equalisation payments³⁶ is an issue that is continually tabled but has yet to find a satisfactory solution.

The imbalance between Frankfurt city and its rich urban belt is growing constantly, just as in the other agglomerations in Germany. Surrounding municipalities take advantage of the major city's location, image and facilities, and the major city bears the costs.

³⁶ Wendelin Gertz, *Finanzkraft der hessischen Gemeinden 1988 bis 1992, ein Beitrag zur Stadt-Umland-Diskussion*, Wiesbaden 1993, 19.

III. APPROACHES TO CO-OPERATION BETWEEN FRANKFURT AND ITS UMLAND

1. *Regional planning – Frankfurt Regional Administrative Union (Umlandverband Frankfurt – UVF)*

1.1. Background

From the early seventies, the strong interdependence between Frankfurt and its environs and the growing need for coordination, together with the local authority territorial reorganisation envisaged for Hesse (*kommunale Gebietsreform*), induced individual local politicians and sections of the political parties to table a series of proposals on the administrative restructuring of the Frankfurt region. The debate focused on three approaches:³⁷

- the *Regionalstadt* or "regional city" model of the then *Oberbürgermeister* Möller, which envisaged abolishing the city of Frankfurt and forming a large-space municipality to include large sections of the umland, with a population of almost 1.4 million. Its political administrative structure should follow the models of Hamburg and Berlin: on the one hand central regional administration and parliament, and on the other decentralized district administrations and parliaments;
- the *Stadtkreis* or "county borough" model of the Christian Democratic Union (CDU). In analogy to *Landkreise*, Frankfurt and its sphere of influence was to be brought together in a large-space *Kreis* or county, comprising a total of fifteen municipal units. Both levels were to be provided with their own political representative bodies and administrations (*Magistrat*);
- the *Stadtverband* or "municipal union" favoured by the *Landräte*³⁸ and the Hesse *Gemeindetag*, the Local Authorities Conference, which envisaged the voluntary union of cities and *Gemeinden* in the Frankfurt region, which should nevertheless retain their existing form.

The only possible compromise solution proved to be a local authority association on the model of the mandatory multi-purpose joint authority (*Mehrzweckpflichtverband*)³⁹. The key component of this compromise was the guarantee of local autonomy for cities, *Gemeinden*, and *Kreise* accompanied by the closest possible co-operation in problem-solving. However, the broad range of opinions and the differing interests of the actors concerned turned decision-making on this question into a protracted and controversial process, where the matters in dispute were primarily the functional structure of and electoral procedure in the new organisational unit.

³⁷ On these approaches see, *int. al.* Michael Borchmann, *Der Umlandverband Frankfurt*, in *Archiv für Kommunalwissenschaften* I/1977, 24ff.

³⁸ The *Landrat* in Hesse is the full-time salaried chief executive officer of a *Landkreis*.

³⁹ Dietrich Fürst *et al.*, *Regionalverbände im Vergleich. Entwicklungssteuerung in Verdichtungsräume*, Baden-Baden 1990, 37.

Finally, the *Land* government and the Parliament of the state of Hesse state assembly opted for a mandatory multi-purpose joint authority, which was called into being at the beginning of 1975 by the "Act on the Frankfurt Regional Union" (Gesetz über den Umlandverband Frankfurt) adopted on 11 September 1974.

1.2. Functions and organisation of the Umlandverband Frankfurt

The Frankfurt Regional Union covers an area of approximately 1400 km², 7% of the territory of Hesse or one quarter of the Rhine-Main area, and with 1.5 million inhabitants, which is 25% of the Hesse population or just under half that of the Rhine-Main area.

The members of the Union are the county boroughs (*kreisfreie Städte*) of Frankfurt and Offenbach and forty-one non-county municipalities and *Gemeinden* plus six *Landkreise*, of which three belong fully to the Union, while only parts of the others do so⁴⁰.

The decisive reasons for this territorial extent, which also deviates markedly from the boundaries of the Frankfurt region, excluding important north-eastern sections, were "questions of political expediency rather than regional and *Land* planning criteria"⁴¹.

The constitution of the Union is based on the modified *Magistrat* constitution (*unechte Magistratsverfassung*, providing for a collegiate executive) under the Hesse local government (see section I.1) and *Landkreis* statutes. The institutions provided and the names given to them clearly indicate that the legislator had no intention of setting up a traditional joint authority (*Zweckverband*), but took as a model the organisation of local authorities as bodies corporate. Since 1977, the directly elected representative body is the *Verbandstag* or Union Assembly. It is composed of 105 deputies elected for four years. The number of deputies is proportionate to the distribution of population in the five constituencies. Almost half the deputies accordingly come from Frankfurt and Offenbach.

The administrative authority of the *Verband*, equivalent to the *Magistrat* in larger Hesse cities is the *Verbandsausschuß* or Union Committee. It is elected by the *Verbandstag* and deals with day-to-day administrative business in conformity with the decisions of the *Verbandstag* and the *Gemeindekammer* (Chamber of Local Authorities). The setting up of the third institution, the *Gemeindekammer*, was necessary for constitutional reasons. Since the *Umlandverband* is responsible for land use planning, a function guaranteed to local self-government by the Basic Law, and the *Gemeinden* were not represented as institutions in the *Verbandstag*, a body was created in which the municipalities and *Gemeinden* belonging to the *Verband* are directly represented – regardless of size – by one representative and one vote each⁴².

⁴⁰ Günter Seele, *Verwaltungsorganisation in Großstadregionen*, in Hinrich Lehmann-Grube, Günter Seele, *Die Verwaltung der Verdichtungsräume*. Baden-Baden 1983, 100.

⁴¹ Ibid.

⁴² Dietrich Fürst *et.al.*, l.c., 35.

According to section 1 of the Act on the Frankfurt Regional Union, the primary purpose of the UVF is to "promote and secure the orderly development of the Union territory". A number of functions have been transferred to the Union to achieve this purpose. Primary among these – in keeping with the reasons for setting up the Union – are supralocal planning functions such as establishing land use plans, general transportation plans, and landscape plans. These so-called "substantial" powers also concern land reserves, water supplies, supralocal water disposal and the operation of waste disposal facilities, abattoirs, and leisure and recreation centres. Besides these substantial powers, the Union has also been assigned a series of co-operative, coordinative, and consultative functions: co-operation in mass transit planning, coordinating energy supply interests, and supralocal functions in environmental protection, locational consulting and publicity in the field of business promotion, and coordinating the interests of communal hospital authorities⁴³.

The UVF has no competence in the fields of urban/local development planning and regional planning. Regional planning was initially left in the hands of the Lower Main Standing Conference of Local Planning Authorities (*Regionale Planungsgemeinschaft Untermain – RPU*), established for this purpose by the Hesse state government with responsibility for approximately the same area, one of six such bodies in Hesse. With the amendment of the Hesse State Planning Act in 1980, the pertinent powers were transferred to the second tier authority *Regierungspräsident* (see section I.3). Regardless of this transfer of competence, the regional planning goals relevant for the Frankfurt area have been strongly influenced by the UVF.

The UVF is financed not only by charges (from 1990) and contributions but especially by means of the Union levy (*Verbandsumlage*) raised from municipalities and *Gemeinden* belonging to the Union – but not from *Kreise*. It is set in proportion to both the population and the economic strength of the given *Gemeinde*. The city of Frankfurt must accordingly contribute almost half of the Union budget – although this does not correspond to its population⁴⁴.

Since the establishment of the Union in 1975, the Union levy has grown steadily. It was initially DM 0.50 per inhabitant, but by 1988 it had already risen to DM 13.85.

⁴³ Ibid., and Gesetz über den Umlandverband Frankfurt of 11 September 1974, subsection 3(1).

⁴⁴ Dietrich Fürst *et al.*, 39

2. *Public transport system – the Rhein-Main-Verkehrsverbund (RMV)*

2.1. Background

2.1.1 The Frankfurt Transport and Tariff Association (*Frankfurter Verkehrs- und Tarifverbund, FVV*), predecessor of the RMV

Already from the fifties, the dynamic economic development and growing functional interdependence between Frankfurt and its region led to – still persisting – growth in intraregional transport (between 1960 and 1993 by more than 100%). In order to handle this traffic, road construction was initially given "clear priority"⁴⁵; however, in the course of the sixties it became increasingly evident that if the viability and efficiency of the central place and the region were to be ensured, it was necessary both markedly to improve public transport facilities and to coordinate and harmonize the various means of transport and their administration at the regional level.

In mid-1973, after comprehensive preparations and on the basis of a contract under public-law concluded between the Federal Republic of Germany, the state of Hesse and the city of Frankfurt, the city of Frankfurt am Main – Municipal Utilities – and German Rail founded the Frankfurt Transport and Tariff Association (FVV) as a limited liability company. In May 1987, the *Frankfurter-Königssteiner Eisenbahn AG* became third shareholder in the company. The decision-making bodies of the FVV were the Council (with the city of Frankfurt, the state of Hesse, and the Federation as representatives), the general shareholders' meeting, standing committee, and a board of management, as well as an advisory board composed of leading public figures⁴⁶.

The FVV started operations in May 1974, over a territory of 2200 km² coinciding more or less with the so-called Rhine-Main area (see section II.2). The system's transport network had developed in the course of history. In the following years it was therefore necessary to take comprehensive expansion and complementation measures to meet demand and operational requirements, especially in the underground and suburban railway systems (*U-Bahn, S-Bahn*), with the aim of establishing an integrated rapid transit system. In a 1992 study of the choice of modes of transport in the FVV area, a clear gap became evident: FVV services were used most often within the central city (public transport [more than 40%] and passenger cars [50%] were almost on a level), but were the least used mode of transport for journeys within the region (just under 12%).

⁴⁵ Frankfurter Verkehrs- und Tarifverbund GmbH (eds.), *FVV - Die ersten Schritte auf einem weiten Weg*, Frankfurt s.a., 4.

⁴⁶ *Ibid.*, 4f.

2.1.2. The regionalisation of public transport

With the aim of improving and optimizing German state railway services, and against the background of pertinent EC Commission requirements (especially the EC Regulation 1893/91), the German Bundestag adopted a "fundamental railway structural reform consisting of a package of new statutes and amendments"⁴⁷. An essential part of this reform is the regionalisation of the public transport system. The Federation as owner of state railways relinquishes responsibility for the public transport services offered by the *Deutsche Bahn AG*⁴⁸, transferring these to the *Länder* under the Regionalisation Act. The *Länder* were required to make the necessary detailed arrangements by the beginning of 1996.

In Hesse this had already been done by the end of 1993 with the adoption of the Act on the Further Development of Public Transport in Hesse⁴⁹. The authorities given responsibility for the planning, organisation, and implementation of mass transit are "the *Landkreise*, the county boroughs, and the *Gemeinden* with a population of 50,000 or more". For the purpose of performing the above-mentioned functions, these local authorities may set up integrated transport systems covering certain regions within Hesse. One such region is the Rhine-Main area.

In mid-1994, following comprehensive preparations and a differentiated feasibility study, the Rhine-Main Transport Association (*Rhein-Main-Verkehrsverbund – RMV*) was founded, based largely on a concept of the UVF. In late May 1995 the RMV started operations – so to speak as a "large-scale experiment in railway transport regionalisation"⁵⁰, thus taking up the succession to the 20-year-old FVV.

2.2. The functions and organisation of the Rhein-Main Verkehrsverbund (RMV)

Covering an area of 14,000 km² with a population of over 4 million, the RMV is the largest integrated transport system in Europe. It extends far beyond the limits of the Frankfurt Regional Union (UVF) and the FVV, including not only the Rhine-Main area but also large parts of central Hesse. The boundaries of the *RMV* were determined by, among other things, the terminal points of existing railway or bus routes.

⁴⁷ Rhein-Main-Verkehrsverbund GmbH (eds.), *Regionalisierung des Nahverkehrs, Modellprojekt Rhein-Main-Verkehrsverbund*, RMV Heft 3, Hofheim 1994, 5.

⁴⁸ Ibid., 11.

⁴⁹ Gesetz zur Weiterentwicklung des Öffentlichen Personennahverkehrs in Hessen (ÖPNV-Gesetz) vom 21 Dezember 1993, subsection 3(1).

⁵⁰ Jochen Paulus, *Netz kontra Auto*, in *Die Zeit* 23/1995, 27.

Like the FVV, the RMV was given the legal status of a limited liability company (*Gesellschaft mit beschränkter Haftung -GmbH*). But in contrast to the FVV, the RMV is an association of local authorities. The shareholders are not only the state of Hesse and the city of Frankfurt but also ten county boroughs and fifteen *Landkreise*. Because EC law requires the strict separation of "clients" (local authorities) and service providers (local transport undertakings), the latter are precluded from membership in the RMV.

The supreme decision-making body in the RMV is the shareholders' meeting, and day-to-day business is entrusted to managers. A supervisory board has been established to make necessary short-term decisions and to ensure regular monitoring of management activities. Moreover, the creation of advisory boards is provided for "in the interests of the greatest possible co-operation with transportation experts, socially relevant groups, customers, and transport undertakings,"⁵¹ and to advise the supervisory board and management.

Unlike the FVV, the RMV has a decentralized structure. Regionally important functions are at the management/administration level; the shareholders "continue to be responsible" for their local services"⁵². A further structural principle is the separation of policy, management, and operations. Fundamental decisions are to be made and policy parameters set at the political level (*Land* and local authorities). The RMV, as the management level, is responsible for network and service planning, marketing and public relations, procurement of transport services, supervision of performance, as well as accounting and financing. The provision of local public transport services are the responsibility of (communal) transport undertakings (at present 115) on the basis of contracts with the RMV.

The principal objective of the RMV is the "intensified development of mass transit in the agglomerations and the region in order to provide the people living there with qualitatively and quantitatively adequate transportation services"⁵³. The target is to raise the share of bus and rail services in total transportation in the system area from the actual 16 to 25%. It is hoped to recoup at least 50% of costs from income.

Whereas the fare system of the FVV was monocentrically oriented on the city of Frankfurt, the RMV with its different and greater territory operates with an area tariff system. The RMV motto is "One Timetable, One Tariff, One Ticket".

⁵¹ Rhein-Main-Verkehrsverbund GmbH (eds.), l.c., 20.

⁵² Volker Sparmann, *Organisatorische und planerische Fragen der Umsetzung der Regionalisierung*, manuscript, Hofheim 1993, 11.

⁵³ Rhein-Main-Verkehrsverbund (eds.), l.c. 15.

The planned range of services are to be financed by "fare and compensation revenue, transfer payments from the Federation and grants from the *Länder* and from local authorities"⁵⁴. The Federal government continues to furnish the basic funding and facilities hitherto provided by German Rail; improvements in services with regard to transportation modes and traffic routes, on the other hand, have to be paid for proportionately by the local authorities and *Kreise* concerned. As an incentive for local "clients" to improve their mass transit services, the state of Hesse subsidizes *Gemeinde* and *Kreis* outlays in this field to the amount of 45%.

IV. APPROACHES TO CO-OPERATION – RESULTS AND CHANGES IN THE GENERAL SETTING

1. *Spatial Planning*

1.1. Limited possibilities for the Umlandverband Frankfurt (UVF)

The Frankfurt Regional Union, which – according to a leading member of staff – is a compromise solution with certain inadequacies, has now been in existence for more than twenty years. Numerous reports are available on the work and achievements of this authority set up under the specific economic, social, and political conditions prevailing in the seventies to "promote and secure the orderly development of the Union territory". Most of these studies⁵⁵ agree on a number of points:

- the focus of UVF activities is on the planning functions assigned to it (establishment of the land use plan, landscape plan, general transport plan). It has become a recognized authority in planning matters. "As far as planning methods are concerned, the UVF is the most highly developed planning association;"⁵⁶
- the Union has also acquired powers in the environmental sector. However, here the focus is also on research.
- the consultancy and mediation functions of the UVF are also considered successful. "The Union (hence sees itself increasingly) as a consultancy institute."⁵⁷

⁵⁵ See in particular Rembert Behrendt, *Erfahrungen mit der Organisationsstruktur von Zweck- und Umlandverbänden*, in das Rathaus 9/1990, 462ff.; Dietrich Fürst *et al.*, *Regionalverbände im Vergleich*, l.c., 33ff.; Leo van den Berg *et al.*, *Governing Metropolitan Regions ...*, 41ff.

⁵⁶ Dietrich Fürst *et al.*, l.c., 75.

⁵⁷ Lorenz Rautenstrauch, *Region Rhein-Main: Frankfurt und sein Umland, Planung, Politik, Perspektiven im Bereich des Umlandverbandes Frankfurt*, Frankfurt 1988, 41.

- unlike in planning and investigative matters, the UVF has little potential for implementation or enforcement, since narrow limits are set by established local interests. This is particularly evident in relation to the provision of public services (supralocal water supplies, sewage disposal). Despite its statutory mandate, the Union is unable to act, because the *Gemeinden* refuse to transfer these duties to it and it has no means of penalizing this behaviour;
- the UVF has little clout because it has no resources and hence no bargaining counters (such as finance, land, and licensing rights) at its disposal;
- the Union cannot engage in active spatial development policy; in this field, too, it lacks the necessary (control) powers and means;
- for a long time the UVF was also unable to undertake effective regional economic development due to lack of support from the large cities;
- finally, the spatial extent of the Union territory has been a frequently criticized issue. Determined by the particular conditions prevailing at the period when the UVF was founded, it takes increasingly less account of current intra-regional relations and interlinkage.

In the planning field – the special purpose association aspect of the Union – observers conclude that the UVF has acquired considerable competence and authority. In almost all other areas – where the Union operates as a territorial authority (*Gebietskörperschaft*) – it has remained a "toothless tiger". "Its activities are (always) looked on suspiciously from the perspective of a zero-sum game: what the Union gains in scope for action is lost by the *Gemeinden* and *Kreise*."⁵⁸

1.2. Changed conditions in city-umland relations

From the second half of the seventies, and thus more or less since the founding of the UVF, new trends have become apparent in the relationship between the central city and its umland, involving a gradual shift in weight in favour of the umland⁵⁹. The one-sided functionalization of the surrounding communities as residential suburbs of the central city (suburbanization) is being superseded by successive urbanization in the course of which the umland *Gemeinden* gain in centrality. Small and larger towns are developing with a wide range of functions: upmarket shopping, higher education, leisure and cultural services, etc.

⁵⁸ Dietrich Fürst *et al.*, l.c., 71.

⁵⁹ The following observations are taken mainly from Lorenz Rautenstrauch, *Funktionsverteilung zwischen Stadt und Umland – Planung der räumlichen Ordnung*, in *das Bauzentrum* 3/1995, 15ff.

In employment, too, the umland is experiencing a positive development. Its share in regional employment is growing continuously, accompanied by improved job quality. Jobs in this area are considered to be of higher quality and more secure, and are increasingly white-collar rather than blue-collar. High local business tax rates (550 points in Frankfurt in comparison to an average 330 in the environs – see section I.2) and high rents and real property prices in Frankfurt are inducing a growing number of firms that do not absolutely have to have an address in the central city to locate beyond the city limits. Downtown Frankfurt is still close by and the transportation advantages of the location are also retained. The type of businesses concerned are primarily data processing firms, insurance companies, branch establishments of foreign consumer goods producers, and administrative headquarters.

Until 1987, demographic developments also favoured the umland; the umland population grew, while in Frankfurt it declined. Since then, however, Frankfurt and other centres in the region have been registering a renewed rise in population figures. Developments nevertheless continue to favour the surrounding *Gemeinden* – namely with respect to the composition of the population. The share of higher income earners and larger households with children is rising there, whereas in Frankfurt the trend is in the opposite direction (see also section II.5).

As a consequence of all these developments, many umland *Gemeinden* receive higher proceeds from income and business taxes, thus markedly improving their financial position. Whilst "per capita indebtedness in Frankfurt grew by 275% between 1981 and 1993, it has dropped by 4% in the umland"⁶⁰.

Growth in economic and fiscal strength is attended by greater self-confidence and political clout in surrounding *Gemeinden* and among local politicians. But this is not accompanied by an increasing proclivity for co-operation across municipal boundaries - in the direction of safeguarding regional attractiveness and strength; especially not since the bigger cities in the region, including Frankfurt since 1993, have found themselves in increasing financial difficulties due to the recession, the costs of unification, economic structural change, and last but not least to their own spending decisions. Now "a withdrawal to within one's own administrative boundaries and purview is becoming apparent."⁶¹ The reasons given by the mayor of a small, wealthy *Gemeinde* to the north of Frankfurt for his lack of interest in *UVF* membership seem symptomatic: "We're proud of our autonomy. It's the precondition for people identifying with our town."⁶²

⁶⁰ Ibid., 21.

⁶¹ Rembert Behrendt, *Zur aktuellen regionalpolitischen Diskussion in der Region Rhein-Main*, l.c., 1.

⁶² Peter Gwiasda, *Manche Gemeinde will partout nicht dem UVF beitreten*, in *Frankfurter Rundschau*, 30 Jan. 1995.

1.3. Changes in external challenges

Since the founding of the UVF in 1975, the external challenges for Frankfurt and its region have changed substantially. Technological innovations, structural change, the formation of large economic actors operating on a transnational basis as well as progressive Europeanization in the wake of EC policy and the liberalized common market have internationalized markets and consequently intensified crossborder competition not only among cities but also among regions. The regional level gains additional salience from the corresponding public development policies of the EU (in the context of the structural funds for the regions) or of individual *Länder*.

Frankfurt and its region play an important role in this competition. A highly developed regional economic structure with a high proportion of forward-looking industries, services, an infrastructure favourable to industry, and the "centrality leap (by Frankfurt) to metropolis status"⁶³, which has been brought about principally by the continuing concentration of global finance service providers and consultancy firms in the city, have meant that Frankfurt and the Frankfurt region are in competition not only with the agglomerations of Hamburg, Berlin, and Munich, but increasingly with the economically potent regions around London, Amsterdam, Paris, and Milan.

⁶³ Lorenz Rautenstrauch, *Funktionsverteilung ...*, l.c., 21.

However, to ensure that the region remains competitive in the long term, but also that development is in the interest of efficiency and viability, the "general parish pump politics"⁶⁴ should be abandoned and regional co-operation extended to policy areas that go far beyond the limits of present UVF responsibilities (waste management and regional spatial planning). Especially worth mentioning in this connection are regional economic development and supralocal infrastructural functions, as well as regional cultural and leisure policy.

2. *Public transport – First experience with the Rhein-Main-Verkehrsverbund (RMV)*

The RMV, set up in mid-1994 and operational since the end of May 1995, is the proof for many local actors that, regardless of all differences of opinion and problems, the cities and *Gemeinden* of the region are capable of solving problems together.

⁶⁴ Frank Niethammer, *Das Rhein-Main-Gebiet braucht mehr Zusammenarbeit*, in: Frankfurter Allgemeine Zeitung, 6 March 1995.

After only a brief period of operation, however, it appears that the "highly divergent commitment hitherto shown by local authorities to public transport"⁶⁵ has hardly changed with the advent of the RMV. Frankfurt and the municipalities of Offenbach, Hanau and Rüsselsheim, as well as some *Landkreise* contiguous to Frankfurt have further improved already good services. Other member communities of the Union, many especially from central Hesse, have failed to expand their public transport services – pleading their tight financial situation – and have not called up the *Land* funds earmarked for this purpose. So far no cross-connections in transport lines have been made in the region. Like the FVV, the RMV – despite contrary objectives – is still largely monocentric in structure.

The refusal of many RMV shareholders to finance more than status-quo services has postponed realisation of the goal "to introduce a region-wide integral basic interval timetable" to an uncertain future date. Nor can the goal of a uniform fare be attained for the moment, due to divergent local conditions and interests and the fact that the local authorities can set fares independently for their own territory.

Notwithstanding these problems and the provisional shelving of plans, the organisational achievements of the RMV have earned widespread recognition.

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Volker Sparmann, l.c., 11.

V. INITIATIVES AND PROPOSALS FOR NEW APPROACHES TO REGIONAL CO-OPERATION

Since the beginning of the nineties, progressive Europeanization and changing competitive conditions, growing problems for Frankfurt, the central city of the region, and the frequently criticized shortcomings of the UVF have provoked an ongoing discussion about possible reforms and solutions for regional co-operation. The initiators of this debate have been the regional chambers of industry and commerce, the UVF, and the *Oberbürgermeister* of the larger municipalities in the region, as well as the leading dailies Frankfurter Allgemeine Zeitung (FAZ) and the Frankfurter Rundschau.

The parting shot was given in mid-1991 by the chambers of industry and commerce of the Rhine-Main area with the staging of the so-called Rhine-Main Forums. The aim of these events was to permit an exchange of opinion among leading figures from industry, influential politicians, and the UVF on necessary joint measures and efforts (especially in the field of economic development) to safeguard and strengthen the position of the Rhine-Main area in the intensifying competition among regions.

A further initiative to improve regional co-operation was also launched in 1991 by the *Oberbürgermeister* of Frankfurt, Offenbach, Darmstadt, Mainz, and Wiesbaden and the UVF. With the adoption of the "Rhine-Main Declaration", in which commitment was expressed to "solidary collaboration among all local authorities" and – with the establishment of working groups – to relevant regional functional areas such as transport planning, economic development, and the provision of housing.

In mid-1994, after the financial problems confronting the city of Frankfurt had become increasingly evident and the search for solutions more and more urgent, a new round of events was initiated. A start was made with the Rhine-Main Conference called by the state of Hesse in collaboration with the *Länder* of Bavaria and Rhineland-Palatinate. Whilst the focus of this event was on large-space regional development issues, the subsequent initiatives staged by the large daily newspapers (the FAZ "Rhine-Main Economic Talks" in 1994; the Frankfurter Rundschau "Umland Debate" in 1995) were primarily concerned with concrete intra-regional problems and how to solve them. Of the various proposals and demands put forward at these discussions, the following dominated the debate:

- As a "short-term" solution, the improvement of local authority financial equalisation to favour the city of Frankfurt (see section I.2). Frankfurt addressed its demand to the government of Hesse, pointing to the high costs of the central-place facilities provided by the city. Leading Frankfurt actors were already considering entering a constitutional complaint;
- a second demand also made by Frankfurt for regional financial equalisation triggered a broad debate on the objective definition of "central-place facilities" or "joint functions", which in Frankfurt's opinion ought not to be financed by one city alone but by the regional community. However, representatives of the umland *Gemeinden* were united in their opinion that, if facilities were to be jointly financed, the parties involved should be entitled to a say in their conception.

A study is to be conducted by the UVF to find out whether and to what extent the imbalance often complained about in the distribution of burdens and benefits between Frankfurt and the surrounding *Gemeinden* really exists, and "how finance really flows".

- A return of regional planning to the local level, demanded by leading local representatives of the Social Democrats and Christian Democrats. They proposed that responsibility for regional planning should be retransferred from the state level of the *Regierungspräsident* to the *Kreise* and *Gemeinden*, in whose responsibility it had normally been until 1980. It was suggested that the regional planning associations (*Planungsgemeinschaften*) which had been abolished in 1980, should be revived, but covering different territories and vested with different powers.
- The introduction of a Rhine-Main *Kreis* suggested by a member of the Frankfurt City Planning Authority⁶⁶, to comprise the present cities and *Landkreise* of the Rhine-Main area. This *Kreis* would fit into the existing administrative structures, and its institutions would be the same as those of the other *Kreise*. In addition to the "classical functions" of a *Kreis*, the Rhine-Main *Kreis* would take over the task of land use planning for its territory after abolition of the UVF.
- The replacement of the UVF by a new regional union taking account of the actual interaction area of the region and provided with more comprehensive powers. This concept is favoured by many of the affected parties, including leading UVF representatives, but with differences of opinion on its concrete form. There is, however, general agreement that such an authority should be given regional planning powers for its territory. In the view of former UVF director Behrendt, a regional local authority association should also have responsibility for waste management, sewage supervision, supralocal sporting and leisure facilities, and economic development, and should cover the entire economic region from Mainz to Aschaffenburg and from Friedberg to Darmstadt (see section II.2). Unlike the UVF, an authority with such dimensions should have the possibility of putting its planning ideas into practice, and – through local government financial equalisation – should have its own financial resources.⁶⁷

⁶⁶ Bernd Hausmann, *Szenarien zur Entwicklung Frankfurts: Eine Analyse und zwei unterschiedliche Wege aus der Frankfurter Finanzkrise*, manuscript, Hofheim 1994, 9ff.; *idem*, *Leere Kassen in Frankfurt – Speckgürtel in der Region*, in *Frankfurter Rundschau*, 21 July 1993.

⁶⁷ *Regionalverband mit Rechten*, in *FAZ*, 12 Feb. 1994.

The most radical concept for this regional *Verband* model has been advanced by the present director of the UVF, Alfons Faust, who would like to see the setting up of regional unions accompanied by the abolition of existing *Landkreise* and *Regierungspräsidien*, with their functions being transferred to *Gemeinden*, the region, and the *Land*. This would once again provide "a clear, three-tier governmental structure".⁶⁸ This restructuring would also be the task of *Land* legislation.

The *Land* registers such comprehensive new approaches with scepticism. Like their predecessors in the early seventies (see section III.1.1), it is believed that these initiatives will "get stranded in the crossfire of local political interests".⁶⁹ Sectoral developments" and "individual projects" are therefore preferred. There thus appears to be no immediate prospect for any organisational restructuring of the Rhine-Main area going beyond the stage of mental constructs.

⁶⁸ Alfons Faust, "*Speckgürtel*" als *Unwort des Jahres*, interview in the *Frankfurter Rundschau*, 28 Jan. 1995.

⁶⁹ Jörg Jordan, former Hesse State Planning Minister, quoted in the *Frankfurter Rundschau*, 18 Feb. 1995.

VI. CONCLUDING REMARKS

According to the forecasts of most studies and research, the Rhine-Main region will continue to experience growth and investment pressure. Existing locational advantages (see section II.3) "offer favourable conditions for staying up front even under the conditions of intensified locational competition in a 'Europe of the Regions'"⁷⁰.

However, the positive economic development forecast also presents a danger of existing problems and burdens intensified still further as long as this development is not under control. The future of the region thus also depends essentially on how regional actors and the *Land* (Hesse) deal with the predicted development pressure: both organisationally and by development strategy means.

It is still not clear which of the organisational forms now being discussed will win the day, what territory will be allocated, and what range of functions will be assigned to a future authority. An important role will also be played by the fact that every potential functional area claims a different territorial extent, so that it is hardly possible to find objective criteria for defining a common territory for a number of functional areas. It is also a moot question whether it is possible to push through an adequate new regional organisational form on a purely voluntary basis. Will the so often lauded "regional consciousness" and the resulting common action materialize, or will – as many suspect – the *Land* government have to impose a solution?

However, organisational issues are not the sole important factors in the further development of the Rhine-Main region. Development strategy considerations are also significant:

- Should the goal of "maintaining and strengthening the competitiveness of the region" be given priority, thus largely giving in to pressure for economic growth?
- The likely consequences would be the continued concentration of service industries and jobs in the favoured locations at the core of the agglomeration, further rises in property prices and rents, a persisting shift in the job-inhabitant ratio in favour of jobs; displacement of the residential function and lower-quality commercial uses; further selective relocation of settlement and population towards the rural parts of the region distant from the place of work, swelling commuters flows across regional boundaries due to inadequate housing supplies, an increase in the volume of motorized private passenger transport, and the burdens this brings, etc.⁷¹.

⁷⁰ Regierungspräsidium Darmstadt (eds.), *Raumordnungsgutachten*, l.c., 5.
⁷¹ *Ibid.*, 7.

- Or should the goal of "disburdening the agglomeration" be pursued, and an attempt be made to distribute part of the development pressure to neighbouring regions, such as central Hesse? Potential consequences in the agglomeration – such as a slow-down in growth processes, a reduction in commuting volumes, and an improvement in the ecological situation – would bring the overspill region of central Hesse corresponding economic enhancement, growing attractiveness for new business establishments, and a rising number of jobs.

However, any such strategy to counter further spatial polarization trends is beyond the ambit of regional planning. Active intervention at the *Land* and the Federal levels would be needed, using means to both limit and promote growth.

It remains to be seen which development strategy will be adopted – whether one of those mentioned or an intermediate variant.

BUDAPEST⁷²

I. DESCRIPTION OF EXISTING POLITICAL AND ADMINISTRATIVE ARRANGEMENTS

1. Two-tier local government

The political-administrative organisation of Budapest comprises two levels of local government: the twenty-three districts and the city.

The decision-making body of the city of Budapest is the city's general assembly, consisting of deputies elected by direct suffrage from a single list on a proportional basis and by a single ballot. The mayor of Budapest is elected by direct suffrage, and on election becomes a member of the general assembly. Deputy mayors must be elected from among the members of the assembly.

District councils (local deputy assemblies) are elected by a mixed system of a single ballot with two different procedures: half of the deputies are elected in uninominal constituencies and the other half from lists. District mayors are elected directly by the electorate and on election become members of their councils.

The city of Budapest and its districts are autonomous local authorities having their own specific powers.

Districts are responsible within their territories for the provision of pre-school and primary education, social services and basic health care; also for water supply, road maintenance, and the protection of the basic rights of national and ethnic minorities.

The city of Budapest is the local authority responsible for matters concerning the capital as a whole or any part thereof covering more than one district. It also has special powers by virtue of its situation as the national capital.

The law governing the responsibilities and powers of local authorities specifies the allocation of powers between the city of Budapest and its districts.

The city of Budapest may delegate authority to the districts, and districts may request a transfer of powers. The conditions (including financial conditions) governing delegations of authority and their period of validity are determined in agreements between the city and the districts concerned.

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This case study has been prepared in co-operation with Dr I.Balazs

2. *The main powers of the city of Budapest*

The municipality:

- establishes the capital's development and rehabilitation programme and the general plan for land development and land use control;
- determines the protected zones of the built-up environment, including buildings and sites classified as historic monuments, and regulates the safeguarding, renovation and maintenance of protected property;
- is the authority responsible for housing, and in that capacity decides on housing construction and rehabilitation plans, coordinates their execution and regulates both the system of grants towards construction and rented accommodation and the public sector housing system;
- is responsible for civil defence;
- is responsible for the water supply, the distribution of drinking water and sanitation;
- participates in the provision of street lighting and the maintenance of the urban energy network;
- is responsible for domestic refuse collection and the maintenance of public places;
- determines the areas of cemeteries and maintains them;
- is responsible for public transport, traffic and parking regulations and the use of public places;
- decides on tourist planning for the capital and organises the structure and operation of its tourist agency;
- licenses the holding of fairs, shopping malls and markets, and maintains the premises of the Budapest malls;
- participates in the activities involved in consumer protection and the use and protection of the environment;
- provides secondary and high school education, and vocational education in colleges where this is not the responsibility of the districts;
- provides cultural activities, intermediate and higher level public health care and youth and sports activities.

In view of the scope of these powers the city has a preponderant role in its relations with the districts.

3. *The exercise of powers coming under the central government*

Powers coming under the central government are shared in the same way as municipal powers.

The secretariats of the town councils of the districts and city of Budapest are headed by the district *notaires* and the general *notaires* of Budapest respectively. The *notaires*, or town clerks, are municipal officers, but also exercise powers coming under the central government; in this case they cannot be influenced by either the mayor, the Budapest general assembly or the district council.

These district town clerks represent the first level of the execution of functions invested in the central government.

The Budapest town clerk has no supervisory authority over district town clerks, who are answerable only to the municipal council that has appointed them. However, the Budapest town clerk can take upon himself powers normally devolving on district clerks.

The Office of Public Administration is the central government body located in the capital.

It controls the legality of actions by the Budapest and district councils and is the appeal body for complaints against administrative acts by town clerks.

4. *Intermunicipal co-operation*

There is provision for co-operation:

- between districts or between districts and the Budapest municipality;
- between the city of Budapest or its districts and municipalities within the conurbation of the capital.

It is now possible for the city of Budapest and its districts to co-operate with towns and municipalities in the co-operation by setting up conurbation associations.

These associations are a recent institution under Law No. LXIII of 1994 and are not yet operational.

They are intermunicipal, multi-purpose associations, freely constituted without any participation by national authorities.

Their functions will include preparing the conurbation plan, coordinating public transport, the provision of water and sanitation, the collection of domestic refuse, environmental protection and civil defence.

The conurbation association of the city of Budapest will also coordinate civil engineering and educational, cultural and social services.

Pending the activation of this new form of co-operation, several intermunicipal associations with one or more purposes already exist between peripheral districts of the conurbation and in Budapest itself.

5. *Land use planning*

The land use planning system in the city of Budapest is very complex.

The Budapest general assembly decides – in consultation with the government and the districts – on the land use plan for the capital and its development and rehabilitation plan.

In its master plan for land use control, the city of Budapest designates construction zones, the siting of establishments of general interest and public transport highways. Responsibility for the granting of permits for the construction of buildings of public interest has been transferred from the district town clerk to the Office of Public Administration.

The municipal district council draws up its development plan, master plan and detailed land use control plan in the framework of the plans of the city of Budapest.

The Budapest general assembly regulates coordination between the Budapest city plan and the district plans. The regulations specify the cases in which districts must be consulted or their approval is required, or where they are entitled to be informed.

6. *Public transport*

The public transport system in the capital is the responsibility of the Budapest transport company (BKV) which serves the city itself and to a lesser extent the conurbation, where another transport company, the Volánbusz Company, of the Pest department, also runs services.

BKV was formerly a subsidised state-owned firm. After the reform of the local government system in 1990, the ownership of BKV was transferred to the city of Budapest, which is now responsible for its operation, development and financing.

Volánbusz is still state-owned and is due to be privatised.

The present problem of public transport in Budapest and its conurbation is the same as that facing local government: the breakdown into individual operations.

Public transport is a municipal (not departmental) responsibility. In the case of Budapest this is only normal: the size of the city lends itself to the provision of a service of this kind.

However, the city of Budapest is not required to provide public transport for the municipalities of the conurbation, and as the cost of the BKV services rises continually, it is not in the city's interest to finance such public transport. For example, the price scales for zones in the conurbation are based on actual costs, whereas in city zones fares are subsidised by the city of Budapest.

The conurbation municipalities are not large enough to set up their own public transport system, and both Volánbusz and the railway company are state companies.

This means that public transport in the towns and municipalities of the conurbation is provided by firms over which they have no direct influence.

In the absence of any integrated arrangements, coordination of the operation and development of public transport in the city of Budapest and its conurbation can be no more than on a haphazard piece-meal basis.

Another special feature is that the urban rail tracks (HÉV) belong to BKV.

Municipalities served by the state railway network have the advantage, since given the state subsidy, railway travel is the least expensive for users; in addition they can count on continuity of services.

With this heterogeneous situation, services are determined more by competition and market forces than by users' needs and possibilities.

The solution would be to set up a single transport authority for the town and conurbation of Budapest, but this is unlikely given the economic and social situation in the country. Five years after the change to a new political system, Hungary is still in a transition period. Public institutions and the system of public administration are changing. This being the case, it is very difficult to find agreed solutions on different public issues.

II. SOCIO-ECONOMIC IMBALANCES AND MEASURES TAKEN TO DEAL WITH THEM

The major socio-economic imbalances between the city of Budapest and its conurbation are the result of forty-five years of socialism in Eastern Europe.

In the 1950s, after the Second World War, the representatives of the former ruling classes were forced to leave the city; their place was taken by representatives of the working class. The city of Budapest nevertheless remained the country's economic and cultural centre.

So as to give the working class a majority in Budapest, the communist party imposed the incorporation of the working class belt of the conurbation in the traditional city of Budapest. In this less-inhabited belt, an intensive urbanisation policy was introduced beginning in the 1960s and lasting to the end of the regime. The result of this policy was that the capital's population doubled, and in the 1980s administrative control measures were adopted to prevent any further urban spread. People from the provinces who wished to buy or rent accommodation in Budapest were required to obtain a special authorisation from the town council.

The area of the city was thus artificially extended and the former conurbation became part of greater Budapest. The peripheral belt now consists of peripheral districts which are inhabited by a working-class population and are the site of industrial establishments.

Since the transition to the new political regime, there are preliminary signs of change: for example, certain districts of the city are beginning to lose their former privileged position and the middle-class population seeks to move to new housing zones in peripheral districts and rural municipalities in the conurbation.

III. IMPACT OF THE POLITICAL-ADMINISTRATIVE ORGANISATION ON REGIONAL DEVELOPMENT

During the reform of local government in the city of Budapest, the basic question was how to organise a hydrocephalic city which was much too large for the body of the country.

The first solution, between 1990 and 1994, was a fragmented administration based on autonomy for the districts of the capital and on their relations with the city of Budapest, that was juxtaposed to them, without the establishment of any formal relationship with the municipalities of the conurbation or the department of Budapest.

Four years' experience revealed the great risk involved in letting Budapest be broken up: inadequate coordination for the maintenance of public establishments and development of public services is too expensive for a country at grips with an economic crisis.

Accordingly, before the 1994 municipal elections, the local government system of the city of Budapest was altered and the relevant former Law No. LXV of 1990 was modified by Law No. LXIII of 1994, which established the system described in section I above.

The new system restores to the city the power to guide and coordinate district activities and also a degree of hierarchical command over the districts.

While it was possible to convince the new political majority to vote for this recentralisation of the administration of the metropolis – devised primarily by technocratic experts and civil servants – it was not possible to institute compulsory co-operation to ensure balanced administration of the city of Budapest and its conurbation. This failure is not an obstacle to seeking a solution for the future, since it is not normal that there should be no coordinating body for the city of Budapest and its conurbation.

IV. CONCLUSION AND OUTLOOK FOR THE FUTURE

Developments in the political-administrative organisation are shaping up on the lines of institutionalised integration and coordination.

Here several solutions are possible: of these a first group is based on central government administration, the second on the principle of local self-government.

The most thorny question is to decide who should control the organisation of co-operation in the conurbation.

If the driving force were the city of Budapest, its predominant role would be an obstacle to the development of local democracy in the other municipalities.

On the other hand, if the organisation of the conurbation were to be based on a system of decision-making by simple majority, it would be impossible to solve the problems of the metropolis, and for example to get the towns or municipalities of the conurbation to agree to facilities for the disposal of domestic refuse or sanitation.

Current thinking aims at finding an efficient compromise between the needs of democracy and the requirements of streamlining.

Whatever the solution, it must be based on local self-government, and avoid direct state participation. It will probably be a form of compulsory intermunicipal co-operation institutionalised by law. For this it will be necessary to alter the Constitution, which politically will not be easy.

The very liberal spirit of the Hungarian system of local authorities, based on the recommendations of the European Charter of Local Self-Government, is hostile to both the idea and the practice of compulsory intermunicipal co-operation.

ROTTERDAM⁷³

I. DESCRIPTION OF THE EXISTING LOCAL GOVERNMENT STRUCTURE

1. Local government in general

The structure of local government in the Netherlands, as laid down in Chapter 7 of the Constitution, is the same throughout the country. There is no special arrangement for metropolitan areas like Rotterdam. Local government is based on the principle of a decentralised unitary state with two tiers of government below central level, namely the provinces (12), and the municipalities (630). The Constitution contains provisions on the organisation of the provinces and municipalities and the election of local councillors. Provincial and municipal authorities have a number of autonomous tasks and others which are imposed on them by central government or by the provincial authorities. The details are set out in the new Provinces Act and Municipalities Act, which came into force on 1 January 1994.

The Provinces Act and the Municipalities Act allow for the creation of provincial and municipal districts. Municipal districts have already been created in Amsterdam and Rotterdam. These districts are administrative units established by the municipal council, which also determines what powers they will have. They are headed by a district council, whose members, like those of the municipal council, are directly elected.

Co-operation between municipalities is regulated by the Joint Regulations Act and can take various forms. For small-scale, mainly executive tasks, a simple co-operation agreement may suffice. Otherwise, two or more municipalities may decide to establish a public body to be responsible for particular tasks. The organisation and powers of such bodies are regulated by the Act and by the co-operation agreement drawn up by the municipalities concerned on the basis thereof.

It is not possible to provide a general, exhaustive list of the tasks performed by the municipal and provincial authorities due to the fact that they have certain autonomous tasks, as indicated above. This means that they are able to take on new tasks on their own initiative and, moreover, that they must be allowed a substantial amount of leeway within the policy areas in which they operate under the law.

Taking this into account, the main tasks of the municipal authorities can be grouped together under the following headings:

- population affairs (e.g. population register, issuing of passports and driving licences);
- town and country planning (drawing up development plans showing land use in the municipality);

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This case study has been prepared in co-operation with Mr P. Smeets

- housing (building and housing inspection, inspection of housing corporations, issuing of occupancy permits);
- highway management;
- environment (refuse disposal, environmental licences);
- national assistance payments;
- facilities for the disabled;
- education (primary and secondary public-authority schools);
- welfare (childcare, community centres, reception of asylum-seekers);
- culture (public libraries, theatres, museums).

The main tasks of the provincial authorities are as follows:

- town and country planning (drawing up regional development plans and approving municipal development plans);
- supervision of municipalities (notably financial supervision);
- arrangements relating to water boards and the supervision thereof;
- environment (soil decontamination, licences for major plants);
- planning in various fields.

The Constitution, the Municipalities Act and the Provinces Act do not stipulate the exact functions of the municipal and provincial authorities but provide instead a framework for local government, which will, under certain conditions, permit major changes in both the distribution of tasks and geographical boundaries. While the Constitution contains uniform rules on the organisation and structure of the provincial and municipal authorities, when it comes to their position and function the picture is not so clearcut and can differ considerably from one municipality or province to the next. The tasks and functions of the City of Rotterdam, for instance, are very different to those of a small rural municipality. This is reflected not only in day-to-day activities but also in the formal division of tasks. The larger cities, for instance, may carry out certain provincial functions, such as planning residential homes for the elderly.

Under the Constitution, the financial relationship of the provinces and municipalities with central government is regulated by Parliament, as are the taxes which they may levy. The former is regulated in the Provinces Act and, for the municipalities, in the Grants to Municipal Authorities Act 1984. The municipalities receive revenue from three sources:

- a general grant from the Municipalities Fund;
- special-purpose grants for specific tasks;
- own revenue (taxes, charges and other income).

The total revenue received by the municipalities in 1994 amounted to 56.5 billion guilders. More than half of this was made up of special-purpose grants (31.4 billion guilders = 59%). There are approximately 160 grant schemes in the Rotterdam area, financing such services as education and national assistance benefits. This component is gradually becoming smaller, thereby increasing the proportion of revenue comprised by the general grant. The general grants allocated from the Municipalities Fund in 1994 amounted to 17.2 billion guilders, or 28% of the total revenue of the municipalities. The remainder (7.9 billion guilders = 14%) came from taxes and other sources of revenue. The revenue from municipal taxes is relatively low. The proportion of own revenue rose from 8% to 14% in the period from 1987 to 1994, largely due to the efforts of the municipal services, especially the street cleaning and sewerage services, to cover their costs. Income from these sources rose in the above period by 143%, mainly because of the more stringent environmental requirements imposed by central government, whereas the increase in tax revenue was less (43% in the same period). Property tax is by far the greatest source of tax income for the municipalities.

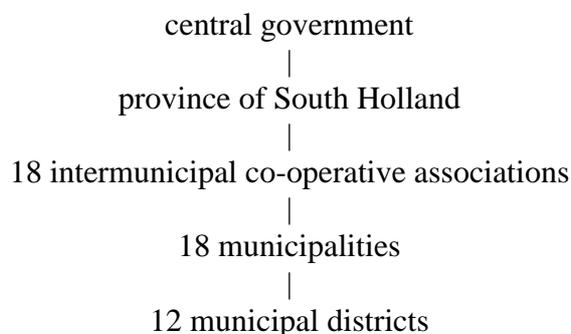
2. *Local government in the Rotterdam area*

The Rotterdam area lies inside the province of South Holland and comprises eighteen municipalities. It covers an area of more than 786 km² (including waterways and lakes), of which 300 km² lie within the boundaries of the municipality of Rotterdam (see the map in annex I). The municipality of Rotterdam has a population of 598,694. The number of inhabitants in the other seventeen municipalities ranges from 8,058 to 73,820. The region as a whole has 1,143,821 inhabitants (figures as at 1 January 1994; see annex II).

The municipality of Rotterdam is divided into twelve districts, ranging in population from 9,230 to 78,414 inhabitants.

The municipality of Rotterdam is party to some eighteen co-operative agreements with other municipalities in the area under the Joint Regulations Act. Some important tasks are carried out in this way, the regional environmental service and the health service being two prime examples of major services which are run jointly. Tasks relating to recreation are also carried out jointly.

This results in the following structure:



The above diagram does not include other administrative bodies with statutory tasks in a specific field (i.e. autonomous administrative authorities), such as the police and the manpower services board. The water boards are responsible for water management, i.e. sea and river defences and water quality. There are also a number of decentralised central government agencies with powers in certain fields, notably the Directorate-General for Public Works and Water Management and the Housing Inspectorate.

Although, in the Netherlands there are, in theory, three tiers of government, in practice there are at least five administrative levels – not including the autonomous administrative authorities and decentralised central government agencies. Each of these authorities has powers in its own field, which correspond to those of another body. Policy development and implementation therefore involve a complex process of consultation and agreement between all the bodies concerned. How this works is explained below, taking public transport and planning as examples.

As the statistics show, the municipality of Rotterdam makes a major impact on the region. Not only is it by far the largest municipality in the region in terms of both surface area and population, it also manages and administers most of the port of Rotterdam, which dominates the local economy. From a national viewpoint too, the port of Rotterdam is a vital element in the transport and distribution network and, as such, is regarded as one of the main pillars of the Dutch economy. There is, moreover, a large concentration of businesses in the port area. Economic activity in and around the port of Rotterdam generates annually a gross added value which amounts to 3% of GNP. It is hardly surprising, therefore, that the municipality of Rotterdam carries a great deal of weight not only in the region but in the province of South Holland and at national level too. Consequently, although, in theory, municipalities have equal powers in most instances, the municipality of Rotterdam has the biggest say in the region, while the province has relatively little influence. As a result, the other municipalities in the region are faced with the constant dilemma of being torn between the need to co-operate with Rotterdam and the fear of being dominated by the city and losing their independence.

3. *Public transport*

In an area where much of the economic activity that goes on is dependent on the port, transport is vital to the economic development of the region and to the quality of life.

The provision of public transport is governed by the Passenger Transport Act. Prior to the creation of the Rotterdam Metropolitan Region, in which the eighteen municipalities co-operate with one another, the municipality of Rotterdam was in charge of local public transport, while central government was responsible for regional public transport. This entailed the following powers:

- granting licences to transport companies;
- fixing timetables;
- deciding on the validity of objections to the timetable;

- granting public transport operating subsidies;
- applying for grants for investment in the public transport infrastructure.

Because the local public transport system extends into the territory of other municipalities in the region as well as the city of Rotterdam, agreement continually had to be reached with the municipalities concerned on local public transport matters, at the same time as having to consult with central government on the coordination of local and regional services.

The Government in Transition Framework Act⁷⁴ (see IV below) changed all this. Under the terms of the Act, the municipalities are obliged to co-operate in ten fields, one of which is public transport. This has been achieved by creating Rotterdam Metropolitan Region, which came into being on 1 January 1995. The main changes brought about as a result of this are that the municipality of Rotterdam has transferred its powers concerning local public transport to the metropolitan region and that central government has done likewise with regard to regional public transport. The metropolitan region is therefore now responsible for both local and regional public transport.

In addition, the metropolitan region is obliged to draw up a regional transport plan (RVVP). This document is intended to provide an integrated picture of the various elements of transport policy. As such it will serve as a basis for decisions by the regional authority on transport matters and for the instructions which the regional authority issues to the municipalities concerning the policy to be pursued. The latter power is an important new instrument, which did not exist before; the municipalities previously enjoyed complete autonomy in certain areas of transport policy.

The regional transport plan must include the policies on cycling, parking, road safety, public transport, roads and the transport of goods. Its content must fit in with central government policy on public transport and regional planning policy (see 4 below). In this way, public transport policy can be integrated with other aspects of transport, thereby permitting a cohesive package of measures to be put together, aimed at improving public transport, promoting transport by water and rail, and discouraging the use of cars.

Given how recent these changes are, it is not yet possible to say what effect they have had. The regional transport plan has not yet been drawn up, although the objectives and targets of transport policy have been set out in a document containing the strategic policy that will form the backbone of the plan.

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Bulletin of Acts and Decrees 1994, 396. Entered into force on 1 July 1994.

4. Planning

Planning policy is set out in the instruments described in the Town and Country Planning Act. Under the terms of the Act, the municipal authorities draw up development plans, outlining in full the use to which land may be put. These plans are binding on members of the public, for instance when it comes to granting planning permission. Some development plans are very detailed, containing concrete decisions on the use of specific areas. They are optional for built-up areas and obligatory for other areas. These plans must be approved by the provincial authorities. A broad outline of the future development of the area in terms of land use is set out by the provincial authorities in a regional plan. The normal powers of the provinces are not very concrete; they are able to promote the establishment of supralocal projects by means of the planning instruments at their disposal. At a higher level still, central government can set out planning considerations in a document known as a key planning decision. In special cases, this plan can contain concrete policy decisions concerning projects of national importance. The municipal and provincial authorities can, if necessary, be compelled to co-operate in such projects. The lack of planning controls at regional level has in the past repeatedly proved to be a major obstacle to conducting an effective, integrated policy on regional development.

Until the Government in Transition Framework Act came into force, planning was therefore the concern of central government, the provinces and the municipal authorities; there was no regional input. The new Act provides for a regional planning policy, to be set out by the regional authority in a regional structure plan. Through this plan the regional authority can steer municipal planning policy. The regional structure plan is a practical document, giving the regional authority considerable practical influence over the planning policy of the municipalities in the region. It may include concrete policy decisions – relating, for instance, to large-scale housing schemes, industrial sites and major infrastructure projects – which dictate whether or not projects will go ahead.

It is not yet possible to say how effective this system is, given that the new legislation has only been in force since 1 January 1994 and because a regional structure plan has not yet been drawn up for the Rotterdam area. It should also be noted that this is, in effect, a transitional arrangement, pending the definitive new planning regime which will come into effect once the new-style province is established in the Rotterdam area (see V below). The new province will have greater powers in respect of planning than normal provinces. In view of the fact that the new province of Rotterdam is due to be installed on 1 January 1997, it is doubtful whether the system provided for by the Government in Transition Framework Act will be implemented.

II. SOCIO-ECONOMIC CONDITIONS

As in many urban areas, socio-economic problems are concentrated in the city centre. As certain groups have moved away, partly because of the limited range of housing available, the proportion of people from disadvantaged groups living in the city centre has increased. Certain parts of the city are at risk of becoming socially segregated. Social dividing lines (e.g. between the employed and the unemployed) are converging with geographical dividing lines, leading to the impoverishment of whole neighbourhoods and rising social tensions. It is important to note that Rotterdam is not the only highly urbanised municipality in the area. Capelle a/d IJssel, Schiedam, Spijkenisse and Vlaardingen are also highly urbanised and have similar problems.

A good idea of socio-economic conditions in the area can be obtained by comparing the statistics. The following figures are typical⁷⁵:

- in 1989, in the urban municipalities mentioned above, 23.1% of the population had an income below 16,700 guilders, compared to 15.8% in the rest of the region;
- the reverse is true for incomes over 38,800 guilders, the figures being 17.3% in urban areas and 29.7% elsewhere;
- on 1 January 1994, 137 out of every 1000 people living in Rotterdam were non-Dutch nationals (in Schiedam this figure was 90 out of 1000), compared to 12 out of 1000 in Bernisse;
- the percentage of persons registered as unemployed in Rotterdam on 1 January 1994 was 14.6% compared to 9.1% in the region as a whole.

The rate of tax levied by the municipal authorities on immovable property is another indication of the discrepancy in the socio-economic position of the various municipalities. The rate in 1993 was NLG 15.05 (per NLG 3,000 of the property's value) in Rotterdam, NLG 17.09 in Spijkenisse, NLG 14.10 in Schiedam and NLG 13.10 in Vlaardingen. By contrast, the rate in Westvoorne was only NLG 5.81.

Average disposable income is high in those parts of the region where there is relatively little economic activity and low in places where there are relatively large numbers of well-paid jobs available. As a corollary of this, there are large flows of commuters, which puts a tremendous strain on the transport infrastructure, especially in the central area. Because money is not spent where it is earned, there is a considerable drain on resources.

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Source: Statistical Yearbook, Rotterdam Area, 1994.

The region has a chronic unemployment problem with an imbalance between demand (for highly qualified workers) and supply (large numbers of less well educated workers). The low level of education of the working population puts them at a disadvantage in the labour market and means that new jobs are often filled by people from outside the area. It also puts a brake on the creation of new jobs. In 1991 the region missed out on the creation of 6,900 new jobs because of the lack of suitably qualified manpower.

The problem of the discrepancy between the financial position of the urban municipalities and that of the other municipalities in the region will be remedied by the planned general reform of the financial relationship between central government and the municipalities (seen under IV below). The new financial statute proposed for the "metropolitan province" of Rotterdam (see under V) will provide more scope for taking account of local socio-economic conditions and the consequent difference in the costs incurred by the municipalities, when allocating financial resources. It has also been proposed that the new city metropolitan province be given considerable powers in respect of national assistance benefits. This will make it possible to take a regional approach to the training.

III. THE CONSEQUENCES OF LOCAL GOVERNMENT REORGANISATION FOR THE ECONOMIC DEVELOPMENT OF THE REGION

Since the turn of the century the economic development of the region has been closely tied up with the development of the port. As mentioned above, the port is also an important element in intermunicipal relations in the region. Economic development and local government relations are therefore closely linked.

The Rotterdam area is very densely populated. Space is at a premium. It is obvious, therefore, that economic development will depend to a large extent on the problems associated with the use of space.

To begin with, space is needed for the further expansion of the port. Over the years the port has crept ever further westwards. The need to keep the port accessible to large ships and the demand for new industrial sites mean that the port now extends right to the coast and has encroached on the territory of municipalities other than Rotterdam. Space still needs to be found for industrial development (1,500 hectares of wet sites and 300 hectares of dry sites). The management of the port and the planning of port-related industrial sites is complicated by the involvement of several different municipalities.

As the amount of economic activity around the port increases, so too does the need for better transport links with the hinterland. The need for drastic improvements on this score has become ever more apparent in recent years. The road infrastructure, in particular, is a major source of problems and will be unable to cope with the expected increase in the volume of freight traffic. A number of measures will therefore have to be taken at regional level, namely:

- expansion and improvement of the regional public transport system (e.g. new metro lines);
- selective expansion of the regional network of main roads;
- promotion of transport by water and rail (raising of bridges, better connections with the European rail network);
- discouragement of car use (e.g. through parking policy).

The high concentration of industry has a major impact on the environment. Air pollution and noise and odour nuisance limit the areas where housing can be built. What is more, there is no green belt between rural and urban areas. This means that careful attention has to be paid to finding environmentally sound ways of permitting further economic development. The integration of environmental policy with other policy areas and the weighing up of diverse interests in order to achieve the economic objectives of the region are tasks ideally suited to a regional authority. The quality of urban life, the environmental and other conditions which companies moving into the area must satisfy and the issues relating to vehicle use need to be

weighed up against each other at regional level. There is no proper regional authority at present, which makes it difficult to ensure the balanced development of the area. Moreover, it is often not clear, when new businesses move in, what requirements are imposed by what authority, what licences are needed and who issues them. This fragmentation could be avoided with a regional authority.

53,000 homes have to be built in the region in the next few years. This will be financially feasible only if the cost of housing that has had to be built on expensive land for planning-related reasons can be offset by the revenue from housing built on cheaper land. This will require revenue and costs to be shared among the municipalities. A great deal of effort has been put into reaching agreements on this in the past few years. Since the entry into force of the Government in Transition Framework Act, these powers have been held by Rotterdam Metropolitan Region.

Co-operation between the municipalities, the province and central government is crucial for the economic development of the region. Decision-making is often delayed because central government (which often finances major infrastructural projects) has to negotiate with so many different parties. In addition, agreement on projects is often hindered by the autonomy of the municipalities, each of which weighs up the pros and cons separately. That is why it is so vital to have a regional authority that can act as negotiator, weigh up all the interests at stake and implement major projects.

IV. ATTEMPTS TO IMPROVE THE STRUCTURE OF LOCAL GOVERNMENT

The lack of an adequate regional authority has been the subject of discussion ever since the turn of the century. The problem is not confined to urban areas, although that is where it is most acute. Since the end of the Second World War, numerous proposals have been put forward for overcoming the "regional gap" in local government. In 1946 the Koelma Committee recommended that districts be created as a fourth tier of government between the municipalities and the provinces⁷⁶. In 1950 the Joint Regulations Act⁷⁷ was passed. This Act provided a framework for intermunicipal co-operation, which, together with the creation of larger municipalities by means of boundary reforms, was seen as a way of overcoming the problem. It was felt at the time that there was no need to create districts. In 1969 the government presented a policy document⁷⁸ to the Lower House of Parliament, in which it was proposed that the Joint Regulations Act be amended to enable municipal authorities to create regional authorities with tasks mainly in the sphere of planning. The policy document stated that, as a result of social scale expansion, municipal boundaries no longer matched local social structures and that many municipalities were no longer able to perform their tasks independently, making larger units of local government necessary. Larger authorities, it was pointed out, would, however, make communications between local government and the public more difficult; the enlargement of local government units across the board was not therefore desirable. In 1971 a bill providing for the establishment of regional authorities was presented to Parliament⁷⁹. The decision as to whether to create a regional authority and the tasks it would have would be left to the municipalities. The Draft Local Government Boundaries Structure Plan, which appeared in 1974, envisaged the creation of forty-four such regions. This idea received little support in Parliament. It was feared that the powers of the municipalities would be undermined. Moreover, it was felt that the whole debate was really about a choice between large municipalities or small provinces. The Bill establishing regional authorities was withdrawn, to be followed in 1977 by the Local Government (Reorganisation) Bill⁸⁰.

⁷⁶ Koelma Committee, appointed by Royal Decree of 4 November 1946, report dated 8 September 1947.

⁷⁷ Act of 1 April 1950, Bulletin of Acts and Decrees, K 120.

⁷⁸ Policy document on local government, Parliamentary Papers II, 1969/70, 10 310, no.2

⁷⁹ Parliamentary Papers II, 1970/71, 11 246, no. 2.

⁸⁰ Parliamentary Papers II, 1976/77, 14 232, no. 2.

Under the terms of this Bill, the regional and provincial tiers of government would be dovetailed, as it were. The municipality would still be the lowest tier of government, but the tasks of the two authorities would be reallocated. The provinces would assume some of the municipalities' tasks, thereby stripping the latter of much of their power. They would also acquire new tasks in the fields of planning, coordination and steering. The new provinces could not be too large, given the municipal tasks they would be taking over. On the other hand, they would have to be big enough to carry out decentralised central government tasks. twenty-four provinces would thus be created⁸¹. The idea of a regional authority created by the municipalities was therefore abandoned in favour of a model in which the form taken by the regional authority would be imposed from above by central government and would, as far as possible, be identical throughout the country. However, problems arose when it came to implementing these proposals, and it became increasingly apparent that different places required different approaches. During the next few years, the original proposals were slimmed down more and more. The number of tasks to be transferred from the municipalities to the provinces was cut down. The proposed number of provinces dropped from 24 to 17. There was tremendous opposition in some parts of the country from the public and councillors alike. In 1983 the Local Government (Reorganisation) Bill was revoked. The experimental projects that had been set up, such as the Rijnmond Authority (see under V below) were wound up. At the end of the day, only one new province had been created: Flevoland, covering the IJsselmeer polders, while the Joint Regulations Act had been entirely revised⁸².

The main reason for the failure of these proposals was their uniformity and the complete reshuffling of municipal and provincial tasks. In addition, the whole process was so complex and so many things were turned upside down that objections were raised at every level and in every sector of local government. It also took too long, so that successive governments kept making changes and it was unclear what the latest plans entailed. At the same time, central government was setting up more and more functional authorities to perform specific tasks, which made local government reorganisation superfluous as far as these tasks were concerned.

⁸¹ Provincial Boundary Reforms Bill, 1977, Parliamentary Papers II, 1976/77, 14 323, No.2.
⁸² Bulletin of Acts and Decrees 1984, 667.

Two reports on the future of the Netherlands' cities⁸³, published in 1989, placed local government squarely on the political agenda once again. The reports concluded that the metropolitan areas were the engines of the economy. It was crucial, especially in the face of fierce international competition in the European single market, that these areas had a decisive local authority in order to be able to compete with their counterparts abroad. Various policy documents on transport, the environment, the economy and town and country planning were published by central government around this time, all of which concluded that a strong regional authority was vital in these spheres. In 1990 the government published a new policy document on local government reform⁸⁴. Rather than being a blueprint for the future, this document invited the metropolitan areas to put forward their own views on the course they should follow. In the light of past experience, the Joint Regulations Act was unacceptable as a long-term solution. Close co-operation under the terms of the Act could, however, be used as the first step towards a new regional authority. It was clear from their responses⁸⁵ that the metropolitan areas were happy with this situation. In 1994, therefore, the Government in Transition Framework Act was enacted, under the terms of which temporary co-operative associations of municipalities, with significant powers, have been set up in seven metropolitan areas, including the Rotterdam region. These co-operative associations are intended, in principle, to be replaced, after four years, by a definitive regional authority. In addition, in order to improve the system of local government in areas which do not fall under the latter Act, the Joint Regulations Act was amended⁸⁶ with the result that co-operation between neighbouring municipalities is no longer entirely voluntary. The procedure for imposing co-operation on a municipality has been simplified and co-operative associations are now authorised, where necessary, to implement joint decisions against municipal authorities' will.

⁸³ - *Grote steden, grote kansen* (Big cities, big opportunities), External Committee on Policy on the Major Cities (Montijn Committee), March 1989, Parliamentary Papers II, 1988/89, 21 062, no. 1.

- *Het bestuur in grootstedelijke gebieden* (Local government in metropolitan areas), Local Government Council, March 1989.

⁸⁴ *Bestuur en stedelijke gebieden: Bestuur op Niveau 1* (Effective Local Government 1: Local Government in the Metropolitan Areas), Parliamentary Papers II, 1990/91, 21 062, no. 3/4.

⁸⁵ Set out in *Bestuur en stedelijke gebieden: Bestuur op Niveau 2* (Effective Local Government 2: Local Government in the Metropolitan Areas), Parliamentary Papers II, 1990/91, 21 062, no. 7.

⁸⁶ Bulletin of Acts and Decrees 1994, 399, entered into force on 1 July 1994.

Finance has never played a prominent role in the debate on local government reform, but has always tended to be treated as a separate issue. Since the early 1990s, however, efforts have been made to arrive at a new formula for the allocation of general grants from the Municipalities Fund. The new formula will take more account than is presently the case of the social structure of municipalities and will consider whether they function as a regional centre. Their capacity for raising revenue from taxes will also be taken into account. This will result in a shift of resources from the periphery to the centre and from rich to poor. In the Rotterdam area, there will be a special system of grants to the municipalities (see further under V). Although the new allocation formula is not linked directly to local government reform, the two developments do affect each other. Thanks to the new formula, for instance, the discrepancies between the municipalities in the metropolitan areas can be reduced, which will encourage co-operation between them.

V. LOCAL GOVERNMENT REFORM IN THE ROTTERDAM AREA

In the early 1960s the Rijnmond (Rhine Estuary) Authority was installed in the Rotterdam area because it was felt that the Joint Regulations Act, in its old form, did not provide a satisfactory basis for coping with the administrative problems of the region. It was realised that all the surrounding municipalities would be affected by the economic expansion of Rotterdam. Their interests would consequently become more and more intertwined with those of the city of Rotterdam and of their neighbours⁸⁷. Any joint regulation providing for co-operation between the municipalities would have had to be so extensive that the number of tasks left to the municipalities themselves would be drastically reduced. The tasks of the new Authority were therefore confined to coordinating tasks in the fields of planning, housing and the environment. This limited remit was at cross-purposes with the desire for a decisive regional authority. Decisiveness was not possible without a full package of tasks and powers. A compromise was therefore reached by providing for the possibility of transferring further tasks from the municipalities to the Rijnmond Authority, under the supervision of central government. This never in fact happened. The Rijnmond Authority remained dependent on the municipalities and the province. Relations with the large municipality of Rotterdam were particularly awkward. It was established subsequently that the Rijnmond Authority had operated properly only in respect of its environmental tasks. The Rijnmond Authority was abolished in 1986 when the new reforms were under way; it was thought at the time that the new Joint Regulations Act (amended in 1984) would provide an adequate basis for the establishment of a sufficiently powerful regional authority.

The lessons learnt during the days of the Rijnmond Authority were to prove very useful when the debate on the system of local government in the metropolitan areas re-started in 1989. Partly in view of the above-mentioned policy document on local government and metropolitan areas, the general board of the Rijnmond Municipal Authorities Consultative Committee (OOR) – an association of local authorities in the region – proposed that a powerful regional authority be created for the metropolitan area of Rotterdam. At the same time, the municipality of Rotterdam would be split into several smaller municipalities in order to preserve the balance of power in the region. There would be no provincial authority. The aim was to create a decisive, integrated regional authority with metropolitan, regional and supralocal tasks, standing alongside vigorous municipalities familiar to the public. In 1992 the government was invited by the Lower House to co-operate in the creation of such an authority⁸⁸. In response, the government decided to stress the special status of the Rotterdam region and to undertake legislative action for it⁸⁹. Since it is not possible under the Constitution for any part of the country to be without a provincial authority, the new regional authority would have to take the form of a province with special tasks. In 1994 two Bills were presented to Parliament, one providing for the division of the municipality of Rotterdam

⁸⁷ See Parliamentary Papers II, 1985/86, 19 255, no. 3, p. 2

⁸⁸ Parliamentary Papers II, 1991/92, 21 062, no. 10.

⁸⁹ *Vernieuwing bestuurlijke organisatie* (Local Government Reform 3), policy memorandum, Parliamentary Papers II, 1992/93, 21 062, no. 27.

into ten smaller municipalities⁹⁰ and the other regulating the special tasks and powers of the new province of Rotterdam⁹¹. For the first time, therefore, the system of local government will no longer be uniform throughout the country, not only in practice but also formally. The term metropolitan province has been coined to distinguish the new province from other provinces.

The tasks of the metropolitan province will comprise those performed by the provincial authorities plus certain tasks which are normally the responsibility of the municipalities, i.e. municipal tasks of a supralocal nature which are currently carried out on a co-operative basis. This will considerably increase the transparency of local government. Tasks will be allocated on the basis of the principle of subsidiarity, understood as "local wherever possible, regional wherever necessary", in such a way as to ensure a clear delineation between the province and the municipalities. A measure of flexibility will be introduced by allowing for the possibility of tasks being reciprocally delegated between municipalities and provinces, after mutual consultation.

The province will have important tasks in the fields of planning, transport, the environment and social affairs. Where necessary, it will be able, more so than the other provinces, not only to facilitate decision-making but also to initiate projects itself. The special arrangements with regard to planning are particularly important. The province will be obliged to draw up an integrated strategic plan containing concrete policy decisions about the location of projects or facilities of provincial importance, such as large-scale housing schemes. The municipalities will be legally bound by these decisions. The port of Rotterdam and the city centre will be administered directly by the province. The police, too, will be the responsibility of the province as far as management aspects are concerned, in contrast to the rest of the country. The burgomasters of the various municipalities will continue to exercise authority over the police, however.

One very important element of the new legislation is the arrangements concerning the financing of the province and the municipalities. As explained under I above, the municipalities receive a substantial part of their income in the form of a general grant from the municipalities fund. The amount of the grant is calculated by means of a formula based on statutory rules. The same applies to the provinces, which receive a general grant from the provinces fund. The Province of Rotterdam (Special Provisions) Bill provides for a new regional construction for the allocation of the general grant from both these Funds. The grant for the province of Rotterdam and those for the municipalities in the Rotterdam area will be combined in a new regional grant to be paid to the province. The latter will divide this grant into a provincial and a municipal component using its own regional allocation formula. The municipal component will then be shared out amongst the municipalities, using the same regional formula. These powers will be exercised by the province within the parameters laid down by the Act. The allocation formula will be based on objective criteria which reflect the

⁹⁰ Bill establishing the province of Rotterdam, Parliamentary Papers II, 1994/95, 24 088, no. 2.

⁹¹ Province of Rotterdam (Special Provisions) Bill, Parliamentary Papers II, 1994/95, 24 087, no. 2.

cost structure of the tasks performed by the province and the municipalities. This new construction will help to overcome the financial discrepancies within the region, notably in the allocation of the general grant between the centre and the peripheral municipalities. The province and municipalities will also be more independent of central government. The new system has three other advantages:

- it is sufficiently flexible to reflect changes in the allocation of tasks between the municipalities and the province;
- considerable attention is given to specific factors which affect the level of costs and expenditure;
- it provides scope for regional input in developing intermunicipal solidarity.

Both bills were drawn up in close consultation with the authorities involved so that there was a large degree of consensus on their content. Accordingly, preparations for the extremely complex process of reorganising the machinery of local government were begun at the same time as the legislation was being prepared. There has recently been a turnaround in this situation, however. On 7 June 1995 a referendum was held in the municipality of Rotterdam on the establishment of a metropolitan province and the simultaneous splitting up of the municipality into ten smaller municipalities. Although the referendum officially had consultative status only, the municipal council had announced in advance that if the majority of the population voted against the proposals, it would withdraw its co-operation. The turnout was 41.94%, enough to make the outcome valid. The results of the referendum were as follows:

- 86.39% against
- 13.17% for
- 0.43% invalid.

An exit poll was held on the day of the referendum. The following reasons were given for voting against the proposals:

- 40% were afraid that the plans would cost too much money;
- 31% were afraid that Rotterdam would lose its identity;
- 26% were against the municipality of Rotterdam being split up.

The poll also revealed that the number of 'no' votes would be fewer if the city were split up into fewer municipalities. If only seven smaller municipalities were created, 27% of voters would be in favour of the metropolitan province, and 51% would be in favour if Rotterdam remained one large municipality. (Even if the city were not split up, 30% would still vote against the creation of a metropolitan province.)

In the light of these results, Rotterdam municipal council decided to withdraw its co-operation in the plans to split up the municipality and create a metropolitan province.

As the relevant Bills had already reached an advanced stage on the road to becoming legislation, a discussion ensued as to whether the government and Parliament should abide by the results of the referendum. On 21 June 1995 the first debate on this subject took place in the Lower House of Parliament. The general feeling was that the referendum and the new standpoint of the municipal council could not be ignored completely. At the same time, it was generally agreed that there was still a need for local government reform and that there was no practicable and feasible alternative to the idea of a metropolitan province. The government was instructed to consult the authorities in the area on possible solutions during the summer, the most likely solution being to go ahead with the creation of the metropolitan province as proposed, but to divide it into fewer municipalities. Accordingly, although the outcome of the reforms in the Rotterdam region is still uncertain at present (June, 1995), it can be assumed that the proposals will in essence go ahead, i.e. that a metropolitan province with substantial powers will be created and that the municipality of Rotterdam will be split up in some way, in order to ensure an even distribution of power.

VI. CONCLUSIONS

The question of how to resolve the problem of cross-border municipal tasks has been the subject of discussion ever since the end of the Second World War. Broad consensus exists on two points, namely the undesirability of a fourth tier of government in addition to the municipalities, province and central government, and the lack of political support for a fourth tier of government in the form of independent regions or districts.

In the metropolitan districts especially, intermunicipal co-operation is not sufficient to ensure the efficient and effective implementation of supramunicipal tasks of a steering nature.

Efforts in the past to reorganise the system of local government failed because they did not take sufficient account of the specific problems of metropolitan areas. Proposals for reform were always presented as models for the whole country, thereby encountering resistance in those parts of the Netherlands where local government reorganisation was not regarded as urgent.

Any reforms must be tailored to the needs of the area concerned. Attention must also be paid to the balance of power in the area. Otherwise the authorities concerned will remain suspicious of each other and the support base necessary to push the reforms through will be lacking.

The practice of inviting the authorities concerned to put forward their own proposals for reform has proved reasonably successful to date. There is a problem, however, in that the authorities are likely to spend so much time discussing the matter amongst themselves that too little attention is paid to building up support among the public. Without the support of the public, no councillor can afford to co-operate regardless in the reform of local government.

Any change in the system of local government which affects municipal boundaries is likely to encounter resistance from the public. This is the level of government to which people feel most attached; it also has a strong identity. For reforms to be successful, therefore, radical changes to the municipal boundaries must be kept to a minimum. For this reason alone, local government reform should focus primarily on the reallocation of tasks between existing tiers of government and possibly boundary changes at the provincial level.

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Annexe I

Appendix II

Number of inhabitants on 1 January 1994

Municipality

Albrandswaard	14,920
Barendrecht	21,317
Bergschenhoek	8,058
Berkel en Rodenrijs	15,653
Bernisse	12,267
Bleiswijk	9,617
Brielle	15,514
Capelle a/d IJssel	59,364
Hellevoetsluis	36,617
Krimpen a/d IJssel	27,627
Maassluis	33,055
Ridderkerk	46,425
Rotterdam	598,694
Rozenburg	14,204
Schiedam	72,515
Spijkenisse	70,464
Vlaardingen	73,820
Westvoorne	13,780
Total	1,143,821

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WARSAW⁹²

DESCRIPTION OF EXISTING POLITICAL AND ADMINISTRATIVE ARRANGEMENTS

1. Organisation until 25 March 1994

The concept of relatively stable administrative structures is not one which can be associated with Poland in general or with Warsaw in particular. The administrative system is changing and moving, it is *in statu nascendi*. In order to bring out more clearly the deep significance of the changes which have taken place and of the trends which are emerging it is necessary to present this system as it has recently developed and against its historical background.

The system which existed until 1990 was modelled on the system in the Soviet Union. The system, in practice, seldom took account of the letter of the law with the result that power was exercised by various levels of the Communist Party, as the "controlling force". The bureaucratic party hierarchy was the source of power and held a monopoly of its use. According to the political line and the legislation enforced by that power, the system of municipal self-management was identified with the state system. Municipal councils were to be local bodies representing the power of the state and it was the task of their executive bodies to carry out the duties of the state administration. Thus the mayors of Warsaw were at one and the same time public servants and executives of the capital's municipal council – a dual subordination therefore, to the government and to the municipal councils. In their turn the mayors of districts were the executives of the lower echelon. Given their public servant status, they were appointed by the mayor of the capital and were subordinate to him.

In reality, the system was completely centralised and the decision-making powers of the local authorities were virtually nil. The total amount of the city's annual budget was decided by the central government and by it alone. Almost all revenue went to the central budget, from which funds were then allocated to cover the city's requirements. Finally, the system of election to local bodies (it was in fact the all-powerful party which decided the membership of municipal councils) showed perfectly clearly that the autonomy of local authorities was a myth.

This was the situation – certainly a strange and surprising one for European societies not subject to a totalitarian regime – in which Poland found itself when this system finally collapsed at the beginning of 1990.

Even before that, however, among the opposition much thought had been given to the possible ways forward when the necessary reform of the power system was undertaken. It was a subject which gave rise to vigorous discussion but there was agreement on the fundamental principles.

In particular, it had been accepted that democracy at local level was the *sine qua non* of democracy in general. It was therefore essential to have authentic, strong, self-governing organisations which had a full range of powers and whose composition was, of course, decided by genuine municipal elections.

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This case study has been prepared in co-operation with Mr S. Wyganowski.

These local authorities should be independent, that is to say they should be subject only to the law and to the approval of the electorate. The power of the state and its administration should be separated from the power and the administration of local self-governing authorities, which meant drawing a line between the powers of these two levels of government.

Local authorities should be responsible for all local affairs, in the widest possible sense. They should have the power to make decisions and the means to implement them, such means to be provided by the restoration of the municipal assets which were been taken away under the totalitarian system (then local authorities had at their disposal, and to a very restricted degree, only a part of the local property, which was owned by the State Treasury). They should have their own sources of budgetary revenue, coming, for example, from direct taxes, from business, from shares in local companies, etc. We did not exclude the possibility, at least temporarily, of granting municipalities subsidies from the state budget.

The principle that local authorities must have the greatest possible degree of autonomy led on to the conviction (although in the light of recent experience this now seems questionable) that for a time the local authority system should operate on one level only. In other words the field of action of representative elected bodies and of the local administration should correspond to the smallest basic unit of the administrative division: the urban and rural municipalities. From 1993 there was also discussion of the need to have an authority at a level above that of the municipalities: the *powiats* (equivalent to a *Kreis* in Germany).

Here, however, there was a stumbling block: even if it was very widely accepted that the existing division of administration between municipalities and voivodeships was in many respects defective and should be changed, it was thought difficult to institute any such changes at mid-stream.

Following the political developments in 1980-90, after discussions and parliamentary debates, the fundamental principles referred to above found expression in a law passed in the spring of 1990. At the end of May, there were held in Poland the first really free municipal elections since the Second World War. The municipal authorities then elected began to introduce a system of local power which became the basis for their activities.

While the principle of single-tier local authority was maintained, it was felt necessary to coordinate at regional (voivodeship) level the activities of municipal bodies. It was therefore decided to set up *Sejmiks*, i.e. regional miniparliaments to which municipal councils sent delegates and which, in addition to their coordinating role, acted as appeal bodies. It should also be noted that from this initiative would grow other forms of coordination, of co-operation between the municipalities or defence of their common interests, which in some cases took the form of associations of municipalities working together for specific objectives. An example of such coordination, in the case of urban municipalities, was the recreation of the Union of Polish Towns, which had existed until 1939. Also, the Union of Polish Major Cities provided a framework for co-operation and exchange of experience between the executive bodies of the municipalities in the larger cities.

The only exception in the Polish system of local authorities is Warsaw, not only because of its city status, but also because it is the largest city in Poland (1,650,000 inhabitants in an area of 485 km²).

The special Law of 25 March 1990 on the Administrative System of Warsaw divides the city into municipalities, themselves further divided into districts (seven according to the territorial division of 1990, but this may be changed later) with legal personality and their own budgets. However, like all major cities, Warsaw is a unitary structure performing a number of essential functions, both internal (i.e. in the interest of its own residents) and external. In order to take account of this, while respecting the autonomy of the district-municipalities in strictly local matters, the Law made provision for the statutory establishment of a Union of District-Municipalities to undertake tasks concerning the city as a whole and to exercise its powers with regard to its external functions, including those arising from the fact that Warsaw is the country's capital.

In accordance with this Law the councils of the district-municipalities send delegates to the Warsaw Council (Union), which consists of twenty-eight members (four per district). The councillors from all the districts jointly elect the mayor of the city and the councillors of the district-municipalities also elect their own mayors. The Warsaw Council elects the eight members of the Executive Council of the Union, including three vice-presidents. The mayor presides over the Executive Council.

The administrative department of the city is responsible to the mayor and those of the districts are responsible in each case to their district mayor. In order to finance the works of the city as a whole the Union has its own budget, approved by the Warsaw Council, and its own sources of revenue. Subsidies from this budget can be granted to financially disadvantaged district-municipalities. As part of the process of returning municipal property, the State Treasury is handing back to the Union the sites and facilities which are of service to the city as a whole or which are earmarked for such service.

Some major investments are financed by the state or receive financial assistance from it (e.g. construction of the underground railway). The state administration can transfer certain tasks for which it is itself responsible to the municipalities (i.e. in the case of Warsaw, to the Union and the district-municipalities).

Neither the Council, the Executive Committee of the Union of Municipalities or the mayor of Warsaw have any direct power over the district-municipalities. Their role in relation to their autonomous bodies is to provide coordination and information and, if the need arises, to act as mediator.

However, over the years shortcomings have become evident in the decentralised system of management of the Municipality of Warsaw, of which the following are the most serious:

- an inadequate guarantee of the interests of the city in its role as capital of the country, i.e. the general interests of the urban community and national or supranational interests linked with its metropolitan status, on which decisions were sometimes taken at the level of the municipalities or districts and reflected their more local views;
- irrational management of the city's finances because of the existence of eight separate budgets;
- the rather loose definition of the powers delegated to the district–municipalities and the absence of any means of encouraging the districts to keep other authorities informed and thus, to have a more rational organisation of activities by the Union of Municipalities;
- it was difficult, even impossible, to arrange a redistribution of municipal property by the Union because of the conflicting interests involved, a certain degree of self-interest and a vague definition of the concept of municipal property;
- the disparity in the revenue per resident received by the districts and the lack of any effective compensatory mechanism;
- a poor demarcation of the limits of the city and the territories of the district-municipalities and the virtual absence of any contact with peripheral municipalities.

It was therefore imperative to put in hand a reform of the administrative organisation of the metropolitan area.

2. The present political-administrative organisation in accordance with the Law of 25 March 1994

In the light of experience over the past four years it was considered that, in order to ensure better, decentralised and viable management of the metropolitan area, the reform to be undertaken should focus initially on the following objectives:

- stability of the executive power, competent decision–making, the best possible allocation of finance, coordination of projects executed in the city, harmonised operation of municipal services;
- creation of the conditions required for the development of local democracy, this implying independent decision-making at municipal level and consideration, at the highest level, of the interests of local communities when decisions are taken concerning the urban community as a whole;

- support for initiatives enabling the city to fulfil its role as the country's capital and aiming to enhance its status, particularly by preserving age-old traditions, safeguarding its position as a member of the international community, establishing conditions favourable to the efficient operation of the central administration of the international institutions and of cultural and scientific centres;
- creation of the conditions necessary for the development of the inner city and of the urban built-up area in the area operationally attached to the city.

The objectives set out above seem to some extent contradictory given that the steps necessary for efficient management are not always consistent with the approach advocated by the representatives of local democracy.

Efficient management sometimes implies centralised decision-making while the development of democracy at the base requires close links between the authority and the citizen. In effect, the nub of the matter is finding a half-way house, a compromise.

These considerations, together with experience and an analysis of past mistakes, served as a basis for a new draft law on the administrative structure of the city of Warsaw, passed by Parliament on 25 March 1994.

This law introduced new territorial divisions and changed the administrative boundaries of the district-municipalities. Firstly, it created a large central municipality, covering an area of 120 km², with a population of about 960 000. The basic criteria for the drawing of its boundaries were the degree of urbanisation and the ownership of the land. This municipality corresponds more or less to the city of Warsaw as it was before the Second World War. The land in question had been taken over by the municipalities in 1946 and then nationalised.

The peripheral areas, still however within the limits of the city administration, were divided into ten municipalities; the land in these municipalities is still largely in private ownership and relatively undeveloped. These municipalities have a population of between 12,000 and 141,000 inhabitants.

In order to preserve the unity of the city and ensure intermunicipal co-operation, there was established a body which took the form of a statutory Union of the eleven municipalities, on which the Law conferred legal personality. The functions of this Union are different from those of the Union of seven municipalities which existed until 1994. There was, between the latter Union and the municipalities concerned, a "vertical" distribution of powers; the Union was competent for matters concerning the city as a whole (public transport, sewerage, water supply, etc.), while the municipalities dealt with local matters. By contrast, there is now a "horizontal" distribution of functions: the Union concerns itself with strategy and the municipalities with operations.

The functions of the Union under the new legislation are as follows:

- strategic planning of the development and improvement of the city, arranging and developing co-operation between the municipalities, especially with regard to infrastructures;
- providing financial assistance to disadvantaged municipalities and ensuring financial equalisation mechanisms better suited to the needs of local authorities.

The Council of the Union consists of sixty-eight members, directly elected. The candidates are put forward at the elections by political parties or by professional and social organisations. The presidium of the Council consists of the president and his three vice-presidents. The Council approves the draft statutes of the city of Warsaw (they must be finally approved by the Prime Minister) and supervises the activities of the Executive Council. It adopts the city budget, decides development programmes and approves plans for improved amenities for the city.

The Executive Council (executive body) consists of the mayor (chairman) and three deputies. It should be noted that, under the Law of 1990, there were two executive bodies with specific functions: the mayor himself (chairman) and the Executive Council comprising nine members, chaired by the mayor.

At present the central duties of the Executive Council of the Union are:

- the preparation of draft resolutions and the implementation of resolutions voted by the Council of the Union;
- the on-going review of all current business.

The Union of Municipalities of the City of Warsaw must also ensure the development of structures of intermunicipal co-operation, structures which have their own legal personality and whose aim is to provide for the needs of the population either of the city as a whole or of individual municipalities (e.g. with regard to public transport).

The law also provides for extension of these structures to include peripheral municipalities.

In accordance with the decision of the Council of Ministers, it may be compulsory to create structures of this type.

It is clear from the experiences of the past ten months that the organisation and establishment of these structures give rise to problems. In particular, elected members of authorities fear that these structures, becoming autonomous, may go their own way and apply policies of their own, as happened with the municipalities in the Union of District-Municipalities in 1990-94.

In principle the eleven Warsaw municipalities are subject to the same regulation as other municipalities in Poland, but there are some exceptions:

- firstly, in the central municipality, instead of an executive council made up of 4-7 persons elected by the Municipal Council (as in each municipality in Poland), the mayor is the executive body; he is elected by the Council of the central municipality and automatically becomes Chairman of the Union of Municipalities of Warsaw, which helps to ensure the unity of the city;
- a second exception arises from the role of Warsaw as the country's capital. Duties linked to that role are entrusted to the municipalities by the state administration, which must provide the necessary finance. In order to ensure the performance of such duties the Council of Ministers should also set out in a decree the principles governing co-operation with the municipalities (such a decree has not yet appeared).
- the Law of 25 March 1994 stipulates that there must be in the central municipality seven secondary territorial units, which seems justified in view of the area covered by that municipality. These units do not have legal personality but have their own councils and budgets (annexed to the budget of the central municipality). Their executive bodies comprise a chairman and two deputies, elected by the Council of the territorial unit. The law provides for the optional creation of this type of structure in all Polish municipalities.
- finally, the arrangements for financing the municipalities of Warsaw differ from those of other municipalities. They will be described in the following chapter.

3. Informal relationships between different actors, balance of power

In the period 1990-94 there was clearly a tendency in the municipalities of the Union to defend their independence at all costs. This tendency lay at the root of an almost permanent conflict between the municipalities and the executive authorities of the Union (in particular the mayor).

The position of the Municipal Council, comprising representatives of the municipalities (four members for each municipality, elected indirectly) was ambiguous. On the one hand the members of the Council represented the interests of the municipalities, on the other they were responsible for municipal policy at city level. They therefore had two perceptions of the problems. It is interesting to observe how matters developed: as the members of the Council gradually acquired experience of management of the city, the tendency to see the problems of the city as a whole prevailed over any local self-interest. On the other hand, at municipality level, in order the better to defend their interests, an informal structure was created which comprised the burgomasters of the six peripheral municipalities and the chairmen of their municipal councils. The main purpose of this structure was to limit to the minimum the powers conferred on the authorities of the Union. In some cases this attitude was justified but in general it created a climate of suspicion and misunderstanding between the authorities of the Union and those of the municipalities.

It is also important to note the special role of the central municipality of the city (with a population of about 160,000). This municipality was in a privileged position because of the revenues at its disposal, which were much greater than those of the other municipalities (the per capita revenue was 6-7 times greater); for this reason it stood apart from the other municipalities and tried to assert its independence from the Union.

Thus the period between 1990 and 1994 was marked by a struggle for power between three protagonists:

- the Union of the municipalities;
- the informal structure set up by the peripheral municipalities;
- the central municipality.

The change in the Law in March 1994 can be attributed to a realisation of the danger posed by this discord, which was threatening to destroy the unity of the city.

The new period, which begins with the elections in June 1994, was marked by the changes referred to in 2 above. Despite the fact that several structures have still not been put in place (e.g. those for the municipal services) the following observations can be made:

- the lines have been drawn somewhat more distinctly between the political forces in the Council and this has had an effect on informal relationships; many decisions in the Council are taken on the basis of membership of the political groups involved. Until now (10 months after the elections) these groups have been waging a political struggle, more or less behind the scenes, instead of conducting a debate on the programmes themselves;
- the creation of a large central municipality (more powerful than the others) has changed the balance of power and led to some contention between the city as a whole and that municipality. The law states that the mayor of the central municipality is also the chairman of the Union of Municipalities; furthermore, the division of powers between the Union and the municipalities (including the central municipality) is more clearly defined than it was previously. Nevertheless there are signs of dissension between the authorities of the Union and those of the central municipality and a tendency for the Council of the Union to encroach on the operational powers of the municipalities.

The Council of the central municipality also tends to play a dominant role. The mayor of the central municipality, who is also chairman of the Union, could moderate the atmosphere of dissension, but he also is caught up in the political power play.

The difficult relationship between the authorities of the central municipality and the management of the secondary units is a hangover from the past. Although these units are in a subordinate position and do not have legal personality, they wish to be autonomous. In accordance with the principle of subsidiarity the statutes of the central municipality provide for a fairly wide-ranging decentralisation of decision-making. However, the reason behind the creation of the central municipality was a concern for efficient management of a relatively homogeneous territory. An equitable solution ought to have been provided for in the statutes of that municipality. However, they have not as yet been approved by the Prime Minister (a requirement for all municipalities with a population of more than 300,000).

One of the points of disagreement which becomes apparent concerns the maintenance by the municipalities of municipal services. Until the special bodies which will be responsible for the management of different types of services are established, it is the Union which has that responsibility. The municipalities concerned have to pay a levy in accordance with specific criteria. The amount to be paid for the services provided is a bone of contention between the Union and the municipalities.

With regard to regional development, the relationship between the Union and the municipalities is rather ambiguous. The statutes of the Union state that development plans for the city and its constituent parts (and development plans for the municipalities too) should be approved by the Municipal Council of the Union. This is not entirely consistent with the current legislation on regional development and is a possible source of dispute.

In short, the new administrative organisation, decided ten months ago, is not yet complete. The situation may evolve after the system is fully operational; it seems, in any case, to work more satisfactorily than the system in 1990-1994.

II.SOCIO-ECONOMIC IMBALANCES AND MEASURES TAKEN TO DEAL WITH THEM

Two types of factor lie at the root of the current situation in Warsaw:

- those associated with the history of the metropolitan area in the past fifty years;
- those associated with the political and economic transformation since 1990.

1. The damage caused during the Second World War, when almost all of Warsaw was destroyed by the Nazis, is well known. 85% of the city lay in ruins and there were virtually no houses left on the left bank of the Vistula. The reconstruction of the city, for a country which had suffered so much during the war, required a considerable effort and, at the same time, opened the way to town planning initiatives. Poland after the war was confined in an inefficient "real socialism" economy and a victim of the doubtful doctrine of "democratic centralism". The primary aim was to increase production. This meant the out and out industrialisation of the country by the endless construction of new factories, sometimes sited in inappropriate areas. The authorities neglected "non-productive" spheres of life, grudgingly allocating them a pittance.

The doctrine also called for improvement of the social structure in major built-up areas; examples of this were the siting in the Warsaw urban area of a large steel plant and the extension, on several occasions, of a tractor factory. The argument was that it was necessary to increase the numbers of the working class in order to improve the social structure of a city which was too "bourgeois".

This gave rise to a fundamental disharmony in the development of Warsaw: the city itself was not able to keep pace with the progress of industrialisation (which is, in any case, a matter of dispute, since nobody knows today what to do with factories which cannot compete on the open market), being unable to invest enough to improve living conditions but helplessly watching them deteriorate. Today that industrialisation is one of the most difficult post-Communist problems which Warsaw has to deal with.

A very long list could be drawn up of the problems the city had to face because of this policy. One of those problems was a shortage of housing and, something which deserves special mention, the lack of any coordinated approach to urban development projects, even of any technical infrastructure, and of all municipal services concerned with such activities. This means not only inconvenience for the population (in public transport, the supply of water and heating following breakdowns) but also – of critical importance for Warsaw – major difficulties in ensuring protection of the environment.

Thus the city had a legacy of serious functional disharmony, which was reflected in the relationship between the major city and its periphery and resulted in an imbalance between different zones, which shall be examined below.

2. The second group of factors to be considered were associated with the political and economic transformation of the country from 1989-1990.

The economic reform which goes hand-in-hand with the transition from an authoritarian and centralised system to democracy and a market economy takes place in particular circumstances: serious destabilisation of the national economy, a critical lack of goods and services, hyperinflation and unemployment.

The new financial policy and the introduction of market mechanisms initially caused a shortage of economic goods and a fall in the main macroeconomic indices: PNB and consumption fell by 12%, savings by 25%, unemployment increased, there was a reduction in exports, particularly towards Eastern countries. The first signs of economic recovery were observed in 1991 and at present there is fairly marked economic growth. However, the situation in Warsaw is better than in the rest of the country. The economic structures in the capital adapt themselves more readily to new conditions. And this is more true of the suburbs and the peripheral municipalities than of the city centre.

3. The political and economic changes and the transition to a free market gave rise to intense activity by the population, which had spent the previous forty-five years in the straitjacket of "democratic centralism". In order to illustrate the dynamic changes of the past four years and the relationship between the capital and its periphery the area can be divided into four zones (in accordance with the administrative division of 1.1.1994, see the annexed plan):

Zone 0	Central municipality (before the Law of 25 March 1994) – about 157,000 inhabitants
Zone I	7 district-municipalities of Warsaw ⁹³ (excluding the centre) – about 1,500,000 inhabitants
Zone II	20 peripheral municipalities (9 of which are urban municipalities) – about 415,000 inhabitants
Zone III	26 municipalities within the administrative limits of the voivodeship of Warsaw (5 of which are urban municipalities) – about 340,000 inhabitants
Voivodeship	Approximate total population of 2,410,000.

The economic activity is illustrated by the growth in the number of businesses of all kinds. According to the data for the years 1988-1992 the number of businesses rose from 5,600 to 83,800 (i.e. approximately a 15-fold increase). They are mainly small businesses. Their location shows that there is a move away from the city centre. In top place is Zone I (a 20-fold increase in the number of businesses) while in Zone 0 the change is less marked (8.5 times more businesses).

Trade is the sector which shows the most dynamic growth in the voivodeship of Warsaw; its increase is more significant in Zone I. In small industries and construction the most dynamic growth is seen in Zones II and III.

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In 1992, the number of these municipalities increased from 6 to 7.

One of the consequences of this decentralisation of activities can be observed in the distribution of income in the population: even in the absence of adequate data, the information available (especially in the construction sector) indicates a more evenly balanced distribution than previously.

One of the factors favouring the decentralisation of activities is the ownership of land. In Zone 0 and part of Zone I the land was nationalised after the Second World War. Most of the land in the peripheral municipalities (the outer part of Zone I, with Zones II and III) remained in private ownership. This situation may have the effect of causing an artificial decentralisation of economic activity towards land on the periphery and may limit activities which would be desirable in the centre.

One of the most urgent problems is the re-privatisation of nationalised land; this would make possible a more balanced and consistent policy of regional development.

4. The system for the financing of Warsaw municipalities in the years 1990-94 was based principally on taxes and local taxes as well as subsidies. The revenue of the Union of Municipalities in that period corresponded to part of the state's tax revenue (15% of tax on the income of natural persons and 5% of tax on the revenue of legal persons). According to the new Law of 1994, the revenue of the Union is to come from local taxes to which is to be added 2.5% of tax on the revenue of legal persons, contributions from the municipalities, state subsidies and own revenue from property managed by the Union.

There was also a change in the revenue received by the municipalities of Warsaw in 1994: they now receive a share of the tax on the income of natural and legal persons (15% and 2.5% respectively), local taxes and subsidies.

The annexed tables show the revenue and expenditure for all the municipalities in the voivodeship of Warsaw for the year 1993 (before the new administrative division of the Warsaw municipalities), revenue and expenditure of the municipalities of Warsaw for the second half of 1994 and the budget of those municipalities for 1995. It is difficult to make a direct comparison of the revenue and expenditure over time because of inflation (about 30% per year). A comparison between the municipalities of Warsaw and the others is also difficult because of the different sources of revenue.

It is important to note the reduction in the disparities between the Warsaw municipalities after the reform in March 1994. This is clearly shown in the table of revenue of the municipalities of Warsaw in the second half of 1994 and the plan for 1995.

Also significant is the fact that in top position of the municipalities (on the basis of zł/inhabitant) is a fairly small municipality – Wlochy – with an index of 828.1, whereas the least well-off is the municipality of Targowek, with an index of 388.7. The ratio between these two indices is equal to 2.2. The average index for the municipalities is 572.1. In 1993, before the reform and the new administrative division, the differences were much greater. The central municipality had an index of 740, the least well-off 110. The ratio between these two was 6.7. The average was 190. One of the effects of the reform of the administrative and territorial organisation of 1994 is a levelling off of the disparities in the revenues of the Warsaw municipalities.

There is another mechanism which can be of assistance to the most disadvantaged municipalities. It is the fund in the Union budget, which can be used if one of the municipalities is in difficulty. The Council of the Union can grant it special assistance.

At present the Union has more financial problems than the municipalities of Warsaw.

With regard to municipalities situated outside the city limits, several urban and rural municipalities near Warsaw (Zone II) have fairly large revenues (cf. Table 1). This situation is consistent with the development (referred to above) of economic activity in the suburbs of Warsaw.

An analysis of the structure of expenditure indicates that most of the outgoings of the municipalities of Warsaw are devoted to current expenditure. Before the new administrative division of Warsaw (1993) the situation was as follows:

– municipalities of Warsaw:	current expenditure = 90%	investment = 9.1%
– Union of the Municipalities of Warsaw:	current expenditure = 57%	investment = 43%
– Total of the budgets of the Union and of the municipalities:	current expenditure = 72.4%	investment = 27.6%

This situation can be explained by the fact that the Union of Municipalities, before the reform of 1994, was responsible in particular for problems concerning the technical infrastructure, which was badly run down and needed investment.

It should also be stressed that peripheral urban municipalities devoted 30% of their budget to investment, which was more than the city of Warsaw as a whole (budget of the Union and of the municipalities).

Most of the current expenditure of the municipalities of Warsaw was spent on maintenance of the social infrastructure – education and health. The current expenditure of the Union of the Municipalities of Warsaw was spent mainly (88%) on technical infrastructure and in particular on public transport.

After the reform of March 1994 the rate of investment in Warsaw was reduced (cf. the table below on the 1995 budget). It is not a favourable sign but there may well be a positive change after the organisation of the special bodies which will be given responsibility for the municipal services.

In short, an examination of the financial situation of the local authorities shows that the most serious problem stems from the limited financial resources of the municipalities in general. It is estimated that the revenue of the municipalities represents 15-16% of the total revenue of the national budget.

On the other hand, legislative and administrative measures adopted in 1994 for Warsaw, as well as the economic activity in the major city and the peripheral municipalities, have helped to produce more balanced economic development in the metropolitan area.

III.IMPACT OF THE POLITICAL-ADMINISTRATIVE ORGANISATION ON REGIONAL DEVELOPMENT

1. The municipalities formed after the elections in 1990, really autonomous local-level organisations, made considerable changes to the principles underlying economic development in the Warsaw metropolitan area. The benefits for the activities of local authorities and their development (described above) are evident, particularly in the suburbs and in the peripheral municipalities.

The latest changes in the administrative organisation in 1994 can have a positive influence on the municipalities, by encouraging intermunicipal co-operation. Before these changes, contacts between the city itself and the peripheral municipalities were rather limited. There is still a degree of suspicion when the question of direct co-operation with large bodies like the Warsaw municipalities is raised. However, the situation has changed since, with the exception of the central municipality, the other ten Warsaw municipalities are now much smaller and have features in common with the neighbouring municipalities.

In addition, the legislation allows for the creation of intermunicipal bodies which have a specific task (e.g. management of sewerage systems, water supply, transport, etc.). The municipalities concerned have not as yet taken advantage of this opportunity.

2. The problem of the distribution of powers between the central administration and local authorities has still to be resolved. Discussions are continuing on the extent of the powers of local authorities and on the duration of reforms.

The government feels uneasy about a decentralisation which may give local authorities more power, especially with regard to the social infrastructure (education, health, culture). If concessions are made by the government (e.g. concerning education), the means made available are not always adequate. And the present government has not indicated a single option concerning the follow-up to the administrative reform.

Local authorities tend to want to extend their range of powers but insist on adequate means being provided.

Warsaw remains a case apart. As the country's capital it has quite important external functions and its administrative structure differs from that of the other municipalities. In order to provide more adequately for the needs of its population, an attempt was made in the period 1990-94 to extend the powers of the Warsaw municipality (e.g. management of primary schools, dispensaries and homes for the elderly). The Union of Municipalities of Warsaw has since 1992 been responsible for the management of several theatres and, since 1993, for road works. The means provided for these responsibilities are inadequate. However, public opinion thinks management by the local authority in different spheres of activity is more efficient than that by the central administration. The administrative organisation of the municipalities of Warsaw is considered to be a pilot structure which could serve as a model for the major cities of Poland if it proves its worth.

3. The role of elected representatives, experts and public servants in the political-administrative structures is laid down in general regulations. The importance of the experts is under-estimated, which seems all the more surprising since Warsaw, an important scientific centre, has well qualified senior staff. Perhaps there should be in the Union of Municipalities a group of highly qualified experts who could provide assistance for the mayor.

Furthermore, in addition to the creation of such a group, a monitoring system should be set up to ensure close scrutiny of the effects of the recent administrative reform.

IV. ATTEMPTS TO IMPROVE THE POLITICAL-ADMINISTRATIVE ORGANISATION

The changes made in the past few years have been described in Chapters I and II. They coincided with a thorough-going political and economic reform in the years 1989-90 and resulted directly from special legislation concerning the city of Warsaw:

—a Law of 18 May 1990 on the administrative system of Warsaw;

—a Law of 25 March 1994 on the Organisation of the Administrative System of Warsaw.

The 1994 Law was necessary to correct gaps and shortcomings in the model of administrative organisation introduced in 1990.

V.FUTURE DEVELOPMENTS

The Law of 25 March 1994 has been in force for too short a time for any evaluation of the present system to be possible or for conclusions to be drawn as to how it will develop.

Furthermore, any future development will be influenced by policies adopted nationally. Administrative reform is a process which requires time for implementation. The general direction of that reform – decentralisation of power – is accepted in principle by all the political parties in the country, at least that is their stated position.

There are, however, differences of opinion as to the extent of the changes. It would be pointless to claim that there is a consensus on all aspects of the reform. Two main attitudes can be observed:

- the government coalition, and in particular the Peasant Party (PSL), are in favour of a gradualist reform; firstly a strengthening of the role of the municipalities and, at an unspecified later date, the further application of the reform;
- most of the local authority organisations are in favour of more rapid changes, a more marked decentralisation, the establishment as soon as possible of autonomous second-level local bodies (*powiats*) and a more thorough implementation of the principle of subsidiarity.

Discussions are continuing in local authority organisations, in Parliament and in non-governmental bodies. These bodies include:

- the Local Authorities Council under the President of the Republic;
- several local authority organisations, the most important of which are:
 - . the *Sejmik*, a statutory national organisation whose membership consists of representatives from the municipalities in each voivodeship;
 - . the Union (non-statutory) of Polish Towns which comprises about 100 of the most important towns;
 - . the Union of Polish Major Cities (about ten members);
 - . the Union of Small Urban Municipalities;
 - . the Union of Rural Municipalities.

The above non-governmental bodies can influence the opinion of public bodies but it is for Parliament to take decisions concerning the development of the system. The initiative in this area rests with the President of the Republic, the Government and Parliament itself.

An important part is played by a Joint Commission set up at the beginning of 1993. This Commission consists of representatives of the government and of higher-level local authorities. Officially its Chairman is the Prime Minister but, in practice, proceedings are presided over by two deputy chairmen (one for the government and the other for the municipalities).

Its objective is to study problems of fundamental interest to the two administrations – governmental and municipal – including the problems of the administrative reform.

The work of the Commission seems to serve a useful purpose, even if in some cases it is not easy to reach a consensus. The direct exchange of information, however, helps mutual understanding.

The government would like local authorities to be represented on the Commission by a single organisation: the *Sejmik*.

The representatives of the municipalities, who are members of the different organisations referred to above, do not share this view. The *Sejmik* is practically dominated by the representatives of rural municipalities, which are more numerous, whereas in reality the urban municipalities are more important.

VI. CONCLUSIONS AND PROPOSALS

1. The type of administration operating in Warsaw is in principle the outcome of the general situation in the country and of the lessons learnt from operation of the system in the past few years.

The general Law of 8 March 1990 on the Organisation of Municipalities in Poland was not tailored to the needs of the large urban municipalities.

In major cities the social fabric is not the same as in small municipalities. In those cities there is virtually no direct contact between the citizen and those in positions of power; political and social organisations play the part of intermediaries. Auxiliary bodies also play an important part. The Law of 18 May 1990, taking account of this situation, provided for a system of management which seemed better suited to the case of Warsaw.

However, four years of experience have shown that it is very difficult, in a metropolitan city, to reconcile the idea of subsidiarity and decentralisation with efficient management.

The reform of 1994 therefore introduced a new model. It is difficult, at this early stage, to suggest changes, in spite of the few weaknesses already observed.

It would be necessary to set up a mechanism to monitor the operation of the system, which could help to make improvements to rectify any weaknesses which may be detected.

On the basis of observation of the operation of the system thus far a model could be proposed which would be suited to the needs of other major cities in Poland.

2. An analysis of operation of the system suggests that co-operation should be encouraged between the capital and the peripheral municipalities. It is evident that the problems of the major city often find a solution in an area which extends beyond the administrative limits of the city itself. In past years there have been good examples of co-operation in the field of regional development. Further work on the studies which have already been carried out should be undertaken with the co-operation of the municipalities concerned and national administrative bodies at voivodeship level. Intermunicipal bodies should also be established to deal with different services. In spite of the provisions of the new Law the problem has still not been resolved.

Another question which must be tackled as soon as possible is the re-privatisation of nationalised land inside the limits of the central municipality. A draft measure on this question has already been submitted to the Parliament.

The solution must be practical and reasonable: on the one hand it must not place an undue burden in the municipalities concerned; on the other, the claims of the former owners must be satisfied.

It seems extremely difficult to find a compromise between the two conflicting interests; it is up to the government to find a solution.

3. The day-to-day problems associated with the functioning of the capital sometimes obscure problems of a strategic nature. The main purpose for which the Union of Municipalities of Warsaw was established was to implement the strategic plan for development of the metropolitan area. At present the Union is bogged down in operational problems, and this leads to an element of contention with the municipalities and with the central municipality in particular. In both the short and the long term there must be no overlapping of powers.

In order to find a solution to this situation, it seems necessary to create a small group of highly qualified experts who could provide assistance for the mayor in his capacity as coordinator of projects in the metropolitan area.

**CONCLUSIONS OF THE STEERING COMMITTEE
ON LOCAL AND REGIONAL AUTHORITIES (CDLR)**

Major cities play a leading role in the social, economic and political life of European countries. The importance of this role is likely to increase in the highly integrated European economic environment.

For this reason, major cities face a particular need for change in order to adapt to the requirements of a rapidly evolving economic context, namely in terms of competition with other major cities in the same country or in the international context.

This is not a new phenomenon, but it has become more intense due to the increased mobility of populations and the search for better social and economic conditions. These factors have led to a much greater degree of interaction and interdependence between the core cities and their peripheries; at the same time they have generated a growing urbanisation process and a disproportionate increase of the major cities' populations.

An appropriate response to the major cities' need for adaptation could be the establishment of new political and administrative structures and the setting up of suitable management methods, bearing in mind conflicts of interests and political sensitivities.

Further to that, the natural evolution of metropolitan areas implies a choice concerning the type of institutional arrangements grouping the major city and the metropolitan periphery. Peripheral municipalities fear their urban neighbours and for this reason they often resist any institutional links with their urban centres, which necessarily involve transfers of powers and financial resources.

Therefore, coordination and co-operation between the central city and the peripheral municipalities authorities is necessary in order to discharge effectively the requirements of an adequate management of the public functions and to redress the severe and self-reinforcing imbalances between prosperous and impoverished sectors within the metropolitan area.

However, it is not only the periphery that fears the establishment of metropolitan structures. Where metropolitan areas are very large in relation to the overall national population, the structures to be created are a highly sensitive matter, at national as at regional level, and governments may be reluctant to institutionalise entities which can be perceived as a "state within the state", in terms of powers and of resources, and a cause of an unbalanced development of the country.

Finally, changes are not easily understood by citizens, who are not always aware of the reason why these changes are necessary and alternatives not suitable. It appears, therefore, that the need for change, although constantly present, is somehow counter-balanced by the need for stability.

On the one hand, the need for stability is particularly important for new democracies in central and eastern Europe, but is a crucial element for all European citizens and for political representatives. On the other hand, the need for change has to be satisfied bearing in mind the benefits for the populations and, since it implies redistribution of powers, stability should not become a pretext for those individuals or groups whose interests or powers could be adversely affected.

Consequently, a harmonious balance between change and stability has to be achieved, while at the same time it is necessary to involve the citizens in the process and to ensure transparency of the public action. In other words, it is necessary to comply with "democracy".

The democratic element has to be understood not only in the sense of election of local (metropolitan) policy-making bodies, but in the wider sense of citizens' direct participation in public life, structure definition and institutional arrangements as far as feasible.

Moreover, when necessary changes are identified and decisions taken, actions have to follow in conformity with them. Within this coherent dynamic, stability is not in conflict with changes.

It appears that the principle of equality between local authorities can refrain from adopting special structures for metropolitan areas which imply reviewing the distribution of powers and relationships between the different tiers of government involved. Nevertheless, it is important to notice that a formal legal equality does not necessarily mean that equality is guaranteed in reality. It seems therefore advisable to foresee a fair balance of powers, at least within the same region, instead of merely a formal equality.

In order to achieve such a balance of powers, it should be necessary to reduce to a certain extent the autonomy of the local self-governments within the same urban area and to strengthen their co-operation and mutual information in the framework of a metropolitan institutional structure.

Finally, it is important to stress that the search for better administrative and institutional structures for metropolitan areas also provides an opportunity to establish new forms of co-operation and partnership between public and private actors, all in the optic of a sustainable urban development.

The position of the European major cities, their ability to withstand competition, to develop harmonious relationships with their peripheral areas and to improve the quality of life of the populations concerned will depend on appropriate decisions concerning their status.

These decisions cannot be taken without having regard to the specific features of the political, social and economic environment. Nevertheless, it is possible, on the basis of the experiences previously examined, to provide some guidelines on structures, competencies, administration organisation and finances of major cities, which should be taken into account in order to ensure their efficiency when coping with the challenges that they face.

I. Concerning **structures**, countries have responded to the need to provide the metropolitan area with an administrative structure in very different ways. The various answers can be grouped in a number of categories including several structural possibilities: amalgamation of the central city with the periphery, to form a single local authority; creation of a metropolitan (local) authority independent from the local authorities of the various municipalities that compose the metropolitan area; *ad hoc* metropolitan authorities of a single- or a multi-purpose nature, set up by the constituent municipalities; special administrative bodies dependent on the central government; the assignment of special responsibilities to a normal upper-tier local or regional authority.

In addition, informal consultative structures and traditional forms of intermunicipal co-operation can be envisaged alternatively or cumulatively.

The extreme variety of urban areas implies that the creation of a uniform model of general application is not feasible nor appropriate, even within one single country. Preference should therefore be given to tailored-made solutions which match the specific features of the urban context concerned and are better suited to redress the malfunctions of the system as a whole.

This should not necessarily result in an increase in the number of structures that could be adopted, but a certain flexibility, i.e. their ability to adapt to the various contexts and especially to their evolution.

Traditional forms of intermunicipal co-operation guarantee flexibility but, at the same time, dilute responsibilities and their bodies are not really recognised by citizens as identifiable authorities responsible to them.

Therefore, while acknowledging the advantages of other solutions such as amalgamation of the municipalities concerned or the recourse to an upper-tier authority in certain cases, it seems advisable to allow the central authorities and/or the municipalities concerned, to set up single- or multi-purpose specific structures enjoying legal capacity and autonomy.

Respect for local self-government should lead public authorities to limit the cases where the creation of such a structure is mandatory. In addition, whenever such is the case because it is the only appropriate solution, municipalities and other authorities concerned should be associated with the process of delimiting the area covered by the new structure and of determining all amendments resulting there from.

The choices will necessarily result from a compromise which is a function of policy makers' priorities and must represent a balance between the need for stability – which imply that the choice of multi-purpose structures or the adoption of tailor-made solutions should occur, as far as possible, within the existing structure – and the need for change – which imply that the solution must be efficient.

Finally, it appears clear that, as a general principle, no institutional changes which would alter the framework of city government, especially in the case of amalgamation, should be carried out without prior consultation of the population either directly or through its elected representatives.

II. With regard to **competencies**, it appears a certain agreement exists in the core of competencies that should be attributed to the metropolitan authority. Thus, town and land planning, public transport, "support" services (concerning water supply and treatment, sewage, waste collection and disposal, etc), environment protection, recreation and metropolitan infrastructures in general are normally attributed to the metropolitan authority on a voluntary or on a mandatory basis.

However, this attribution is determined to a great extent by the nature of the structure set up. Thus, when the major cities' tasks are taken up by an ordinary local authority, its powers remain proportionally the same as those of any other local authority of the same level.

The main criteria for the attribution of competence, especially in the case of "support" or technical services, should be compliance with the principle of subsidiarity. The authorities of the metropolitan area should, therefore be entrusted only with functions that can be fulfilled in a more efficient way because of their wider jurisdiction.

This seems to be the case of competencies in the fields of land use general planning and economic development. Thus, in many member states, the authorities of the metropolitan area are, or can be, responsible for general or specific urban plans, as well as for the creation and development of industrial zones or others. Environmental protection is strictly related with both fields mentioned above; the extension of the area in question could justify entrusting the authorities of the metropolitan area with powers in this sector.

As a general rule, the same applies to the management of different services which concern the whole or most of the population of the metropolitan area, e.g. water and energy supply, sewage, refuse collection and disposal, transport, hospitals and other medical centres, rescue and fire services.

A compulsory transfer of those competencies to the authority of the metropolitan area would be advisable even when the authority is established on a voluntary basis, as long as the possibility of establishing other less stringent forms of co-operation remains.

Moreover, municipalities should have the possibility of transferring other competencies to the authority of the metropolitan area and the latter should have the possibility of delegating to municipalities certain responsibilities that it usually exerts, when such a measure is justified by the situation.

Whatever powers are granted, a clear division of responsibilities must be established, in order to prevent conflicts, and it would be appropriate to fully inform and consult municipalities on measures which concern them directly, in order not to exclude them from the decision-making process.

Finally, an efficient exercise of the competencies concerned requires a possibility of enforceability, i.e. the authority responsible for the exercise of a given power should dispose of the necessary means in order to ensure the implementation of the decisions taken. This is particularly true in the case of the so-called "support services" such as water supply or refuse collection.

Enforceability is also necessary for major cities' authorities to be able to cope with the so-called *NIMBY* problem. When conflicts of interest arise and compromise is not well accepted, it is important not only to reach a final decision, but also to be in a position to implement it in an effective manner.

III. With regard to the **administrative organisation** of metropolitan areas, particular attention should be focused on the nature of the decision-making body of the metropolitan structure in question. In a number of countries, these decision-making bodies are composed of representatives elected by the population (such is the case for major cities' authorities in Belgium, Hungary and Latvia, for Paris, Lyon and Marseille in France, for Stuttgart, Frankfurt and Saarbrücken in Germany, for Rotterdam in the Netherlands, etc.). In other cases, the metropolitan authority is made up of representatives appointed by the constituent municipalities (such is the case of the Dublin region in Ireland, the Helsinki metropolitan area in Finland, Brunswick and Hannover in Germany, the so-called urban communities and town communities in France, etc.).

The nature of the decision-making bodies (and consequently of the management ones) determines to what extent such bodies are emanations of their constituent municipalities or whether, on the contrary, they are independent from the latter.

Where the administration of the metropolitan area is assigned to upper-tier authorities, the independence is naturally guaranteed, given that, as a rule, the decision-making body is established on the basis of universal suffrage. Thus, this independence implies a direct responsibility vis-a-vis the constituents, i.e. the metropolitan area inhabitants.

The solution generally adopted for specific metropolitan area authorities is that members of the decision-making body are elected by their respective municipalities, following different methods which tend to assure at the same time both the representation of all constituent municipalities and a fair balance of this representation with regard to the size of their population. Nevertheless, there are examples of specific multi-purpose authorities whose decision-making body is constituted on the basis of universal suffrage.

The choice between these two solutions is to be made in view of the concrete situation. As an example, a strongly integrated structure, i.e. a structure with a decision-making body directly elected by the population, is not necessarily in a position to decide on the only basis of the interest of the whole community, on most sensitive matters.

Actually, the weight of the major city in the decision-making process can be strongly increased where it is more populated than its boundaries. On the other hand, such a structure could be more efficient where it comprises many municipalities with more or less the same size and where the conflicts of interests could paralyse the decision-making process of a less integrated structure.

In any case, it is necessary to bear in mind that the transfer or attribution of important powers to major cities' authorities needs to be counterbalanced with a proportional democratic component. The more such authorities have powers, the more it would be appropriate to make them responsible to the citizens, by establishing them on the basis of direct elections.

IV. With regard to **finances**, it is advisable that, in the spirit of article 9 of the European Charter of Local Self-Government, the necessary resources for the metropolitan structures be available, taking into account the competencies that they are called upon to exert and that they enjoy full capacity to allocate these resources according to the policy choices, in the way they consider most appropriate.

As it appears that financing of major cities' structures generally follows the same patterns applicable to their constituent municipalities these resources could include for instance:

- the revenues resulting from their own fiscal capacity and/or from their participation in the revenue of the constituent municipalities' taxes;
- service charges and fees;
- mandatory transfers from the municipalities to the metropolitan area authority;
- state or other public authorities' transfers.

It seems that in most member states there are no direct fiscal equalisation systems between major cities and their peripheric municipalities. The adjustments are in principle performed in the framework of the general equalisation system which is applied to all local authorities.

It could be possible to envisage formulas in which the metropolitan area structure could play a role in this connection. For instance, transfers received from the state or any other public entity in the place of the constituent municipalities could be affected, taking into account the equalisation needs and in order to correct the social and economic imbalances. Moreover this role could be expressly recognized by law.