



The
Players and the
Playing Field

How local governments practise autonomy

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The Players and the Playing Field
How Local Governments Practise Autonomy

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Abstract

Local autonomy has been a preliminary topic on the policy agenda of many European countries, as it is considered an important condition for the functioning of local democracy. It is expected to increase responsiveness to citizens demands, to foster local fiscal discipline, to counter problems facing the local area and to foster power distribution throughout society by directly involving citizens in political decision-making processes. Local autonomy became a normative goal, responsible leaders are expected to strive to.

Given the implementation of numerous policy reforms throughout Europe to increase local governments' formal autonomy, one may wonder to what degree strengthening autonomy actually results in policy changes at the local level. In this vein, a rich scholarly literature on local autonomy as key element of central-local relations has emerged. However, the main focus of this literature is on the level of autonomy that the formal context allows. Whether and how local governments practise autonomy within these formal bounds is less clear.

Using a bottom-up approach in which local governments' actions instead of formal bounds are used as object of analysis, this dissertation studies if and why local governments practise autonomy once formal autonomy is granted. Led by empirical endeavours on both autonomy of central governmental organisations and local governments, it is discovered that formal autonomy is an adequate first step in achieving autonomy in the practice of policy making, but that practised autonomy requires more than formal discretion. Whereas formal structures define the playing field, they do not explain why players engage in autonomous processes of decision making. The results show that besides formal frameworks, social mechanism, such as pressure from horizontal and bottom-up structures, sectoral fencing and capacity to engage in social networks are important features for levels of practised autonomy as well. Especially concerning salient policy topics, the impact of social mechanisms is strong.

The results indicate that studying local autonomy using formal bounds may over- or underestimate the autonomy local governments practise. Likewise, effectiveness of policy might be compromised when solely reforming formal frameworks. If the aim is to impact policy at the local level, it is crucial that central government also pays attention to informal pressure from networks and capacity to engage in those networks, as well as to capturing of policy by powerful stakeholders. In that way, local autonomy can be an adequate route to increase responsiveness to citizens demands, secure citizens' representation and support the functioning of local democracies as a whole.

Dankwoord

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The players and the playing field: here we go!

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Chapter 1

Introduction: Local autonomy as highly valued
feature of good governance

1 Increasing levels of local autonomy

On the 30th of June 2015 the Flemish parliament approved a decree that converted seven sectoral grants to block grants in the municipal fund¹. As a result, spending restrictions on the funds have been removed. Whereas before the implementation of the decree on the 1st of January 2016 local governments received specific purpose grants to realise Flemish policy priorities, they now receive these resources as block grants and are free to use them according to their own preferences.

The elimination of earmarking in 2016 is a recent example of a number of efforts the Flemish government have done to increase levels of local governments' formal autonomy. Flanders is not alone in redefining central-local relations. In recent decades, many European countries have developed policies to strengthen autonomy of local governments following the trend of decentralisation (Tiebout 1956, Hills 1997, Larson and Ribot 2004, Ivanyna and Shah 2014, Asatryan, Feld et al. 2015, Ladner, Keuffer et al. 2015, Hooghe and Marks 2016, Allain-Dupré 2018). Central governments increase levels of local autonomy in order to enhance responsiveness to citizen demands, to raise local fiscal discipline, to counter problems facing the local area and to foster power distribution throughout society by directly involving citizens in political decision making processes (Tiebout 1956, Hills 1997, de Mello 2000, Hansen and Klausen 2002, Larson and Ribot 2004, Pratchett 2004, Greffe 2006, Hooghe and Marks 2012, Eyraud and Lusinyan 2013, Asatryan, Feld et al. 2015, Peters, Castenmiller et al. 2020). In this vein, international and European organisations such as the European Union (EU), the World Bank (WB), the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) and the UN-Habitat support and foster decentralisation reforms devolving power and responsibilities to local governmental levels. In 1985, the Council of Europe adopted

¹ Sports, youth, culture, education, child poverty, municipal development cooperation and integration.

the ‘European Charter of Local Self-government’ to promote local autonomy in its member states (Ladner, Keuffer et al. 2019). All 47 Council of Europa member states ratified the European charter of local self-government, signifying the importance given to local autonomy as a highly valued feature of good governance².

Given the implementation of numerous policy reforms throughout Europe to increase local governments’ formal autonomy, one may wonder to what degree strengthening autonomy actually results in policy changes at the local level. In this vein, a rich scholarly literature on local autonomy as key element of central-local relations has emerged (Wolman and Goldsmith 1990, Wolman, McManmon et al. 2008, Do Vale 2015, Ladner, Keuffer et al. 2016, Ladner and Keuffer 2018, Ladner, Keuffer et al. 2019). The main focus of this literature is on levels of autonomy that the formal context allows: on the freedom to acquire and spend resources at will, at competences and responsibilities and on the scope of supervision and control (Fleurke and Willemse 2004, Fleurke and Willemse 2006, Ferry, Eckersley et al. 2015, Keuffer and Horber-Papazian 2019). Formal autonomy confines local discretion with regulation and law and includes (1) the extent to which local government can choose the tasks they want to perform, (2) the extent to which local government has real influence on policy it deems important, (3) the legal means to assert local autonomy and (4) the range of formal controls (Ladner, Keuffer et al. 2019). The concept of formal autonomy builds on a playing field metaphor: assessing the rules of the game to identify space for movement within those rules.

Formal autonomy can be distinguished from practised autonomy. Practised autonomy refers to the degree to which local governments use formal discretion in policy and decision making. Formal autonomy defines the playing field but does not explain why some players engage in autonomous processes of decision making while others stick to routines (Fleurke and Willemse 2006, Maggetti 2007, Yesilkagit and van Thiel 2008, Busuic 2009, Zito 2015,

² European Charter of Local Self-Government, entered into force on September 1, 1988.

Verhoest 2017, Kleizen, Verhoest et al. 2018, Keuffer and Horber-Papazian 2019). Formal bounds fall short in explaining why levels of practised autonomy may vary across local governments, even though levels of formal autonomy are similar. The reasons why local governments practise autonomy once formal autonomy is granted remain understudied in central-local literature.

More research on practised autonomy within formal bounds is available in agency-literature. It shows that practised autonomy is amongst others shaped by horizontal interactions in a networked environment and by capacities of agencies to engage with the environment (Groenleer 2009, Busuioc, Curtin et al. 2011, Verhoest 2017). Agency scholars acknowledge that autonomy is socially constructed through practice and is not something that can simply be given (or taken) by central actors.

There are significant differences between agencies and local governments. In contrast to agencies, local governments are democratically elected and have to answer to both local councils and central regulators, while agencies typically only have a political principal. In agency-literature therefore, the focus is mostly on an excess of autonomy (Busuioc, Curtin et al. 2011), while in central-local relations, the focus is usually on a lack of autonomy.

This dissertation combines insights from literature on central-local relations with agency-literature to identify whether and why local governments practise formal autonomy. Despite differences, both local governments and agencies need some level of autonomy to carry out public tasks (Verhoest 2017). Since the local electorate is the ultimate principal of local democratic government, it is crucial to study the impact of horizontal and bottom-up features on how local governments practise autonomy. Though, in literature on central-local relations, the impact of interactions with the local context is underdeveloped (Fleurke and Willemse 2004). Literature on agencies can fill the gap.

In this dissertation several questions on the interrelation between local governments' formal and practised autonomy are inquired. Do local governments practise the autonomy they formally possess? What features explain that certain local governments practise their autonomy and others do not, despite similar levels of

formal autonomy? What is the relevance of features such as embeddedness in local networks, political change and capacity for the levels of autonomy local governments practise? Does increasing local governments' formal autonomy result in more practised autonomy? In sum, the overarching research question in this dissertation is: *“How do changing levels of formal autonomy impact local governments' practised autonomy and what other features mediate this impact?”*

2 Importance of autonomous local governments

During the past few decades, local autonomy has been a preliminary topic on the reform agenda of many European central governments (Tiebout 1956, Hills 1997, Larson and Ribot 2004, Ivanyna and Shah 2014, Asatryan, Feld et al. 2015, Ladner, Keuffer et al. 2015, Hooghe and Marks 2016, Allain-Dupré 2018, Ladner, Keuffer et al. 2019). Since the 1980s, numerous European countries have done efforts to devolve power and responsibility towards levels of government closer to the citizens (Ladner, Keuffer et al. 2019). Several European and international institutions have promoted local autonomy and decentralisation as important features of good governance and successful democracy (OECD 2004, UCLG 2008, UN-Habitat 2009).

From the perspective of the practice of policy making, local autonomy became a normative goal responsible leaders are expected to strive to (Baldersheim, Ladner et al. 2017, Ladner, Keuffer et al. 2019). The primary argument behind this view is that local autonomy is closely interrelated to the functioning of democracies and leads to desired outcomes such as higher levels of responsiveness to citizens' demands, increase of local fiscal discipline, countering problems facing the local area and fostering power distribution throughout society by directly involving citizens in political decision making processes (Tiebout 1956, Hills 1997, de Mello 2000, Hansen and Klausen 2002, Larson and Ribot 2004, Pratchett 2004, Greffe 2006, Hooghe and Marks 2012, Eyraud and Lusinyan 2013, Asatryan, Feld et al. 2015). The interrelation between local autonomy and democracy is so strong that many

studies fail to distinguish between the two concepts (Pratchett 2004). Numerous types of democracies exist, but the main purpose of democracy is to make collective decisions in a way that connects those decisions to the interests and judgments of the individuals whose behaviour will be regulated (Biale 2015).

In political theory, a strong argument is present that local self-government is a crucial component for democratic structures and practices (Beetham and Weir 2002). Local autonomy is considered to provide the ground for genuine democracy where decisions meet citizens' demands and needs (Ladner, Keuffer et al. 2019) and is seen as an important tool for ensuring power diffusion within society (Hill 1974, Phillips 1996), for supporting diversity in central policy making (Jones and Stewart 1983), and for nurturing responsiveness to local needs, demands and circumstances (Sharpe 1970, Bailey and Elliott 2009). These justifications are also embedded in the European Charter of Local Self-Government, that states that public responsibilities should be exercised by authorities closest to the citizens³.

Local democracy is not only valuable on and for itself, it also has importance for the broader democratic system (Stoker 1996). Local democracy is expected to encourage political participation since local democratic institutions are rather accessible locations for acquiring and practising political skills (Mill 1991, Bailey and Elliott 2009). In comparison to central political levels, chances to get elected at the local level are higher and citizens are rather directly affected by issues local governments deal with (Pratchett 2014, Stoker 2017). Local democracy, therefore, provides a chance to a broad range of people to participate in the process of representative government.

Political skills acquired at the local level can be used on other political levels, contributing to a strong culture of democracy throughout society and enhancing participatory democracy as citizens feel more engaged in the policy process (Weir, Beetham et

³ Art. 4.3, European Charter of Local Self-Government

al. 1999). As a consequence, local democracy serves as foundation for strong national democratic structures and practices (Held 2006).

The functioning of local democracy is important for democracy as a whole and without autonomy to self-govern local democracy would not function. When the role of local governments is highly marginal and thus, when local governments cannot decide about things they consider important, citizens would cease to vote and participate as local governments would have no responsibilities for developing distinct policies, even fewer people would candidate as council members and the vitality of local democracy would diminish (Beetham and Weir 2002). For the practice of representative democracy, it is considered crucial that local governments possess sufficient autonomy to shape and adapt policy according to local circumstances.

3 Research questions and outline of the thesis

In purpose of a clear structure, it is useful to introduce the main research question, sub-questions and structure of the thesis project. On the one hand, given the efforts of many European countries to increase local governments' formal autonomy, this dissertation aims at examining the effects of changes in formal autonomy on the autonomy local governments practise. On the other hand, this thesis studies a number of features that might influence the interrelation of local governments' formal and practised autonomy. The main research question focusses on the impact of changing levels of formal autonomy on practised autonomy and allows for examining mediating features such as social context and horizontal pressures⁴:

“How do changing levels of formal autonomy impact local governments' practised autonomy and what other features mediate this impact? “

⁴ The mediating features of formal and practised autonomy studied in this dissertation are discussed in chapter 3.

Many features might potentially influence the impact of formal on practised local autonomy. Studying all potential features is unmanageable for a single PhD thesis, therefore a number of sub-questions are specified. These questions are each addressed by one or more chapters dealing with distinct but related sub-topics. Subsequently, the conclusion aims to integrate insights from all chapters to provide an answer to the main research question. The sub-questions and chapters are summarized in table 1. Given this dissertation is comprised of a collection of articles, this table also includes information on the publication status and chronological order of the different chapters as separate articles. It should be noted that chapters 5, 6 and 7 were developed in a team-based context that included the author of this dissertation. For transparency purposes, table A in the Appendix elaborates on the chapters written independently by the doctoral student and the contribution that the doctoral student made to the other chapters, in conformance with the additional faculty PhD regulation and faculty guidelines.

Table 1: Structure of the dissertation, paper titles, publication status and chronological order of writing.

Research question	Chapter	Publication status	Order of writing
Sub-question 1: what impact do changes in the level of formal autonomy have on local governments' practised autonomy?	Chapter 4: Local governments' formal and practised autonomy across policy fields	Unsubmitted	1
	Chapter 7: Local governments' practised autonomy. Do formal autonomy, administrative capacity, scale and political change matter?	Submitted	4
Sub-question 2: What social mechanisms influence the way local governments practise their autonomy?	Chapter 5: From formal to practised: mechanisms of local financial and policy autonomy.	Accepted, under editing (Regional & Federal Studies 2020)	2
Sub-question 3: How do political change and local capacity impact local governments' practised autonomy?	Chapter 6: Does political change lead to changes in policy? An analysis of the impact of new mayors and majorities on local budgeting choices.	Submitted	3
	Chapter 7: Local governments' practised autonomy. Do formal autonomy, administrative capacity, scale and political change matter?	Submitted	4

Main research question: How do changing levels of formal autonomy impact local governments' practised autonomy and what other features mediate this impact?	Chapter 8: Conclusion and policy recommendations.	Not intended for publication	5
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In the next chapter the Flemish case is introduced, which serves as context for the empirical work of this dissertation. In chapter three, the theoretical underpinnings of this thesis are discussed, as well as the added value for both practice and theory. In chapters four to seven the empirical papers can be found, followed by an overall conclusion and policy recommendations.

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Chapter 2

Case: Local governments in Belgium (Flanders)

1 Changing realities for local governments in Europe

Throughout Europe, local governments endure an increasing amount of pressure stemming from political, economic and social challenges. Central governments decentralise more and more responsibilities and tasks towards the local level, but financial resources do not always follow, resulting in fiscal stress. Besides downshifting of extra tasks and responsibilities, necessary financial and other means are sometimes uplifted, adding to the fiscal pressure local governments endure (Kuhlmann, Wayenberg et al. 2021). At the same time, bottom-up pressure from citizens regarding service delivery and participation in policymaking raised. As local governments are closest to citizens, they are expected to create a local identity and forge trust. Yet, they are lowest on the governmental ladder, challenging them to show their relevance to external actors and other governmental levels (Kuhlmann, Wayenberg et al. 2021). Besides top-down and bottom-up pressure, also the context local governments operate in changes continuously, putting new and complex issues such as ageing, climate change and digitalisation on the policy agenda (Compston 2006). These complex or ‘wicked’ issues often do not have a scientific ‘best solution’, but only provisional responses that are negotiated with relevant stakeholders (Conklin 2006, Head 2019). As local governments are closest to citizens and other relevant stakeholders, they are often turned to for support and response (Kuhlmann, Wayenberg et al. 2021).

The continuously changing realities and increased pressure made local governments’ governing task very demanding. Local governments are expected to be more responsive, efficient and effective, pushing them to reform their political and administrative ways of working (Steyvers, Bergström et al. 2008, Bouckaert and Kuhlmann 2016, Schwab, Bouckaert et al. 2017, Wayenberg and Kuhlmann 2018, Kuhlmann, Wayenberg et al. 2021). The recent voluntarily amalgamations in Belgium are an example of this, as well as the widespread trend of intermunicipal cooperation as way

to deal with extended tasks and supra-local challenges. Local governments try to find diverse ways to take on the many challenges that come their way, stretching their autonomy and capacities to its limits (Boogers and Reussing 2018, Kuhlmann, Wayenberg et al. 2021).

Some believe that local governments might collapse under the pressure and, as a result, will no longer be able to defend their position on the intergovernmental ladder. Others expect the opposite to occur, as new wicked issues and challenges do not only concern local governments, but also other governmental levels. Many of those challenges and issues require localised and tailor-made solutions, highlighting the importance of strong local governments (Kuhlmann, Wayenberg et al. 2021). To allow local governments to be responsive to local needs and changing realities, many central governments throughout Europe have done efforts to increase local governments' formal autonomy. The question is, though, to what extent local governments practise the formal autonomy in local policymaking and how the diverse vertical, horizontal and contextual pressures continue to inhibit practised autonomy, once formal bounds are loosened.

2 Belgium contextualised

To study the impact of changes in formal autonomy on autonomy local governments practise in policy making, this dissertation focusses on a case of an increase in local formal autonomy in Belgium (Flanders). In terms of vertical power relations, local governments in Belgium score rather average in comparison to other European countries (Heinelt, Hlepas et al. 2018), making it an interesting case to empirically (dis-)confirm theoretical insights on autonomy (Seawright and Gerring 2008).

Though, focusing on Belgian local governments has implications for the external validity of the research findings. Due to case-specific context variables, the impact of changes in formal

autonomy on practised autonomy may be different for local governments in other European regions and countries. To get an idea of the extent to which the research findings of this dissertation are applicable to other countries and regions, Belgium is contextualised in the next section.

2.1 Some contextual basic facts

Local governments in Belgium function with a directly elected council, an executive board of mayor and aldermen and an own administration (De Rynck and Wayenberg 2010). The executive power is in the hands of the collegial board of mayor and aldermen (Ladner, Keuffer et al. 2019). In 1976 an amalgamation operation reduced the number of Belgian local governments from 2.359 to 589 (De Rynck and Wayenberg 2010). In 2018-2019 a second wave of voluntary amalgamations in the Flemish region reduced the total number of Belgian local governments further from 589 to 581.

Belgium exists out of three communities (i.e., Flemish speaking, German speaking and French speaking community) and three regions (i.e., Flemish region, Brussels and Walloon region). Each region and community has its own legislative body and its own government. An exemption on this rule is the Flemish part of Belgium; with the creation of the federal state-structure, the Flemish region and Flemish community were combined into one Flemish entity. Regions and communities have different competences. The communities are responsible for matters such as culture, education, language and health care. The regions decide upon matters such as housing, economy, transportation, land use and spatial planning.

Between regions considerable differences in mean inhabitants and number of municipalities exist. At the start of 2020, municipalities in Belgium had a mean population of 19.781 inhabitants. The Flemish region counted 300 municipalities with an average of 22.097 inhabitants, Brussels counted 19 municipalities with on average 64.118 inhabitants and the Walloon region counted 262 municipalities with an average of 13.913 inhabitants. Belgium's smallest and biggest municipalities are Herstappe and Antwerp, with respectively 79 and 529.274 inhabitants. Each region is responsible

for intermunicipal cooperation within the region, making it rather complex to cooperate across regional borders (De Rynck and Wayenberg 2010).

Table 2: Number of municipalities and average number of citizens in 2020 for the three Belgian regions*.

	Flemish region	Brussels	Walloon region
Number of municipalities	300	19	262
Average number of citizens	22.097	64.118	13.913

*Numbers retrieved from statbel.fgov.be.

According to the Belgian Constitution, Belgian local governments have general competences, as long as their decisions and actions are in favour of the local interests and no other governmental levels are responsible for the area⁵. Although the regions cannot alter this article in the Constitution, in practice they allocate regional functions to local governments, determining the scope of local actions (De Rynck and Wayenberg 2010). Since 2002, the three Belgian regions (Flemish region, Brussels and Walloon region) are responsible for supervising and controlling local governments' finances, what has resulted in discrepancies in rules, norms and controls across the regions (Boogers, Brink et al. 2016, Coppens, Stinglhamber et al. 2018). Overall Belgian local governments are performing well financially. The main financial challenge for local governments in the coming years are related to staff pension costs (Hammar and Wüthrich-Pelloli 2014).

⁵ Art. 41, Belgische Grondwet.

2.2 Ratification of European Charter of Local Self-Government

Local autonomy has been an important topic on the Belgian policy agenda. The structure of the Belgian state has been adapted during several Belgian state reforms. During those reforms one of the main objectives was the desire to transfer power and responsibilities to lower governmental levels, driven by the principle of subsidiarity. In this context, the European Charter of Local Self-Government is the most prominent contemporary endeavour promoting local autonomy. Belgium signed the European Charter on 15 November 1985 and ratified it on 25 August 2004. Though, not alle provisions were signed and ratified by the Belgian federal government. Belgium decided to only ratify 25 out of 30 provisions, excluding articles 3.2, 8.2, 9.2, 9.6 and 9.7 (Hammar and Wüthrich-Pelloli 2014, Ladner, Keuffer et al. 2019). Table 3 gives an overview of the provisions that were not ratified by Belgium, as well as why Belgium did not accept them.

Table 3: Provisions of European Charter of Local Self-Government Belgium did not ratify⁶.

Provision	Article	Why did Belgium not ratify the provision?
3.2	<i>This right shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage and which may possess executive</i>	Mayors are not directly elected in Flanders but appointed by the Flemish government. This is in conflict with provision 3.2.

⁶ Based on information of the CARTA-monitoring: www.congress-monitoring.eu.

	<i>organs responsible to them. This provision shall in no way affect recourse to assemblies of citizens, referendums or any other form of direct citizen participation where it is permitted by statute.</i>	
8.2	<i>Any administrative supervision of the activities of the local authorities shall normally aim only at ensuring compliance with the law and with constitutional principles. Administrative supervision may however be exercised with regard to expediency by higher-level authorities in respect of tasks the execution of which is delegated to local authorities.</i>	The Flemish government does not believe that this article should be ratified as administrative supervision in Belgium is regulated by article 162 of the Constitution, that states that the supervision of local authorities cannot only be carried out on the legality of decisions but must also be directed at ensuring that decisions comply with the law or are compatible with the public interest. The article clashed with provision 8.2, hence why Belgium has not signed this paragraph.
9.2	<i>Local authorities' financial resources shall be commensurate with the responsibilities provided for by the constitution and the law.</i>	Belgium stated that they find the interpretation of this provision difficult. The principle that certain expenditures should be

		covered by certain contributions is contrary to the principle of the universality of contributions, which is why this provision has not been ratified by Belgium.
9.6	<i>Local authorities shall be consulted, in an appropriate manner, on the way in which redistributed resources are to be allocated to them.</i>	For Belgium, provision 9.6 implies that municipalities and provinces must be consulted when rules of the municipal fund and provincial fund change. Such consultation has not taken place in the past and is not provided for in regulations, hence why Belgium has not ratified provision 9.6.
9.7	<i>As far as possible, grants to local authorities shall not be earmarked for the financing of specific projects. The provision of grants shall not remove the basic freedom of local authorities to exercise policy discretion within their own jurisdiction.</i>	Belgium agrees that from local governments' perspective freedom of action, general grants and sector-based grants are better than earmarked grants. Though, they mention that the proportion of earmarked grants is important as well. A larger proportion of

		<p>earmarked grants might be acceptable if the total amount of grants only makes up a small proportion of the total local revenues. Provision 9.7 wants to ensure that a specific purpose grant does not limit local governments' freedom concerning local responsibilities. Belgian government mentioned that effects of provision 9.7 are rather extensive. That is why provision 9.7 was not ratified.</p>
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2.3 Government type

When it comes to the functioning of local governments, Belgium has often been labelled as the 'Franco' type (Hesse and Sharpe 1991), suggesting that local governments have limited autonomy concerning their own organisation, management and task execution as a result of extensive central regulation (Steyvers, Bergström et al. 2008, Wayenberg and De Rynck 2017). Typical for Belgium is the large presence of central government at the local level, for example through field services of central governmental organisations (Temmerman 2016). On the contrary, local governments in the 'Franco type' have easy access to central government, although in Belgium primarily via party political contacts (De Rynck and Wayenberg 2010, Wayenberg and De Rynck 2017).

The label of 'Franco-type' government, however, largely overlooks the federal character of Belgium (Wayenberg and De

Rynck 2017). Several state reforms, starting in the 1970s, converted Belgium from a unitary to a federal state with three regions (i.e. the Flemish region, Brussels and the Walloon region) and three communities (i.e. the Flemish speaking, French speaking and German speaking community) all with their own government (Steen and Wayenberg 2003, De Rynck and Wayenberg 2010). The sub-national governmental levels have been given more and more functions that previously belonged to their federal counterpart and are now responsible for approximately 60 per cent of the overall state budget (Wayenberg and De Rynck 2017).

Seen from the perspective of local governments, the formation of a federal state-structure created new layers of central government. Through the several Belgian state-reforms, Flanders has become a full-fledged central government with its own parliamentary democracy with the right to legislate in matters concerning organisation and functioning of local authorities. Flanders is competent to supervise local governments, to shape and regulate the municipal fund, to set up cooperation between municipalities and to enact basic municipal legislation (De Rynck and Wayenberg 2010, Wayenberg, De Rynck et al. 2012, Wayenberg and De Rynck 2017). The shift of responsibilities from central to sub-national levels of government has led to a divergent pattern of local governments across Belgium. Often the hypothesis is posed that municipalities in the French speaking part of Belgium fit more the ‘Franco-type’ or Southern European type of government, while municipalities in the Dutch speaking part are closer to the Northern European type (Wayenberg and De Rynck 2017). The Northern European type is characterized by strong decentralisation of functions, high level of discretion and limited access of local politicians to the central governmental level (Heinelt and Hlepas 2006).

3 Case: policy reform in Flanders

The case studied in this dissertation is a policy reform in the Flemish part of Belgium. Hence, the focus is on Flemish local governments. The choice to focus on Flemish local governments and to study those in depth was made consciously as this dissertation aims at understanding and identifying the meaning behind actions and perceptions of local governments. Therefore, it is crucial to analyse changing levels of formal and practised autonomy against their real-life and complex context in as much detail as possible. Comparing local governments in Flanders allows to increase number of relevant observations and, more importantly, provides inferential leverage through engaging one of the fundamental problems with observational data: too many factors vary and the controls one can impose are both incomplete and demanding (Hooghe, Marks et al. 2016). Many confounding factors that are difficult to control for are national and in Belgium rather large differences exist in the organisation and functioning of local governments across the different regions. To really grasp the phenomena of practised autonomy, a measurement at the level of the individual region, rather than the country, seemed most suitable. Focusing on local governments in Flanders allows to explore multiple dimensions and explanations of why local governments practise different levels of autonomy, despite similar formal bounds.

3.1 Goal of the 2016 reform: increase of formal local autonomy

The studied policy reform is an increase of Flemish local governments' formal autonomy. In 2016, the Flemish government augmented local governments' formal autonomy by eliminating earmarking of sectoral grants across seven policy fields: sports, youth, culture, education, child poverty, municipal development

cooperation and integration⁷. Local governments still receive the financial resources but are now free to spend these resources according to their own preferences. Both local governments and Flemish administrations pleaded for such an expansion of autonomy since the system of earmarked grants restrained the possibilities of local governments to be responsive to the local context, needs, demands and circumstances and resulted in a pile of administrative burden.

The 2016 reform offers a unique opportunity to study the impact of changes in formal autonomy on practised autonomy and to distinguish reasons why local governments practise certain levels of local autonomy once formal autonomy is granted. Before 2016, the earmarking of grants restricted local governments' formal autonomy in at least four ways. First, to acquire earmarked grants municipalities were required to provide a multi-annual plan in which they were to address their way of pursuing the Flemish priorities⁸. The Flemish policy priorities defined the playing field within which municipalities had some freedom to make local policy. From 2016 onwards, the Flemish policy priorities are no longer operational and local governments can decide themselves about the main policy objectives they want to reach.

Second, before the implementation of the 2016 reform Flemish local governments were obliged to spend all acquired earmarked grants entirely on the Flemish policy priorities. Local objectives that were not directly related to Flemish policy priorities needed to be financed through other financial resources. Since the conversion of earmarked grants to block grants local governments are no longer obliged to use the financial resources for the Flemish priorities. The financial resources can now be used

⁷ The 2016 reform was implemented in the middle of local legislature 2013-2018.

⁸ Art. 5, Decreet van 15 juli 2011 houdende vaststelling van de algemene regels waaronder in de Vlaamse Gemeenschap en het Vlaamse Gewest periodieke plan- en rapporteringsverplichtingen aan lokale besturen kunnen worden opgelegd.

according to local preferences and are no longer bound to specific policy sectors. Thus, local governments are now free to spend the previously earmarked grants on any policy field and on any policy objective.

Third, in order to qualify for the specific purpose grants, local governments' multi-annual planning, budget and subsidy application needed to be approved by central government, a clear ex-ante control mechanism. Such 'before-the-fact' control was used to prevent unwanted outcomes and to force desired actions (Thompson 1993, Verhoest, Peters et al. 2004, Verhoest, Roness et al. 2010). The Flemish government controlled how local governments intended to realise the Flemish policy priorities, what resources would be used and what target groups would be reached by the local policy. If local government's multi-annual planning, budget and subsidy application provided enough certainty that the earmarked grants would be spent on the Flemish policy priorities, Flemish government would approve the subsidy application and grant the subsidy. Since the implementation of the 2016 reform, local governments are no longer subjected to the ex-ante control as a condition for acquiring the Flemish financial resources. Local governments now receive the resources as part of their basic funding through the municipal fund.

Fourth, during the period of earmarking not only ex-ante, but also ex-post control existed. Local governments needed to report yearly about their efforts to pursue the Flemish policy priorities and about the expenses they made in this vein⁹. If the report did not demonstrate thoroughly how Flemish policy priorities were pursued, the Flemish government could ask for extra clarifications. If the adjusted report still did not meet the requirements, further funding was cancelled and previously granted resources were reclaimed¹⁰.

⁹ Art. 10, Decreet van 15 juli 2011 houdende vaststelling van de algemene regels waaronder in de Vlaamse Gemeenschap en het Vlaamse Gewest periodieke plan- en rapporteringsverplichtingen aan lokale besturen kunnen worden opgelegd.

¹⁰ Ibid. Art. 11

‘Bad’ decisions cannot be undone, thus this after-the-fact control intended to motivate local governments to make spending decisions in accordance with the Flemish policy priorities and to make local governments responsible for their decisions (Thompson 1993). From 2016 onwards, local governments receive the earmarked grants as a share of their basic funding and ex-post control mechanisms are no longer operational.

Table 4: Increase formal local autonomy since the 2016 reform.

	...-2015	2016-...	
Policy priorities	Flemish	Local	Increase formal policy autonomy
Use grant	Needs to be spent on Flemish policy priorities and specific policy sectors.	Local governments can spend it on any policy objective and any policy field	Increase formal financial autonomy
Ex-ante control	Through multi-annual planning and budgets	No longer a condition for acquiring the financial resources	Increase formal autonomy
Ex-post control	Yearly reports	No longer a condition	Increase formal autonomy

In sum, the 2016 reform significantly increased local governments’ formal autonomy to make local policy that is adapted to the local context. In the next chapter the theoretical underpinnings of this dissertation will be reflected on. How can autonomy be conceptualised? What is already known about local governments’ formal and practised autonomy? What features may impact the autonomy local governments practise in policymaking?

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Chapter 3

The theoretical underpinnings of this dissertation:
building on what we already know

1 Introduction

The balance between central control and local autonomy is a recurring issue in the organisation of states. In some countries local governments are subjected to extensive central control, while in others local governments have considerable freedom to make own policy (Ladner, Keuffer et al. 2019). As a result, a rich scholarly literature on local autonomy as key element of central- local relations has developed (Wolman and Goldsmith 1990, Wolman, McManmon et al. 2008, Do Vale 2015, Entwistle, Guarneros-Meza et al. 2016, Ladner, Keuffer et al. 2016, Ladner and Keuffer 2018, Ladner, Keuffer et al. 2019).

Despite the relevance of local autonomy for both practice and theory, there is little theoretical convergence regarding the core elements of the concept (Ladner, Keuffer et al. 2019). Much of the research on local governments' autonomy focusses on formal bounds of autonomy such as tasks and financial resources, formally granted rights and competences, supervision, access to central governmental levels and central control (Fleurke and Willemse 2004, Fleurke and Willemse 2006, Ladner, Keuffer et al. 2019). Though, recent empirical endeavours on autonomy of central governmental organisations show that autonomy is socially constructed through practice and is not something that can simply be given (or taken) by central actors. Several studies of agency scholars show that autonomy is amongst others shaped by horizontal interactions in a networked environment and capacities of agencies to engage with the environment (Groenleer 2009, Busuioc, Curtin et al. 2011, Verhoest 2017).

In this vein, the distinction between formal and practised autonomy can be made. As already mentioned in the previous chapters, formal autonomy concerns the autonomy formal bounds allow, while practised autonomy refers to the degree to which local governments use formal autonomy in policy and decision making. The main focus in this thesis lies on practised autonomy and on how

(in-)formal and social features impact the autonomy local governments practice.

Many of the empirical endeavours on practised autonomy concern the autonomy of central governmental organisations or quangos. The study of practised autonomy of local governments is less well developed, but nonetheless an interesting avenue to foster a deeper understanding of how changes in formal autonomy result in changes in the practice of policy making. A first step in examining local autonomy is to conceptualize what it entails to have autonomy as local government. What does it mean to be autonomous?

2 Conceptualizing of local autonomy

It is not an evident task to conceptualize autonomy due to the concept's multi-dimensional character: local governments might be autonomous on certain dimensions but endure substantial control on others. The multi-dimensional character of autonomy has given rise to a multitude of conceptualizations. Pratchett (2004) differentiated three groups of theoretical approaches: (1) autonomy as *freedom from* higher authorities, (2) autonomy as *freedom to* achieve particular locally defined outcomes and (3) autonomy as *freedom to construct and express local identity*. The first approach –*freedom from*– outlines autonomy as local governments' independence from vertical, legal or constitutional constraints. The second perspective –*freedom to achieve local outcomes*– refers to the autonomy local governments possess to have an independent impact on the well-being of their citizens free from central control. The third perspective –*autonomy as local identity*– stems from a more sociological viewpoint emphasizing the importance of participation, commitment and emotional attachment to the local context (Pratchett 2004).

The above approaches show that local autonomy can be restrained vertically and horizontally. Both *freedom from* higher authorities and *freedom to* achieve locally defined objectives mainly focus on vertical aspects of autonomy between local governments

and central government. These approaches concern the autonomy local governments have to pursue local objectives without central interference (Gurr, King et al. 1987). In contrary, autonomy as *the reflection of local identity* highlights the importance of ties with citizens and horizontal networks with a diverse group of actors. It refers to autonomy local governments have to pursue objective without interference of local conditions (Gurr, King et al. 1987).

2.1 Vertical aspects of autonomy

The first two approaches (i.e., *freedom from higher authorities* and *freedom to achieve particular outcomes*) have a top-down focus, examining the willingness of central government to delegate power to local governments. Autonomy is defined as the level of discretion local governments have to make decisions free from legal and constitutional restraints and to have independent impact on things they deem important (Pratchett 2004). The top-down perspective focuses on the bounds of autonomy in order to identify the space for movement within those bounds (Lake 1994, Painter and Yee 2010)

A well-developed theoretical framework in this approach is that of Clark (1984), who defines autonomy through the principles of initiation and immunity. The power of initiation refers to the rights local governments have to act and to carry out tasks in their own interests. But even if local governments have full freedom from central government to outline budgets and define local policy, their discretion to actually use this autonomy can be constrained by a limited freedom of immunity. Local governments' power of immunity refers to discretion local governments have to effectively undertake action and to actually regulate the behaviour of their inhabitants without fear of control of higher tiers of government. The extent of the power of initiation and the power of immunity determines the level of local autonomy (Clark 1984).

A similar distinction between power of initiation and immunity can be found in the theory on agencies' autonomy of Verhoest, Peters et al. (2004). Power of initiation corresponds to *decision making competences*, while power of immunity is an

example of *freedom from constraints on the actual use of decision making competences* (Verhoest, Peters et al. 2004).

Verhoest, Peters et al. (2004) distinguish two types of autonomy as *decision making competence*, based on two different scopes of discretion: policy and managerial autonomy. Policy autonomy indicates the freedom an organisation has to decide on target groups, societal objectives and outcomes to be reached (Verhoest, Peters et al. 2004, Verhoest, Roness et al. 2010). Managerial autonomy is about an entity's discretion concerning the choice and use of inputs and can concern financial management (i.e. shifting of budgets between line items over years), selection of employees and management of production factors such as logistics and housing (Verhoest, Peters et al. 2004, Verhoest, Roness et al. 2010).

Besides policy and managerial autonomy, Verhoest, Peters et al. (2004) discern four kinds of autonomy as *the exemption of constraints on the actual use of autonomy*: structural, financial, legal and interventional autonomy. First, structural autonomy points to the extent to which 'the entity is shielded from influence by the government through lines of hierarchy and accountability'. Second, financial autonomy refers to the extent to which the organisation depends on own or governmental revenues and the extent to which the organisation is responsible for own losses. Third, legal autonomy refers to the ease to which central government can take back decision-making competences previously delegated to the entity. Fourth, interventional autonomy refers to the extent to which the entity needs to report about its decisions which will be evaluated on pre-set norms and the extent to which the entity's decisions may lead to sanctions or interventions (Verhoest, Peters et al. 2004).

Table 5: Summary of autonomy as *freedom from* central government and *freedom to* achieve locally defined policy outcomes.

Freedom from and freedom to	
Power of initiation	Power of immunity
~ Decision making competences <ul style="list-style-type: none"> ▪ Policy autonomy ▪ Managerial autonomy 	~ Exemptions of constraints on actual use of decision-making competences <ul style="list-style-type: none"> ▪ Financial autonomy ▪ Interventional autonomy ▪ Legal autonomy ▪ Structural autonomy

In this dissertation autonomy is studied as both power of initiation and power of immunity. More specifically, the impact of elimination of earmarking of grants on local governments’ autonomy is studied. How does the elimination of earmarking increase local autonomy? How do local governments adapt their policy actions to formal bounds? What formal constraints on the actual use of the larger autonomy are present?

The central case in this dissertation, the 2016 reform, has had a direct impact on what Verhoest, Peters et al. (2004) call *financial managerial autonomy*: from 2016 onwards Flemish local governments are free to decide how to spend previously earmarked grants. Due to the democratic nature of local governments, the increase of financial managerial autonomy also brings along an increase in policy autonomy. The transition of earmarked to block grants decentralized responsibility from the Flemish governments to local governments. Local governments do no longer endure far-reaching central control concerning sports, youth and culture as condition for receiving financial resources. Since 2016, local governments are fully responsible for making local sports, youth and culture policy, for defining the policy objectives and to decide on

target groups, policy outcomes and instruments to be used. Thus, the impact of the 2016 reform goes beyond the financial managerial dimension, it also includes a strong policy dimension. To include both dimensions in one concept, *financial autonomy* is used throughout this dissertation.

Studying formal aspects of autonomy is important in order to define the playing field within which local governments have freedom to make policy, but it does not explain why players engage in autonomous processes of decision making. That is why in this dissertation the focus goes beyond formal bounds of autonomy, using a horizontal and bottom-up perspective. Local governments might practise their autonomy in different ways, even though levels of formal autonomy are similar (Lake 1994, DeFilippis 1999, Fleurke and Willemse 2004, Pollitt, Talbot et al. 2004, Fleurke and Willemse 2006, Keuffer and Horber-Papazian 2019). How and why do local governments practise the autonomy they formally possess?

2.2 Horizontal aspects of autonomy

The horizontal and bottom-up perspective used in this dissertation builds on the growing recognition that autonomy is socially constructed through practice (Verhoest, Peters et al. 2004, Christensen and Lægreid 2006, Maggetti and Verhoest 2014). Autonomy arises from interactions, perceptions, interpretations and relations those within the locality have with the broader world (Pratchett 2004). Interactions not only between the entity and its political and administrative principals, but also with other societal actors (Yesilkagit and van Thiel 2008, Verhoest 2017). Hence, local governments' autonomy is not solely defined by central government, but also by those who represent the locality through events in social life (Brown 1992).

By focusing on the horizontal dimension, the focus of this dissertation shifts from formal autonomy to autonomy as practised by local governments (Verhoest, Peters et al. 2004). As a result, autonomy is studied from the bottom-up: local governments' actions instead of formal regulations are used as object of analysis (Fleurke

and Willemsen 2004). Local autonomy is a social construct that is continuously defined and redefined in practice. Formally, local governments may have autonomy, but *de facto* they might not practise that autonomy. Throughout this dissertation the focus is mainly on two social mechanisms that may enable or restrict local governments' practised autonomy, depending on the context: networks and capacities.

2.2.1 Networks

Practised autonomy is constructed in interactions with (local) networks (Duncan and Goodwin 1982, DeFilippis 1999, Yesilkagit and van Thiel 2008, Verhoest 2017). Often, formal frameworks leave room for interpretation: tasks and objectives are not defined in detail and a great deal of interactions with external actors are not specified (Groenleer 2009). As a consequence, local governments' autonomy is also shaped after the establishment of formal frameworks in the interaction with central regulatory agencies.

Interactions that shape practised autonomy are not only with central government (i.e. vertical dimension), but also with a multitude of local actors (i.e. horizontal dimension) (Gurr, King et al. 1987, Ladner, Keuffer et al. 2019). Local governments are embedded in networks with citizens, clients of services, civil society organisations, media, interest groups and professionals (Gurr, King et al. 1987, Godwin and Schroedel 2000, John 2001, Steyvers, Bergström et al. 2008, Pedersen 2010, Sharp, Daley et al. 2011, Sabatier 2019). Networking may enable local governments to practise autonomy as it permits coproduction and exchange of resources such as information and knowledge. Through networks, capacities are pooled, enabling local governments to offer services they could not deliver otherwise (Klok, Denters et al. 2018, Keuffer and Horber-Papazian 2019). Civil society organisations can foster close working relations with government as they provide local governments with vital information for policy making, can function as watchdog and can design programs that complement governments' actions (Ghaus-Pasha 2005). Networking can also

enhance local governments' leverage to influence other governmental levels (Gore 2010).

Networks can help organisations to build strong identities and define clear organisational missions, enhancing organisational power and legitimacy (Maor, Gilad et al. 2013, Verhoest 2017, Wilson 2019) and enabling organisations to forge and protect practised autonomy (Carpenter and Krause 2012, Carpenter 2020). Once organisational reputation is built, strategies are developed to signal this reputation to stakeholders (Verhoest, Rommel et al. 2015). When relevant actors recognize the organisation's reputation, they will consider it as trustworthy (Verhoest, Rommel et al. 2015), increasing trust between the organisation and its principals (Verhoest, Rommel et al. 2015). When trust is high, control is enforced less strictly and more practised autonomy is allowed (Lægheid, Roness et al. 2006).

Networking is a powerful tool for reaching mutual agreements based on shared knowledge, followed by an easy problem solution (Buchanan 2002). Though, networking can also constrain local governments' practised autonomy due to shared decision-making and dependencies (Fleurke and Willemse 2004, McGuire and Agranoff 2011, Sedmihradska and Bakos 2016, Keuffer and Horber-Papazian 2019, Maestas, Chattopadhyay et al. 2020). Close ties set bounds to both definition of and acceptable solutions for policy problems (Maestas, Chattopadhyay et al. 2020). The use of autonomy to develop new policies may hold political risks (Fleurke and Willemse 2004, Sedmihradska and Bakos 2016, Teodoro, Zhang et al. 2020), especially concerning salient issues (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstine 2010, Arnold and Carnes 2012, Einstein and Kogan 2016). Local governments may practise more autonomy concerning issues the public is rather indifferent about (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstine 2010, Arnold and Carnes 2012, Einstein and Kogan 2016).

Not only external actors, but also local bureaucrats can impact autonomy local governments practise (Carpenter 2020). In

this vein, Carpenter (2020) discusses bureaucratic autonomy, referring to bureaucrats taking actions consistent with their own wishes. These actions are not always checked nor reversed by elected officials, even though the latter ones might prefer other actions (or no action at all) to be taken. Local governments are amalgamations of departments, led by political and administrative executives who need to assure sufficient resources (Wilson 2019). Political battles are fought between departments, each defending their sectoral interests and resources, potentially limiting autonomy of local governments to change budgets and policies.

2.2.2 Capacity

If autonomy is constructed through continuous social interactions, then local governments' capacity to engage in that interaction will be important. Capacity concerns the apparatus to make policy that is responsive to local demands (Hulst and van Montfort 2007, McAllister 2010, Temmerman 2016): the ability to recognise challenges and opportunities, assemble relevant actors, debate policy alternatives and take action (Nelles 2013). It includes professional skills, resource sufficiency, management competences, diversity of revenue sources, information, expertise, support and powers (Fiszbein 1997, Verschuere 2006, Wolman, McManmon et al. 2008)

Local governments' capacity entails a broad range of features that can be divided in two groups: policy capacity and implementation capacity. On the one hand, policy capacity is about the ability and skills to be involved in policy-related work, to 'think' about policy and to build local policy visions. Policy capacity depends on internal organisational characteristics such as number of highly educated employees. On the other hand, implementation capacity refers to technical expertise to handle a specific task and to gather knowledge and data to implement policy (Verschuere 2006).

Problems arise when local governments do not have the adequate competences and capabilities to design and implement

policy solutions. Having administrative and political capacity affects local governments' ability to interact and build relationships with other relevant actors, to generate and investigate policy alternatives, to effectively use resources for policy issues and to generate room to manoeuvre and to develop and implement local policy ideas, programmes and plans (Howlett and Ramesh 2014).

What capacities are needed to effectively and efficiently make local policy depends on the mode of governance (Howlett and Ramesh 2014). In Flanders, network governance is often put forward as the desired governance mode. In network governance actors from both civil society and business are seen as important partners in policy making (Howlett and Ramesh 2014). The wide range of subsidies going from the Flemish government and local governments towards local networks and actors are an indication of the prevalence of network governance (Considine and Lewis 1999, Howlett and Ramesh 2014).

Trust, reciprocity and routines are key to successful network management (Klijn and Koppenjan 2000). The horizontal power relations networks are based on make them hard to steer. Involved actors all have their own needs and wishes and do not always reach agreements on outcomes and actions to be taken (Keast, Mandell et al. 2006, Giest and Howlett 2014, Wu and Ramesh 2014). Local governments need to have strong managerial skills to effectively steer networks and assure network-outcomes. Networks will fail, for example, when local governments lack societal leadership and when associational structures are poor. Besides that, networks often lack accountability as they can be very complex, making it hard to distinguish who is in charge (Howlett and Ramesh 2014). When local governments have managerial capacity to steer local networks, they can foster efficient and effective co-production relations with business and civil society, what in turn might boost the autonomy they practise. When managerial capacity is lacking, local governments' impact on the outcomes and actions of the networks will be limited, decreasing local governments' practised autonomy. The empirical chapters 5, 6

and 7 of this dissertation focus on the relevance of capacity for local governments' practised autonomy.

3 Political change

Besides vertical and horizontal features of autonomy, this dissertation also zooms in on the impact of political change on the autonomy local governments practise and the policy changes they implement. Democratic theory puts politicians in the driving seat for leading policy change (Jones and Olken 2005, Dewan and Myatt 2007, Galasso and Nannicini 2011), hence the assumption that when local politicians change this will be reflected in the pursued policy agenda and policy decisions made by local governments.

Several scholars have found a positive impact of political change on local policy. Wolman, Strate et al. (1996), Gerber and Hopkins (2011) and de Benedictis-Kessner and Warshaw (2016) found that changing mayors in US municipalities impacts spending behaviour, as well as tax-rates. Choi and Hong (2020) found that increases in minority council members in California city councils are associated with decreases in racial disparities against ethnic minority groups. Bräuningner (2005) found that spending preferences in the political manifesto of a party matter for the actual spending behaviour of that party once elected.

The positive impact of politics on policy reflects a well-functioning local democracy (Burstein and Linton 2002). New mayors want to differentiate themselves from their predecessors and leave their imprint on the policy formation (Wolman, Strate et al. 1996). The impact of political change is expected to be particularly strong if not only the mayor, but also the share of seats of political parties in the council changes (Budge and Hofferbert 1990, Brender and Drazen 2013). Since expenditure choices are an important and visible part of the policy formation, candidates and parties often try to differentiate themselves by pointing how they would prioritize certain expenditures if elected (Brender and Drazen 2013).

However, not all studies find that political change impacts policy (Morgan and Watson 1995, Ferreira and Gyourko 2009, Hopkins and McCabe 2012, Ferreira and Gyourko 2014). The impact of political parties and mayors is often marginal and incremental. A substantive political science literature has argued that policy agendas of political parties have lost their edge. Programs have become interchangeable and parties have lost their relevance as actors in the policymaking process (Wattenberg 2000). Besides that, political cleavages exploited by parties at the national level to profile themselves, seem to be less relevant at the local level (Boogers and Voerman 2010). Several studies have found a limited impact of political change on policy. Hopkins and McCabe (2012) and Pelissero, Holian et al. (2000) studied the impact of minority mayors in U.S. municipalities and found no significant policy differences between cities in which black mayors govern and cities in which black mayors do not govern. Ferreira and Gyourko (2009) compared U.S. cities in which democrats barely won and barely lost and found no partisan differences in policy outcomes.

Different explanations for limited impact of political change exist. First, political change might enable practised autonomy, but new political leaders are still bound to the same formal structures as their predecessors. The discretionary space of political leaders is limited by national, international, economic, legal and bureaucratic structural constraints (Morgan and Watson 1995, Schmidt 1996, Mulé 2001, Self 2005, Leigh 2008), what makes that even if new political leaders want to practise more autonomy and implement policy changes, they are still limited by structural constraints.

Second, practised autonomy is mediated by horizontal and bottom-up pressure from local actors and citizens. Politicians often have the desire to distinguish themselves from their predecessors (Wolman, Strate et al. 1996). However, citizens and local actors might favour continuity, especially when they are satisfied with policy, resulting in change-averse behaviour. The desire for continuity can impact governments' strive for change, specifically at the local level where ties with citizens and local actors are tight.

Governments tend to be responsive to citizens' views (Tausanovitch and Warshaw 2014) with the aim to confine political risks (Teodoro, Zhang et al. 2020). Political parties have more freedom concerning issues the public is more indifferent about. Concerning those issues, the parties' ideologies and party balance may matter (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstein 2010, Arnold and Carnes 2012, Einstein and Kogan 2016).

Third, not only horizontal and bottom-up pressure limits impact of new political leaders. Also, other actors such as front-line workers, media, interest groups, policy advisors and experts are involved in certain aspect of the policy formation process (Huckfeldt, Plutzer et al. 1993, Lipsky and Hill 1993, Peters 1998, Cottle 2008, Steyvers, Bergström et al. 2008, Lipsky 2010). Especially when an organisation can provide political parties with essential information about electorally relevant resources, or causes dramatic, attention-getting changes in the political environment, politicians are more eager to pay attention to them, giving rise to the chances the organisation impacts policy (Burstein and Linton 2002) and limiting the potential policy-impact of elected officials.

Finally, changing policy requires experience and gaining experience takes time. As in any organisation, a new leader needs time to get familiar with the pre-existing activities and culture of the organisation (Hill 2005, Petrovsky, James et al. 2015). Organisational learning, hence, is an important pathway towards policy change (Pierce, Peterson et al. 2020). Since incumbents have more years of service, they also had more time to assess what policy changes should be made and to 'learn' how to adjust goals or techniques from the consequences of past policies (Bennett and Howlett 1992). Thus, political stability, instead of change, may be the real leeway to change. In chapters 6 and 7 the impact of political change on practised autonomy is measured.

4 Added value of the dissertation

4.1 Theoretical contributions

By examining whether and how local governments' levels of practised autonomy are affected by changing levels of formal autonomy, this dissertation hopes to add to the extant theoretical knowledge on the interrelation between formal and practised autonomy, on central-local relations, on intergovernmental relations and on multi-level governance. As mentioned earlier, autonomy is an important topic for public sector scholars, given the ongoing efforts of central governments throughout Europe to provide local governments with autonomy to self-govern. Much of the research on local autonomy focusses on formal bounds of autonomy (Ladner, Keuffer et al. 2019). There is a considerable amount of data on decentralisation and local autonomy gathered and produced by the OECD and WB. Most of this data deals with local expenditures, tax-raising powers and transfers, but do not capture the extent to which local governments have a say in how these funds are spent (Ladner, Keuffer et al. 2019), nor take into account the continuous process of social interactions that shape practised autonomy. Scholarly work on autonomy of central governmental organisations leads us to assume that autonomy is not something local governments have or not have, instead it is socially constructed (Verhoest, Peters et al. 2004, Christensen and Laegreid 2006, Maggetti and Verhoest 2014). In this view, focusing on formal features to study autonomy seems insufficient to grasp the complex relationship between formal and social aspects that might influence the autonomy local governments practise in policy making. This dissertation tries to fill that void.

In literature on autonomy of central governmental organisations, an increasing amount of attention goes to social and informal aspects of autonomy and to autonomy as practised by central governmental organisations. In contrary, scholars studying autonomy of local governments often focus on vertical aspects. By

combining valuable insights from both literature on autonomy of local governments and literature on autonomy of central governmental organisations and by studying the interrelation between formal and practised autonomy using a different kind of organisation than quangos, this dissertation hopes to produce new insights and foster a deeper understanding of the interrelation between autonomy entities are formally provided with and the autonomy they practise in daily decision making. This dissertation hopes to add to the understandings of the concept of autonomy, regardless of whether this is local autonomy or autonomy of central governmental organisations.

Moreover, previous research dealing with formal and practised autonomy is often based on cross-sectional data (e.g. Egeberg and Trondal (2009), Maggetti (2007), Yesilkagit and van Thiel (2008)) and focusses on measuring and charting out levels of formal and practised autonomy on a single moment in time. Measuring and comparing levels of autonomy using single points of measurement is valuable since it allows more easily to gather adequate data to compare levels of autonomy across organisations, regions and countries. It is more complicated, though, to use cross-sectional data to study changes over time, an important objective in this dissertation. The main source of data used in this thesis are budgets and expenditures of Flemish local governments from 2014 to 2025. Since expenditures and budgets are available for the full population of Flemish local governments for a long period of time, the impact of changing levels of formal autonomy on levels of autonomy local governments practise can be studied. By analysing and comparing levels of autonomy across an extensive time-period (2014-2025) this dissertation wants to forge a deeper understanding of what happens when a public organisation is provided with a higher level of formal autonomy.

4.2 Practical contributions

This dissertation does not only want to add to current academic endeavours, but also wants to go some way in helping practitioners

implementing reforms to increase local governments' autonomy and in supporting municipalities to use autonomy in the practice of policy making. Once more insight into the concept of local autonomy is prevalent, policymakers at all levels might benefit from this knowledge.

This dissertation tries to unravel a small piece of the Blackbox of what happens once municipalities are provided with higher levels of formal autonomy. Reforms to increase local governments' formal autonomy are often grounded on the assumption that changing formal structures results in changes in practised autonomy. No certainty exists, however, about the degree to which formal structures actually impact the local practice of policy making. As already indicated before, literature on autonomy of central governmental organisations shows that formal and practised autonomy of entities are seldomly aligned and that formal autonomy is not a sufficient condition for explaining variations in practised autonomy (Christensen and Laegreid 2006, Maggetti 2007, Yesilkagit and van Thiel 2008, Busuioc 2009, Groenleer 2009, Maggetti 2012, Zito 2015, Verhoest 2017). This perspective suggests that efforts to increase local autonomy through formal routes may not always be effective, as other features may continue to inhibit practised autonomy.

If formal and practised autonomy are impacted by different kinds of underlying mechanisms, efforts to provide local governments with higher levels of formal autonomy might not result in the desired policy outcomes. As a contrary, public resources used for increasing levels of local formal autonomy may be used more efficiently and effectively and central governments might want to focus on other aspects than formal structures to increase local governments' levels of practised autonomy. Thus, from a policy perspective it is important to get a sense of what happens once local governments' formal autonomy increases.

Furthermore, local autonomy is closely interrelated with the functioning of democracies and responsiveness to citizens demands, local fiscal discipline, adequate countering of problems facing the

local area and power distribution throughout society (Tiebout 1956, Hills 1997, de Mello 2000, Hansen and Klausen 2002, Larson and Ribot 2004, Pratchett 2004, Greffe 2006, Hooghe and Marks 2012, Eyraud and Lusinyan 2013, Asatryan, Feld et al. 2015). Considering the importance local autonomy has for functioning of local democracies and citizens' representation it is important to gain deeper understanding of local autonomy and mechanisms influencing levels of autonomy local governments practise. Ultimately, this thesis wants to inform policy and aid policy makers to gain insights about outcomes of policy reforms that change levels of autonomy and about processes leading to certain levels of practised autonomy, so that leaders can make policy in an even more informed way. In this vein, this thesis can support policy makers at all levels in their strive for more evidence-based policy.

Finally, in the empirical chapters (i.e., chapters 4-5-6-7) of this thesis local autonomy is studied using a transversal perspective. Studying concrete policy sectors allows to explore whether and to what extent formal autonomy is actually practised in policymaking. Multiple policy sectors are studied and compared in order to discover similarities and differences that might impact the autonomy local governments practise. Those similarities and differences can help in gaining more insight in the concept of autonomy as they reflect mechanisms that stimulate or withhold local governments in practicing autonomy. The transversal perspective is particularly interesting for policymakers in Belgium as policy sectors often function parallel from each other, despite the strive for more cooperation and connection between sectors.

In the next four chapters (i.e., chapters 4-5-6-7) the theoretical considerations are put to the test. The impact of the 2016 reform on local governments' practised autonomy is studied using both quantitative and qualitative methods. First, in chapter 4 the impact of the 2016 reform on current local expenditures towards sports, youth and culture is measured using a fixed effects regression model. Second, in chapter 5 social mechanisms of practised autonomy are studied using semi-structured interviewing. Third, in chapter 6 the focus is on the impact of political change on local

budgeting choices. Local budgets across 13 policy fields are examined using a first difference regression model. Fourth, in chapter 7 the impact of the increase of formal autonomy on local policy objectives is studied: do local governments spend more money on ‘real’ local policy since the 2016 reform or do they still focus on similar policy objectives as during the period of earmarking? In chapter 8 the empirical findings are integrated to answer the central research question: *‘How do changing levels of formal autonomy impact local governments’ practised autonomy and what other features mediate this impact?’*

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Chapter 4

Local Governments' Formal and Practised Autonomy Across Policy Fields

Central governments throughout Europe have done significant efforts to increase levels of local autonomy following the trend of decentralisation. One may wonder, though, to what degree those efforts actually resulted in policy changes at the local level. Recent empirical endeavours show that the degree of formal and practised autonomy can differ substantially. If true, increases in formal autonomy may not result in the desired outcomes or may even backfire, what in turn may negate intended improvements in local governments' responsiveness to local needs and demands. To unravel a small part of the Black box of what happens when formal autonomy changes, this article asks to what extent increases in formal autonomy impact the autonomy local governments practise in local policy making. The empirical context is a case of increase of formal autonomy in Belgium (Flanders). The findings show that changes in formal autonomy rather directly impact practised autonomy, though, the impact seems to be mediated through horizontal and bottom-up features such as local networks and internal control.

1 Introduction

Recent years many European central governments have done effort to increase local autonomy following the trend of decentralisation (Larson and Ribot 2004, Ivanyina and Shah 2014, Ladner, Keuffer et al. 2015, Hooghe and Marks 2016, Allain-Dupré 2018). All 47 Council of Europe members states have ratified the European charter of local self-government, showing the relevance given to local autonomy as a highly valued feature of good governance¹¹. By increasing local governments' formal autonomy central governments aim to counter problems facing the local area (Tiebout 1956, Hills 1997, de Mello 2000, Greffe 2006, Hooghe and Marks 2012), to allow provision of public goods and services to be adapted to local needs (Hansen and Klausen 2002), to increase local fiscal discipline (Eyraud and Lusinyan 2013, Asatryan, Feld et al. 2015), to spend public resources more efficiently (Oates 1972, Dougherty, Harding et al. 2019) and to foster power distribution throughout society by directly involving citizens in political decision making processes (Pratchett 2004).

However, it is not clear whether increases in formal autonomy actually impact the way municipalities operate. Recent scholarly work, especially on central governmental organisations, suggests that the degree to which entities are formally autonomous and the degree to which they practise their autonomy can differ substantially (Maggetti 2007, Yesilkagit and van Thiel 2008, Busuioc 2009, Zito 2015, Verhoest 2017). Formal frameworks leave room for interpretation (Groenleer 2009) and other factors such as horizontal involvement with societal movement organisations and local actors, as well as citizens' support, are deemed important for practised autonomy as well (Gurr, King et al. 1987, Jackson 2014). The mere expansion of formal autonomy may not be enough to foster the desired policy changes at the local level. To unravel a

¹¹ European Charter of Local Self-Government, entry in force: September 1, 1988.

small piece of the Blackbox of what happens once municipalities are provided with higher levels of formal autonomy, this article empirically examines whether an increase in local governments' formal autonomy result in more autonomy in the practice of policy making.

This article has relevance for both theory and practice. On the one hand, this article extends empirical endeavours by bringing together literature on autonomy of local governments and central governmental organisations and by empirically testing current theoretical insights on autonomy. Previous research dealing with formal and practised autonomy is often based on cross-sectional data (e.g. Egeberg and Trondal (2009), Maggetti (2007), Yesilkagit and van Thiel (2008)) and therefore does not study the impact of *changes* in formal autonomy on practised autonomy, something that is possible in this article due to the panel structure of the used data. Moreover, the direct link between formal and practised autonomy of local governments has not been explicitly tested, despite indications that practised local autonomy goes beyond formal context.

On the other hand, studying the interrelation between formal and practised autonomy has relevance for the practice of policymaking. Policy decisions to increase local governments' formal autonomy are grounded on the assumption that changes in formal autonomy result in changes in practised autonomy. However, literature on autonomy of central governmental organisations shows that formal and practised autonomy are seldomly aligned (Maggetti 2007, Yesilkagit and van Thiel 2008, Busuioc 2009, Zito 2015, Kleizen, Verhoest et al. 2018). Hence, efforts to provide local governments with higher levels of formal autonomy might not lead to the desired results. If expanding the level of formal autonomy is not adequate for aggregating higher levels of practised autonomy, public resources used for providing local governments with higher levels of formal autonomy may be used more efficiently and effectively. Furthermore, if the link between local governments' formal and practised autonomy is weak or absent, the power of central government to steer local policy through implementing rules and laws is limited. Finally, local autonomy is closely interrelated with the functioning of local democracies and citizens'

representation (Beetham and Weir 2002). Without autonomy to self-govern citizens would cease to vote and participate, even fewer people would candidate as council members and the vitality of local democracy would diminish (Beetham and Weir 2002). Local democracy and citizens' representation might be compromised if local governments do not practise the autonomy they are formally provided with.

2 Local autonomy

Local autonomy is an important concept when it comes to the relationship between central and local governments (Entwistle, Guarneros-Meza et al. 2016). The rich scholarly literature on autonomy as key-element of central-local relations signifies this importance (Wolman and Goldsmith 1990, Wolman, McManmon et al. 2008, Do Vale 2015, Ladner, Keuffer et al. 2016, Ladner and Keuffer 2018, Ladner, Keuffer et al. 2019). Literature on local autonomy mostly focusses on formal bounds of autonomy: on freedom of spending, on competences, on central control and supervision and on formal points of access to central decision making (Fleurke and Willemse 2004, Fleurke and Willemse 2006, Keuffer and Horber-Papazian 2019). When focusing on formal features, autonomy is considered to outline the playing field within which local governments can make policy. Formal structures are expected to directly affect organisational behaviour, as these structures define the position of actors, the rules determining who will perform a particular task and how this task needs to be executed (Painter and Yee 2010). Autonomy is defined as the level of discretion local governments have to make decisions free from legal and constitutional restraints and to have independent impact on things they deem important (Pratchett 2004).

The focus on formal bounds of local autonomy is grounded on the assumption that levels of practised and formal autonomy are rather alike. However, there is a growing recognition that local autonomy is not something central governments can give or take, instead it is constructed through continuous social interaction

(Duncan and Goodwin 1982, DeFilippis 1999, Fleurke and Willemse 2004, Pollitt, Talbot et al. 2004, Verhoest, Peters et al. 2004, Fleurke and Willemse 2006, Yesilkagit and van Thiel 2008, Maggetti and Verhoest 2014, Verhoest 2017, Keuffer and Horber-Papazian 2019) In this vein, the distinction between formal and practised autonomy can be made: whereas formal autonomy is about written rules and laws, practised autonomy denotes the degree to which formal autonomy is used in the practice of policy making (Maggetti 2012, Maggetti and Verhoest 2014, Verhoest 2017).

Recent inquiries, especially on central governmental organisations, have shown that formal autonomy is no guarantee for autonomy in practice (Christensen and Laegreid 2006, Maggetti 2007, Yesilkagit and van Thiel 2008, Busuioc 2009, Groenleer 2009, Zito 2015, Verhoest 2017). Formal frameworks leave room for interpretation as they do not specify a great deal of interactions with external actors and tasks and objectives are often not defined into detail (Groenleer 2009). Efforts to increase local autonomy through formal routes may not always be effective or lead to the expected results, as other features may continue to inhibit practised autonomy.

Local governments are embedded in networks of interactions with a multitude of local actors such as citizens, interest groups, media and pressure groups, who are all involved in one or more aspects of the policy process (Gurr, King et al. 1987, Godwin and Schroedel 2000, John 2001, Steyvers, Bergström et al. 2008, Sharp, Daley et al. 2011, Sabatier 2019). Those interactions may impact the way local governments practise their autonomy (Gurr, King et al. 1987, Jackson 2014), especially when it comes to salient policy topics (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstein 2010, Arnold and Carnes 2012, Einstein and Kogan 2016). Public opinion sets bounds to both the definition and acceptable solutions of policy problems (Maestas, Chattopadhyay et al. 2020). Governments tend to be responsive to public opinion (Tausanovitch and Warshaw 2014), in order to confine political risks (Teodoro, Zhang et al. 2020): a mechanism that might compel the autonomy governments practise (Fleurke and Willemse 2004, Sedmihradska and Bakos 2016).

Furthermore, autonomy is not only shaped by actions of politicians, also bureaucrats can influence policy actions. In this vein, Carpenter (2020) discusses bureaucratic autonomy, referring to bureaucrats taking actions consistent with their own wishes. These actions are not always checked nor reversed by elected officials even though the latter ones might prefer other actions (or no action at all) to be taken. Furthermore, providing local governments with more formal autonomy threatens central government's ability to impact local policy priorities, potentially generating a central urge to retain control by introducing novel control initiatives (Tranvik and Fimreite 2007). Thus, increases in formal autonomy may not lead to the expected results or may even backfire, which in turn may negate intended improvements in local governments' responsiveness and proximity to citizen concerns.

3 Case, data, operationalization and modelling choices

To study the impact of formal on practised autonomy, a case of increase of formal local autonomy in Flanders, Belgium¹² is examined. In 2016, the Flemish government augmented local governments' formal autonomy by converting sectoral grants to block grants across seven policy fields¹³. During the period of earmarking, central government used 'before-the-fact' control such as *ex ante* approval of local budgets and Flemish policy priorities to prevent unwanted outcomes and to force desired actions. The elimination of earmarking of grants shifted decision-making competencies from central government to local governments and

¹² After several Belgian state reforms, Flanders has become a full-fledged central government with its own parliamentary democracy with the right to legislate in matters pertaining organisation and functioning of local authorities. Flanders is competent to supervise local governments, to shape and regulate the municipal fund, to set up cooperation between municipalities and to enact basic municipal legislation (Wayenberg, De Rynck, Steyvers and Pilet, 2012).

¹³ Sports, youth, culture, education, child poverty, municipal development cooperation and integration

made local governments more autonomous (Verhoest, Peters et al. 2004).

The implementation of the 2016 reform makes Flanders a unique case to study formal and practised autonomy of local governments. The aim of this article is to analyse changing levels of formal and practised autonomy against their real-life and complex context in as much detail as possible. Comparing local governments within Flanders allows to increase number of relevant observations and, more importantly, provides inferential leverage through engaging one of the fundamental problems with observational data: too many factors vary and the controls one can impose are both incomplete and demanding (Hooghe, Marks et al. 2016). Focusing on local governments in Flanders allows to explore multiple dimensions and explanations of why local governments practise different levels of autonomy, despite similar levels of formal autonomy.

Current expenditures and budgets of the full population of Flemish local governments on sports, youth and culture are analysed for the period 2014-2025. Out of the seven policy fields targeted by the elimination of earmarking, the earmarked financial flows towards sports, youth and culture were the largest and almost all local governments received specific purpose grants for these policy fields. In 2014, respectively 64,7%, 13,62% and 10,96% of the total amount of specific purpose grants went to culture, youth and sports policy (Rekenhof 2019).

Table 6: Size of specific purpose grants, share in total of specific purpose grants across the seven policy fields and number of municipalities who received the earmarked grant (Rekenhof 2019).

Policy field	Specific purpose grant	%	Number of municipalities
Culture	84.465.000,0	64,78%	297
Youth	17.752.922,5	13,62%	299
Sports	14.291.660,6	10,96%	295
Integration	6.042.180,0	4,63%	56
Child Poverty	4.108.746,1	3,15%	67
Municipal Development Cooperation	2.426.827,5	1,86%	89
Education	1.303.000,0	1,00%	35
Total	130.390.336,7¹⁴	100,00%	301¹⁵

For the period 2014-2019 local expenditures are extracted from yearly reports. For the period 2020-2025 planned expenditures are extracted from multi-annual plans¹⁶. Both yearly reports and multi-

¹⁴ The source mentions that this total=130.390.328,7.

¹⁵ In 2014, 301 different Flemish municipalities received earmarked grants for one or more policy field.

¹⁶ The current expenditures are compared within and across two time-periods: 2014-2019 and 2020-2025, each reflecting a separate multi-annual plan. In the first year of a local legislature, Flemish local governments are obliged to draft a multi-annual plan and outline budgets for the coming six years. Thus, during the first year of a local legislature, new local governments work with budgets defined by their incumbents. New local governments can make small changes to the budgets outlined by their incumbents, but their real impact on current expenditures only starts showing in the multi-annual plan they define.

annual plans were retrieved from the Flemish financial management tool in which local governments need to report their budgets and expenditures¹⁷.

Current expenditures are analysed, but investment expenditures are excluded because these are to a large extent determined by past investment choices. Current expenditures can more easily be reallocated from year to year, allowing to analyse the short and mid-term impact of the increase of formal autonomy. Local current expenditures consist of: (1) expenditures on goods and services, (2) payment of wages, social security and pensions, (3) specific costs for the public centre for social welfare, (4) operational subsidies, (5) other operational expenditures, (6) financial expenditures, (7) costs concerning surplus financial year. Investment expenditures are solely included as a control variable and consist of: (1) investments in financial fixed assets, (2) investments in tangible fixed assets, (3) investment in intangible assets, (4) investment subsidies.

As only budgets, instead of actual expenditures, are available for 2020-2025 two separate regression models are calculated. The first model examines the short-term effects of the increase of formal autonomy on local expenditures within the multi-annual plan 2014-2019. The expenditures for the years 2016, 2017, 2018 and 2019 are compared to the mean of expenditures before the elimination of earmarking (i.e., 2014 and 2015). The second model compares the first period after the 2016 reform (i.e., 2016-2019) with the second period after the reform (2020-2025). For both periods, the mean of expenditures is calculated and compared.

In the first model (i.e., 2014-2019) the dependent variable is calculated by dividing the current expenditures on sports, youth and culture, by the original budgets. The dependent variable reflects

Therefore, multi-annual plans (2014-2019, 2020-2025), instead of local legislatures (2013-2018, 2019-2024) are compared in the analyses.

¹⁷ I.e. 'BBC-datatool'. The data is openly available at <https://statistieken.vlaanderen.be>

the extent to which local governments have spent their resources like they planned at the start of the legislature, before the elimination of earmarking was a case, allowing to analyse the short-term effects of the increase of formal on practised autonomy¹⁸.

In the second regression model, the mid-term effect of the increase of formal autonomy on practised autonomy is analysed. The expenditures of the first period after the 2016 reform (i.e., 2016-2019) are compared to the budgets of the second period (i.e., 2020-2025). Since changing policy requires time, it is expected that the real impact of the 2016 reform will be most noticeable from 2020 onwards. The dependent variable is calculated by dividing planned expenditures on sports, youth and culture by the total amount of planned expenditures across all policy fields. The dependent variable reflects the share of total current expenditures reserved for sports, youth and culture. By taking the ratio of expenditures to budgeted expenditures and total expenditures, the dependent variable is corrected for inflation.

Three explanatory variables were added to both models. First, a time-dummy is added which reflects the years under consideration. Second, to control whether changes in expenditures are caused by the increase of formal autonomy and not by changes in population size, the number of inhabitants was added to the model. Third, not only population size can have an impact on municipalities' spending, also the amount of financial resources reserved for investments can cause increases/decreases in current expenditures. Resources reserved for investments cannot be used as current expenditures. Therefore, investments per capita were used as a control variable.

¹⁸ The 1% highest and lowest outliers were removed from the analysis.

To test the effect of the increase of formal autonomy on practised autonomy a fixed effect regression model is used¹⁹.

$$Y_{it} = \beta_1 X_{it} + \alpha_i + u_{it}$$

α_i ($i = 1 \dots n$) represents the unknown intercept for each entity, Y_{it} is the dependent variable where $i =$ entity and $t =$ time and u_{it} is the error term. Local governments are diverse and therefore hard to compare. In each municipality certain local needs occur, specific traditions of policymaking prevail, unique agglomerations of citizens exist, and administrative habits are present. These characteristics can cause regression estimates to become inconsistent when analysing and comparing data of local governments. To solve this, each municipality is used as its own control (Liker, Augustyniak et al. 1985, Allison 2009). The estimates control for all stable characteristics (fixed effects) of each municipality for the years under consideration (e.g., traditions of local policymaking, political composition, administrative behaviour). The estimate does not control for time-varying variables (Liker, Augustyniak et al. 1985, Allison 2009 and Reiß, Golsch et al. 2013, Allison 2014, Bell and Jones 2015). Therefore, two time-varying controls are added to the models: number of inhabitants and investment per capita^{20 21}.

4 Results

¹⁹ Concerning the second regression model a first difference model is used. A first difference model is a fixed effects regression for two time-periods. The equation of a first difference model is: $\Delta Y = \Delta \beta_0 + \beta_1 \Delta X + \beta_2 \Delta Z + \Delta \epsilon$. Δ represents the change between time t and $t+1$

²⁰ Descriptive statistics and correlation matrices in appendices.

²¹ In order to prove a causal effect an experimental set-up would be preferred. However, there is no appropriate group to compare the experimental group with. The Flemish municipalities that not received specific purpose grants for sport, youth and culture cannot serve as control group given their low number. The most evident group to compare with are municipalities from the Walloon region, but Walloon and Flemish local governments differ in many substantial

The first step of the analysis examines the short-term effects of the increase of formal autonomy on local expenditures within multi-annual plan 2014-2019. The findings indicate that when formal autonomy increases, practised autonomy increases as well. Table 7 presents the estimates of the regression model in which the ratio of actual vs. budgeted expenditures is compared for the period of earmarking (2014-2015) to the years right after the earmarking (2016-2019). As one can observe in table 7, significant effects are found for all three policy fields (i.e., sports, youth and culture) for all years after the 2016 reform (i.e., 2016-2019). The results reflect that since 2016 expenditures on sports, youth and culture have increased significantly. All significant year-effects have a positive beta, reflecting that from 2016 onwards local governments have spent significantly more than budgeted on sports, youth and culture, in comparison to the period right before the 2016 reform (i.e., 2014 and 2015). Only two exemptions can be observed: concerning sports and culture the model does not show a significant effect for 2019. The absence of a significant effect reflects that in 2019 local governments did not spend significantly more than budgeted on sports and culture, compared to the period before the 2016 reform (i.e., 2014 and 2015).

ways. In order to use Walloon municipalities as control-group, it needs to be assured that they did not encounter changes that might impact expenditures on sports, youth and culture. Since many differences between Flanders and Walloon exist, certainty about this point cannot be provided. Second and crucial for this article, the management tool through which Flemish and Walloon local governments need to report their expenditures and budgets differs substantially. Comparing expenditures that are reported differently can cause estimates to be inconsistent.

Table 7: Regression table: short-term effects of the increase of formal autonomy on local expenditures within multi-annual plan 2014-2019²²

	Sports	Youth	Culture
Inhabitants	-9.24e-6 (1.2e-5)	1.24e-6 (1.4e-5)	4.02e-5** (1.5e-5)
Investment per Capita	2.29e-5 (8.7e-5)	-4.2e-4 (3.8e-4)	-1.32e-4 (8e-5)
Year			
2014-2015 (Ref.)			
2016	5.25e-2*** (1.2e-2)	2.07e-2* (1e-2)	3.06e-2*** (7.4e-3)
2017	6.25e-2*** (1.3e-2)	4.72e-2*** (1.2e-2)	5.17e-2*** (8.9e-3)
2018	8.19e-2*** (1.5e-2)	7.76e-2*** (1.3e-2)	7.68e-2*** (1.1e-2)
2019	1.73e-2 (1.9e-2)	6.98e-2*** (1.8e-2)	1.87e-2 (1.5e-2)
Model evaluation			
R-squared	.04	.07	.10
F-statistic	7.69 on 6	9.71 on 6	21 on 6
Number of observations	1352	1108	1408
Number of Groups	296	273	297

No significant effects are found concerning the two control variables: changes in number of inhabitants and investment per capita. The only exemption is culture, for which changes in number of inhabitants are positively correlated with local extra spending. For every additional inhabitant, local governments spent .004% ($p < 0.01$) more than budgeted. For sports and youth, changes in the

²² Robust standard errors in parentheses *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

number of citizens do not have a significant impact on the discrepancy between actual and planned expenditures. When budgeting, local governments take into account prognoses about the growth of the population, minimising the effect of changing population size on the discrepancy between actual and budgeted expenditures. The same is true for fluctuations in investment expenditures. The model does not show significant effects of investment expenditures on the discrepancy between actual and planned expenditures, presumably because local governments take into account the planned investments when budgeting current expenditures.

When examining the expenditures on the mid-term (2016-2025), similar conclusions can be drawn. The dependent variable of the second model is calculated by dividing expenditures on sports, youth and culture by the total amount of expenditures across all policy fields, reflecting the share of expenditures reserved for each of the three policy fields. The mean of the dependent is calculated and compared across two periods: 2016-2019 and 2020-2025. The model reflects the extent to which the share of expenditures reserved for sports, youth and culture changed in 2020-2025, compared to the first period after the elimination of earmarking 2016-2019.

As one can observe in table 8, significant effects are found for all three policy fields for the period 2020-2025. The positive beta of the significant effects reflects that local governments plan to spend a bigger share of expenditures on sports, youth and culture in 2020-2025 in comparison to what they have spent in the period right after the elimination of earmarking (i.e., 2016-2019). The budgets on sports, youth and culture, as a ratio of the total local budget, is respectively 0.2% ($p < 0.001$), 0.1% ($p < 0.001$) and 3.8% ($p < 0.001$) higher in 2020-2025 compared to 2016-2019. Thus, local governments plan to spend a bigger share of the total amount of current expenditures on sports, youth and culture during 2020-2025 in comparison to 2016-2019. No significant effects are found for the two control variables: changes in the number of inhabitants and share of investments.

Table 8: Regression table: mid-term effects of the increase of formal autonomy on local expenditures 2016-2025 ²³

	Sports	Youth	Culture
Inhabitants	-1.27e-7 (1.7e-7)	-1.04e-7 (5.6e-8)	-1.68e-8 (2.3e-7)
Investment Capita per	-5.89e-6 (8.7e-6)	-1.74e-7 (4.1e-6)	4.78e-6 (1.1e-5)
Year			
2016-2019 (Ref.)			
2020-2025	2.41e-3*** (4.2e-4)	1.43e-3*** (1.4e-4)	3.81e-2*** (4.2e-4)
Model evaluation			
R-squared	.11	.32	.25
F-statistic	11.52 on 3	37.56 on 3	31.83 on 3
Number observations of	575	535	583
Number of Groups	296	289	299

²³ Robust standard errors in parentheses ***p<0.001, **p<0.01, *p<0.05

5 Discussion and conclusion

This article analysed the impact of changes in formal autonomy on practised autonomy: do changes in local governments' formal autonomy result in changes in the autonomy local governments practise? The empirical context is a case of increase of formal autonomy in Flanders, Belgium, concerning three specific fields of local policy making. In 2016, the Flemish government transferred seven specific purpose grants to block grants. Local governments still receive the financial resources but are no longer obliged to spend them on Flemish policy priorities. Using fixed effects regression, (planned) expenditures on sports, youth and culture policy are analysed for the period 2014-2025.

The results show that since the 2016 reform local governments increased spending on sports, youth and culture policy. The first regression (2014-2019) reveals that during the period right after the 2016 reform (2016-2019) local governments spent significantly more than budgeted in comparison to the period before the 2016 reform (2014-2015). The second regression (2016-2025) showed that, in comparison with the period immediately after the reform (2016-2019) local governments plan to spend a significantly bigger share of their total current expenditures on sports, youth and culture during the new multi-annual plan (2020-2025).

The higher level of formal autonomy seems to have triggered higher spending. This is a surprising finding since it goes against the expectations of Flemish sectoral administrations that if local governments would practise their larger autonomy, they would reduce spending on sports, youth and culture. The elimination of earmarking enabled local governments to spend the financial resources on any policy field. This freedom, in combination with the need for saving operations at the local level, raised sectoral fear that financial resources of 'soft' policy fields (e.g. sports, youth and culture) would be used for 'hard' policy fields (e.g. spatial planning, health and education) (SARC 2014, SARC 2015).

The results show, however, that the contrary has happened. Since the 2016 reform, local governments have spent significantly more on sports, youth and culture policy. Based on the data in this article no hard claims can be made on explanations of the higher spending but following current theoretical endeavours, the results seem to indicate that structures of horizontal and bottom-up control have taken over from central control. Together with the transition of specific purpose grants to block grants, central control structures were abolished, providing more room to horizontal and bottom-up control structures.

Local governments are embedded in networks with a multitude of local actors such as citizens, interest groups, media and pressure groups, who are all involved in one or more aspects of the policy process (Gurr, King et al. 1987, Godwin and Schroedel 2000, John 2001, Steyvers, Bergström et al. 2008, Sharp, Daley et al. 2011, Sabatier 2019). The interactions with the local environment can impact the way local governments practise their autonomy (Gurr, King et al. 1987, Jackson 2014), especially when it comes to salient policy topics (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstein 2010, Arnold and Carnes 2012, Einstein and Kogan 2016). Although leisure is unlikely to topple a government, it is a ‘visible sector’ for citizens since it has a big impact on many citizens’ lives (Wilson 2019), making it harder for local governments to cut in the expenses. Besides that, policymakers are getting more aware of the importance leisure has in the lives of their citizens and of the potential benefits it has to reduce crime, improve health, boost civic renewal, achieve higher educational results and advance overall well-being (Stewart, Nicholson et al. 2004, Thibault, Kikulis et al. 2004, Dolan, Peasgood et al. 2006, Coalter 2007, Coalter 2007). Citizens expect local governments to provide them with as much facilities and activities as they were provided with before the 2016 reform. Since Flemish local governments play a major role in providing citizens with adequate leisure-opportunities (e.g., sport-infrastructure, equipment, events, subsidization of local sport and youth clubs, provision of parks and playgrounds, training opportunities for volunteers) the actual

discretionary room to decrease expenditures might be much smaller than the formal autonomy local governments have.

Furthermore, not only the horizontal and bottom-up networks got room to take over, also the local leisure administrations and aldermen for sports, youth and culture could have been alarmed by the 2016 reform. During the period of earmarking, sectoral administrations and aldermen had certainty about the budgets they would obtain. That certainty, however, crumbled with the transfer of specific purpose grants to block grants, potentially giving rise to sectoral fencing. Previous research showed that since the 2016 reform the fight over resources became more articulated and that a strong aldermen and public servant with political weight to claim and retain budgets is more important than ever (De Roover and Van Dooren 2019). If the sectors are doing anything in their power to fence their budgets year in year out, not based on local needs, but on what they acquired in the previous years, the discretionary room to reassess local policy is severely limited. That is why strong sectoral thinking can endanger local autonomy.

If the combination of horizontal and bottom-up control and sectoral fencing explains the increase of expenditures, it would be an indication of the functioning of local democracy. Local autonomy is considered to provide the ground for genuine democracy where decisions meet citizens' demands and needs (Ladner, Keuffer et al. 2019) and for nurturing responsiveness to local needs and circumstances (Sharpe 1970, Bailey and Elliott 2009). The results in this article seem to indicate that by reducing central control, horizontal and/or bottom-up control structures get more room to take over, facilitating the goal of responsiveness and strengthening of local democracy. Though, as mentioned before, based on the data used in this article no hard claims can be made on the reasons why spending has increased instead of decreased. More research on the impact of horizontal and bottom-up structures is needed.

Some limitations to this study can be mentioned. Not all policy making is using financial stimuli (Hood 1983). Policy making is also done with communication and regulation. Those policy measures do not necessarily have an imprint on the budget but can

be very impactful. Changes in expenditures are hence only one way of gauging policy change (Brender and Drazen 2013). In addition, the external validity of the study beyond Flanders can be discussed. The federal structure in regions and communities, makes that social distance between local governments and central government is rather small. On top of that, the scale of Flemish municipalities is relatively small, what has an impact on ties between citizens and local governments and on local governments' capabilities to make policy changes (Janssens, De Peuter et al. 2017). Finally, the relatively small scale of Flemish local governments also has an impact on local governments' resources to implement policy change such as the amount of personnel, information and knowledge and financial resources.

This article studied the impact of changes in formal autonomy on the way local governments practise this autonomy. The results indicate that changing formal autonomy has a rather direct impact on local governments' practised autonomy. Though, the direction of the effect was rather surprising and seemed to indicate that by reducing central control, horizontal and/or bottom-up structures tend to take over, increasing local governments' responsiveness to citizens' demands and enforcing the functioning of local democracy.

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Chapter 5

From formal to practised Mechanisms of local financial and policy autonomy

The main focus of scholarly literature on local autonomy is on levels of discretion within the formal bounds of autonomy. How local governments deal with autonomy within these bounds is less clear. More formal autonomy is no guarantee for more practised autonomy. Based on interviews with local policymakers, this article identifies how local governments practise formal autonomy. The empirical context is Flanders, Belgium, where a reform of central-local relations increased formal autonomy. The results suggest that internal capacity and informal pressure from networks have an important impact on autonomy local governments practise. The findings show that using formal bounds to examine autonomy may over- or underestimate practised autonomy, indicating that policy effectiveness might be compromised when solely focusing on formal frameworks

1 Introduction

Local autonomy is seen by many as an important feature of good governance and thriving democracy (Ivanyina and Shah 2014, Asatryan, Feld et al. 2015, Ladner, Keuffer et al. 2015, Hooghe, Marks et al. 2016). As a result, a rich scholarly literature on local autonomy has emerged. The focus of literature is usually on levels of autonomy that the formal context allows: on the freedom to acquire and spend resources at will, at competences and responsibilities and on the scope of supervision and control (Fleurke and Willemse 2006, Ferry, Eckersley et al. 2015). Formal autonomy confines local discretion with regulation and law and includes (1) the extent to which local government can choose the tasks they want to perform, (2) the extent to which local government has real influence on policy it deems important, (3) the legal means to assert local autonomy and (4) the range of formal controls (Ladner, Keuffer et al. 2019). The concept of formal autonomy builds on a playing field metaphor: assessing the rules of the game to identify space for movement within those rules.

Formal autonomy can be distinguished from practised autonomy. Practised autonomy refers to the degree to which local governments use formal discretion in policy and decision making. Formal autonomy defines the playing field but does not explain why some players engage in autonomous processes of decision making while others stick to routines (Fleurke and Willemse 2006, Maggetti 2007, Yesilkagit and van Thiel 2008, Busuioc 2009, Zito 2015, Verhoest 2017, Kleizen, Verhoest et al. 2018, Keuffer and Horber-Papazian 2019). The reasons why local governments practise autonomy once formal autonomy is granted remain understudied.

More research on practised autonomy within formal bounds is available in literature on government agencies. It shows that practised autonomy is amongst others shaped by horizontal interactions in a networked environment and capacity of agencies to engage with the environment (Groenleer 2009, Busuioc, Curtin et al. 2011, Verhoest 2017). Agency scholars acknowledge that

autonomy is socially constructed through practice and is not something that can simply be given (or taken) by central actors.

There are significant differences between agencies and local governments. In contrast to agencies, local governments are democratically elected and have to answer to both local councils and central regulators, while agencies typically only have a political principal. In agency-literature therefore, the focus is mostly on an excess of autonomy (Busuioc, Curtin et al. 2011), while in central-local relations, the focus is usually on a lack of autonomy.

This article combines insights from literature on central-local relations with agency literature to identify mechanisms of practised autonomy. Despite differences, both local governments and agencies need some level of autonomy to carry out public tasks (Verhoest 2017). Since the local electorate is the ultimate principal of local democratic governments, it is crucial to study the impact of horizontal and bottom-up features on how local governments practise autonomy. However, in literature on central-local relations, the impact of interactions with the local context is underdeveloped (Fleurke and Willemsse 2004). Literature on agencies can fill the gap. This article aims at answering the question: *what underlying mechanisms explain how local governments practise their formal autonomy?* To answer this question, a policy reform in Flanders, Belgium, is studied where a substantial part of formal boundaries on autonomy was taken away.

2 Autonomy and decentralisation: from formal to practised

The study of formal bounds identifies local governments' playing field. However, formal frameworks leave room for interpretation: tasks and objectives are usually not defined in detail and many interactions with external actors are not specified (Groenleer 2009). Local governments' autonomy is also defined after the establishment of formal frameworks, in the continuous interaction with central

regulatory agencies and a multitude of local actors (Gurr, King et al. 1987, Ladner, Keuffer et al. 2019).

Local autonomy can be restrained vertically and horizontally (Pratchett and Wilson 1996, Fleurke and Willemse 2004, Pierre 2016). Gurr, King et al. (1987) define vertical autonomy as autonomy local governments have to pursue objectives without central interference. Horizontal autonomy is the freedom local governments have to pursue objectives without interference from local conditions (Gurr, King et al. 1987).

By focussing on the horizontal dimension, the focus shifts from formal autonomy to autonomy as practised by local governments (Verhoest, Peters et al. 2004). As a result, autonomy is studied from the bottom-up: local governments' actions, instead of formal regulations, are used as object of analysis (Fleurke and Willemse 2004). Bottom-up approaches may lead to different conclusions on local autonomy than formal analysis. Atkinson and Wilks-Heeg (2000), for example, analysed whether four terms of Conservative rule in the UK led to the hollowing-out of local governments. In the 1980s and 1990s Conservative administration made extensive centralisation efforts, limiting local governments' formal responsibilities and autonomy. Atkinson and Wilks-Heeg (2000) concluded that the far-reaching centralisation did not have the expected effects on local autonomy. It has motivated local governments to pursue a 'politics of creative autonomy', including, amongst other things, the creation of public-private partnerships to develop autonomous local strategies, the rise of community governance to deal with adverse effects of centralisation and a redefinition of local governments' role by embracing a new policy agenda (i.e., sustainable development agenda).

Local autonomy can be linked to the concept of decentralisation. From a formal perspective, local autonomy is the result of processes of decentralisation. Decentralisation is conceptualised as the formal distribution of competencies, money and other power resources, resulting in certain levels of autonomy (Fleurke and Willemse 2004). Highly decentralised political systems have high autonomy levels. Yet, decentralisation never

reaches an end state. Autonomy is always an intermediate status between decentralisation and its professed objectives, such as optimising policy responsiveness or improving coordination of tasks (Fleurke and Willemse 2004).

3 Social mechanisms of practised autonomy

Formal autonomy describes the bounds of local discretion but does not explain why local governments practise autonomy to develop new policies. Local autonomy is a social construct that is continuously defined and redefined in practice. Three social mechanisms are discussed that may enable or restrict local autonomy, depending on the context: networks, capacity and path dependency.

First, practised autonomy is constructed in interactions with local networks (Duncan and Goodwin 1982, DeFilippis 1999, Yesilkagit and van Thiel 2008, Verhoest 2017). Local governments are embedded in networks with citizens, clients of services, civil society organisations, media, interest groups and professionals (Gurr, King et al. 1987, Godwin and Schroedel 2000, John 2001, Steyvers, Bergström et al. 2008, Pedersen 2010, Sharp, Daley et al. 2011, Sabatier 2019). Networks may help local governments to enhance practised autonomy as it permits coproduction and exchange of resources such as information and knowledge. Civil society organisations can provide local governments with information, function as watchdogs and design programs that complement governments' policies (Ghaus-Pasha 2005). Through networks, capacities are pooled, enabling local governments to offer services they could not deliver otherwise (Keuffer and Horber-Papazian 2019). Networks can help organisations to build strong identities and define clear organisational missions, enhancing organisational power and legitimacy (Maor, Gilad et al. 2013, Verhoest 2017, Wilson 2019).

Networking can also limit local governments' autonomy due to shared decision-making and dependencies (Keuffer and

Horber-Papazian 2019). Close ties with local actors and citizens can constrain local governments to practise autonomy (Fleurke and Willemse 2004, Sedmihradska and Bakos 2016, Maestas, Chattopadhyay et al. 2020), as it sets bounds to both definition of and acceptable solutions for policy problems (Maestas, Chattopadhyay et al. 2020). The use of autonomy to develop new policies may hold political risks (Fleurke and Willemse 2004, Sedmihradska and Bakos 2016, Teodoro, Zhang et al. 2020), especially concerning salient issues. Local governments may have more autonomy for less salient issues (Burstein 2003, Trounstein 2010, Arnold and Carnes 2012, Einstein and Kogan 2016). Not only external actors but also local bureaucrats can impact practised autonomy (Carpenter 2020). Bureaucratic preferences may curb the leeway for politicians to act upon autonomy. Local governments are amalgamations of departments, led by political and administrative executives who need to assure sufficient resources (Wilson 2019). Political battles between departments, each defending their sectoral interests and resources, potentially limit autonomy of local governments to change budgets and policies.

Secondly, if autonomy is constructed through social interaction, then local governments' capacity to engage in that interaction will be important. Capacity concerns the apparatus to make policy that is responsive to local demands (Hulst and van Montfort 2007, McAllister 2010): the ability to recognise challenges and opportunities, assemble actors, debate policy alternatives and take action (Nelles 2013). Verschuere (2006) differentiates between 'policy capacity' and 'implementation capacity', respectively denoting ability to be involved in policy-related work and to generate knowledge over the implementation of the policy. Capacity includes professional skills, management competence, diversity of revenue sources, information, expertise, support and powers (Verschuere 2006, Wolman, McManmon et al. 2008). A lack of capacity to make and implement policy may limit autonomy local governments practise.

Thirdly, besides social interaction and capacity, also path dependencies may impact local governments' practised autonomy. Previous decisions shape current choices and policy changes are

often impeded because they go against the way things have previously been done (Kay 2005, Green and Collins 2008, Barnett, Evans et al. 2015). Through feedback mechanisms actions along a particular path are reinforced, while other policy options are excluded (Green and Collins 2008). Local governments have opportunities to change the path (Garrelts and Lange 2011), but it takes time, limiting local governments' flexibility and autonomy to make policy (Barnett, Evans et al. 2015).

4 Case study

A policy reform in Flanders, Belgium is studied. In terms of vertical power relations, local governments in Belgium score rather average in comparison to other European countries (Heinelt, Hlepas et al. 2018), making it an interesting case to empirically (dis-)confirm theoretical insights on autonomy (Seawright and Gerring 2008).

In 2016, the Flemish government increased local governments' formal financial and policy autonomy²⁴. Seven sectoral grants were converted to block grants in the municipal fund²⁵. Local governments still receive financial resources but are now free to spend these resources. The earmarking restricted local governments' formal autonomy in four ways. First, municipalities had to provide a multi-annual plan that explained how they would attain Flemish policy priorities²⁶. For sports and youth, the Flemish

²⁴ Financial autonomy concerns local governments' discretion to choose how financial resources will be spent. Policy autonomy concerns local governments' discretion to decide on target groups and objectives, outcomes to be reached, quantity and quality of goods and services to be produced and policy instruments to be used (Verhoest, Peters et al. 2004).

²⁵ Sports, youth, culture, education, child poverty, municipal development cooperation and integration.

²⁶ Art. 5, Decree of 15 July 2011 defining the general rules under which Flemish government can obligate local governments to periodically plan and report local expenditures.

government defined respectively four and three policy priorities²⁷. Second, local governments had to spend the grant on Flemish priorities. Specific purpose grants could not be used to reach policy objectives that were not related to Flemish policy priorities. Third, to qualify for the grant, local governments' multi-annual planning, budget and subsidy application needed to be approved by central government, an ex-ante control mechanism. Fourth, not only ex-ante but also ex-post control existed: local governments needed to report yearly about their efforts to pursue Flemish policy priorities²⁸. If local governments would spend less than budgeted on Flemish policy objectives, the Flemish government could ask for extra clarifications, withhold further funding and even reclaim previously granted resources²⁹. Since the elimination of earmarking, ex-ante and ex-post control mechanisms are no longer operational and local governments are no longer obligated to spend the grant on Flemish policy priorities. Vertical control from central government is reduced, creating more room for horizontal influences. The enlargement of formal autonomy of the 2016 reform offers a unique opportunity to study the impact of social mechanisms on how local autonomy is practised.

Out of the seven policy fields targeted by the elimination of earmarking, sports and youth were selected for several reasons. First, earmarked financial flows towards sports and youth were the second and third largest after culture. Secondly, almost all local governments received grants for sports and youth policy. Thirdly, the impact of horizontal control from local actors and citizens is strongest for salient policy topics. In local government, youth and sports are directly related to local civil society and depend strongly on local grants and infrastructure. Any change in policy will affect

²⁷ See appendix for the policy priorities.

²⁸ Art. 10, Decree of 15 July 2011 defining the general rules under which the Flemish government can obligate local governments to periodically plan and report local expenditures.

²⁹ *Ibid.* Art. 11

local civil society directly. Finally, despite limited financial autonomy, local governments had much policy autonomy regarding sports and youth before the elimination of earmarking. This is the reason why culture is not studied, as it is to a larger extent shared with central government that subsidises local cultural institutions directly. This might reduce impact of the increase of formal autonomy on autonomy local governments practise.

5 Data collection and analysis

Semi-structured interviews were conducted with aldermen and public servants. The Flemish government eliminated the earmarking in the middle of a local legislature (2016). Respondents had the same mandate/position before and after the 2016 reform³⁰. Respectively, 23 politicians and 21 public officials were interviewed across the policy fields youth and sports³¹. The interviews were spread across different types of municipalities based on a socio-economic study that divides Flemish municipalities into six clusters and 16 subclusters (e.g. urban, suburban, coastal, rural)(Belfius 2016)³². Municipalities are located in different Flemish provinces and have different population sizes. As one can observe in table 9, ten municipalities were selected with a population size of under 25.000 inhabitants and four with a population size of 25.000 citizens or more, reflecting the variation in population size across the 300 local

³⁰ In Belgium, local governments function with a directly elected council, an executive college of mayor and aldermen and a local administration. The executive power is in hands of the college of mayor and aldermen.

³¹ Aldermen and public servants have the most direct influence on sectoral policy making.

³² This resulted in 14 municipalities, instead of 16, as the municipality of subcluster V12 was used as pilot case and the municipality of subcluster V8 did not react to the interview invitation. Both subclusters V8 and V12 are part of different main clusters (cluster 3 and 2). In both main clusters two other municipalities were selected, reducing the impact of the two missing cases.

governments in Flanders. 198 municipalities count less than 20.000 inhabitants. The average population is 22.097.

Table 9: Selected municipalities according to population size.

Population size	Number of cases
... - 14.999	5
15.000 – 24.999	5
25.000 – 99.999	3
100.000 - ...	1

Guided by the theoretical insights, an interview protocol and questionnaire were developed for conducting the semi-structured interviews. The interviews started by asking respondents to describe their policy-role. The respondents were asked whether they see themselves as coordinators of local policy and what challenges arise when making local policy. By asking respondents about the discretion they enjoy, the link with the topic of autonomy was made. Respondents were asked to elaborate on their autonomy with a diverse set of questions. Some questions asked about autonomy explicitly (e.g., what does 'acting autonomously' entail? How did your autonomy change following the 2016 reform?), while other questions asked about autonomy more subtly (e.g., do you collaborate with other governmental levels/ local governments/ departments? If so, how did this collaboration come into being, what are benefits of collaborating, what kind of challenges are associated with it? How close are the ties between you and citizens/local actors? What impact do those ties have on local policy? How would you describe your relationship with central government and how does it impact local policymaking?)³³.

³³ Although the same interview-protocol was used for all cases, the formulation of questions was adapted to the concerning policy field (e.g. the term 'local

The interviews were recorded, transcribed, coded and analysed using the NVivo software. The analysis started with 'open coding', during which codes were extracted from the interview transcripts. By going back and forth through the transcripts, almost all content got a code. The second phase was 'axial coding', during which open codes were categorised into larger categories. During the third and last phase, selective codes were created to capture patterns and sequences among the axial codes (Hays and Wood 2011). The selective codes were based on the theoretical considerations and division between formal and practised autonomy, networks and capacity.

6 Results

6.1 More formal autonomy

The 2016 reform has enlarged local governments' formal financial and policy autonomy (table 10). Most respondents noted that they experience more freedom to make local sports and youth policy and to shift budgets. Out of the 3512 words and 43 quotes about changes in autonomy local governments experience, 3171 words (i.e., 90.3%) and 39 quotes (i.e., 90.7%) stated that respondents experience more autonomy since the 2016 reform.

actors' was not used. Instead, the questions referred to sector specific actors such as sports clubs, sport associations, youth associations, youth centers). The interviews always started with the same main questions, but throughout the course of the interview sub-questions could change position.

Table 10: Number of words and quotes on changes of experienced autonomy.

	More experienced autonomy?		Total
	Yes	No	
Youth	1774 (88.5%)	230 (11.5%)	2004 (100%)
	25 (92.6%)	2 (7.4%)	27 (100%)
Sports	1379 (92.6%)	111 (7.4%)	1490 (100%)
	14 (87.5%)	2 (12.5%)	16 (100%)
Total	3171 (90.3%)	341 (9.7%)	3512 (100%)
	39 (90.7%)	4 (9.3%)	43 (100%)

Not all actors agree that the changes are a good thing. Several respondents spoke about political battles that are fought within local government. Respondents noted that certain aspects of the earmarking enabled them to fence their resources from infringement by other sectors, that the loss of the obligated sectoral multiannual plans made it harder to point out political relevance of so called 'soft' policy fields and that the fight over resources became more articulated³⁴.

During the period of earmarking, we were certain about our budgets. It is not like that anymore. Now, every six years we anxiously wait to see who will become mayor. The mayor can decide whether to use the money on, for example, roads, instead of youth policy (Public servant; youth; 2018, March 26).

Respondents mentioned that since the elimination of earmarking, departments feel endangered because budgets previously reserved for sports and youth are now freely spendable. They noted that since

³⁴ All quotes are translated from Dutch to English.

the 2016 reform, it is harder to point out political relevance of 'soft' policy fields and that the fight over resources is intensified. A powerful alderman who defends youth and sports policy in local councils and the college, appears to be more important than ever.

Nowadays it is easier for other aldermen to say: 'we are not going to realise those plans and we will use the money for... culture or road maintenance'. Before, we had the power to say: 'no, we are obliged to realise those things.' Nowadays you need a strong alderman, who sticks to its guns and does not go along with those stories.... But for that, you need a really powerful alderman! (Public servant; sports; 2018, August 30).

In the interviews evidence of sectoral fencing was found. If sectors successfully protect budgets based on what they previously acquired and not on actual needs, discretionary room to reassess local policy is limited. That is why strong sectoral thinking can restrict local autonomy.

The advantage of leisure is that we had written multiannual plans. Consequently, we have a clear overview of what we do: how our budgets are linked to objectives and the direction our policy is heading to. (...) I know how high budgets were in previous years. I know that we got 110.000 euro for the library and 85.000 for culture... My alderman and I know those things. (...) I will use that information during the next legislature to claim at least the same budgets as we had during this legislature (Public servant; youth; 2018, May 17).

The increase in formal autonomy led to fears of budget cuts within the policy sectors. A descriptive analysis of sports and youth policy budgets across multi-annual plans 2014-2019 and 2020-2025 suggests that fears were unwarranted. During multi-annual plan 2014-2019, local governments reserved on average respectively 1%

and 3.6% of their total budget for youth and sports policy³⁵. During legislature 2020-2025 local governments plan to spend 1.1% and 3.8% of their total current expenditures on youth and sports policy, a slightly higher share³⁶. Thus, local budgets do not confirm the fear of budgetary cuts. Local governments seem to reserve rather similar budgets for sports and youth policy before and after the 2016 reform. Multiple respondents confirmed this observation and mentioned that the elimination of earmarking did not (yet) impact local policy.

We still use the Flemish policy priorities. Last year, we made some minor adjustments to simplify and clarify things, but overall, we did not change much (Public servant; youth; 2018, March 20).

Table 11 shows that practised autonomy did not follow formal autonomy to the same degree.

³⁵ Multi-annual plan 2014-2019 reflects the situation before the 2016 reform as budgets were outlined in 2014, during the period of earmarking.

³⁶ Current expenditures and not investment expenditures were descriptively analysed as the latter ones are to a large extent determined by past investment choices and are therefore less easily adapted to changing levels of autonomy.

Table 11: Number of words and quotes on changes in practised autonomy.

	More practised autonomy?		Total
	Yes	No	
Youth	211 (10.9%)	1724 (89.1%)	1935 (100%)
	4 (16.7%)	20 (83.3%)	24 (100%)
Sports	184 (20%)	736 (80%)	920 (100%)
	2 (20%)	8 (80%)	10 (100%)
Total	395 (13.8%)	2460 (86.2%)	2855 (100%)
	6 (17.7%)	28 (82.3%)	34 (100%)

Almost all respondents noted that they do not (yet) practise the larger autonomy. It is assumed that this can result from timing. It is plausible that local governments need more time to use the larger formal autonomy. This conjecture is in line with the path dependence mechanism; past policies can have an impact on current policymaking. However, during the interviews, other reasons that explain why local governments practise their autonomy were mentioned. Based on the theoretical insights, these mechanisms were divided into informal pressure from networks and capacity.

6.2 Informal pressure from networks

Local governments are embedded in networks that may exert pressure for change and continuity. In the data, three network-mechanisms were identified: policy championing, civil society pressure and citizen pressure. While relations with central government actors lead to pressure to use autonomy, relations with civil society actors tend to press for continuity. Also, respondents

point to citizens' expectations to explain why autonomy is not used to a greater extent³⁷.

First, a mechanism that explains use of autonomy is policy championing. Central government steers local governments formally, through rules and laws and informally, through expectations. Informal control was mainly felt by respondents in municipalities where local politicians are or were active on central political levels. Active central-local networks seem to raise informal pressure to perform according to central standards. In response, some local governments want to become policy champions. They want to show that they are the best in class for local autonomous policymaking.

Local policy champions want to show that they use the larger formal autonomy and have the competences for making strong local policy. Respondents also referred to benefits of short linkages with central government, as it can help them to make strong local policy. Central-local networks can provide resources such as information, support, knowledge and budgets and can boost local governments' self-confidence to practise the larger formal autonomy.

³⁷ The distinction between inertia and continuity is empirical, as it is based on the interviewees' responses.

It [having a mayor who is politically active at the Flemish level] gives us some prestige. (...) But it also raises expectations (...) and it increases pressure we feel to reach those expectations. From time to time, we get extra tasks. But at the same time, when we need help, or want to defend a dossier, he takes it to the Flemish level. (...) If we want to get something done at the Flemish level, he calls the right people... he explains the situation and within a week we can defend the dossier. But it raises expectations. More attention is given to us and people come to us to see how we do things (Public servant; youth; 2018, August 9).

Second, a mechanism that explains continuity is civil society networking. For the provision of goods and services, local governments typically depend on cooperation with external actors such as sports clubs, youth associations, schools and neighbouring municipalities. During the interviews, civil society's hesitance was seen as a limit for practising more formal autonomy. Respondents noted that local civil society has expectations that inhibit policy change.

We wanted to update the division of subsidies across sports clubs (...) I had the feeling that we needed to change the rules and certain sports clubs and members of the sports council agreed. However, others wanted to stay with the old. The ones who wanted to change the rules left the actual job to the younger generation and decided to leave the sports council. And that is why we did not change anything to the subsidy-regulation for many years (Public Servant; sports; 2018, April 4).

The volleyball club operated the cafeteria in the building and the tennis club operated the cafeteria near the fields. We wanted to create one cafeteria instead of two. (...) The cafeteria near the tennis fields is old and needs renovation, what means extra costs for us. That is why we wanted all clubs in the same cafeteria. However, we did not succeed. (...) Some tennis clubs refuse to drink something in this new cafeteria since the volleyball club uses this cafeteria as well. (...) We still have two cafeterias and need to accept that reality (Public Servant; sports; 2018, April 11).

Third, also citizen pressures explain continuity. Citizens have expectations: they want to do sports in their neighbourhood, they want their children to meet other youngsters, they want playgrounds and sports facilities. Respondents mentioned that they feel pressure to meet those expectations and to keep providing the same number of services and infrastructure as they were providing before the earmarking was eliminated. Especially in smaller municipalities, where social distance between politicians, public servants and citizens is small, citizen pressures are strong. In small municipalities, many citizens have direct access to politicians. Furthermore, respondents mentioned that citizens tend to have a conservative reflex.

As alderman it is impossible to say: 'we will stop judo in our municipality and from now on you need to do judo in one of our neighbouring municipalities and volleyball is going to another municipality as well.' People will criticise you and they will remember it (Alderman; sports; 2018, May 23).

I have one colleague who did not grow up here either. He says the same things as I do because you have another perspective. People who grew up here are in the middle of it all. They know how delicate some topics are and are much quicker convinced that something is a step too far, while we are more eager to encourage change and say: 'we can realise this if we really want to' (Public servant; sports; 2018, Mai 23).

6.3 Capacity

Besides informal pressure from networks, the interviewees mentioned the importance of capacity to engage in social interactions and develop policy. Almost all respondents stated that adequate skills to cooperate and communicate within their organisation, with citizens and with other governmental levels is crucial to practise autonomy. Capacity does not primarily concern financial resources. Instead, it is about skills to make policy by using funding in a certain way.

Respondents point to the capacity to cooperate across departments, organisations and political levels. By cooperating, policy efforts and responsibilities are shared, and time and resources are used more efficiently. External actors feel involved and responsible, fostering commitment and support. Respondents also mentioned that through cooperation, networks are built through which valuable information gets exchanged and relations of trust are established. Finally, when actors combine forces to defend local policy, their leverage to persuade others expands.

We try to cooperate during each project. Sometimes the trajectories are long, but it fosters so much commitment... and that is important. It also saves a lot of time. (...) People feel involved and they let us know when something goes wrong... That makes things so much easier (Public servant; youth; 2018, August 27).

Together, we are much stronger to defend certain themes towards other networks, such as the VVSG³⁸ or our own cabinet³⁹, or the Flemish cabinet or... (Public servant; youth 2018; August 9).

Policymaking happens in a social context. The interviews show that information about what is happening in the field is vital to make policy. Respondents refer to communication strategies as instrument to gather information about activities of other departments and actors, allowing to align efforts and to look for common grounds. Also, by communicating, information about what is happening in the field is obtained, new insights are acquired, the pool of perceived policy options is broadened, bonds of trust are established, and credibility is gained.

Our alderman is very present in the field (...). We also make a lot of site visits and have many talks with our partners to get a clear idea of what they are doing (...). We know what problems, challenges and successes occurred. Many things happen in our city... things we would not be aware of if we worked from behind our desks (Public servant; youth, 2018; July 17).

7 Discussion and conclusion

This article asked what underlying social mechanisms influence the way local governments practise autonomy. A policy reform in Flanders, Belgium, was studied using semi-structured interviewing. Based on the interviews, three network-mechanisms were identified

³⁸ The VVSG is the Flemish Association of Cities and Municipalities.

³⁹ In Belgium, a cabinet refers to a group of staff members who support a politician with a function in the executive power. At the local level, only aldermen in big cities have a cabinet.

from which pressure for change or continuity arises: policy championing, civil society networks and citizen pressure.

Respondents mentioned the impact of informal central control, raising expectations they feel they have to meet. In response, some local governments want to become policy champions and show that they have what is needed to practise formal autonomy. Throughout the process of policy championing local governments learn how to bridge interests, approaches and viewpoints (Gore 2014). Policy failures and successes of champions can provide other local governments with information about what (not) to do, as well as with information about alternative courses of action (Meseguer 2005). When formulating new policies, governments may observe others and emulate their actions (Gilardi 2005, Shipan and Volden 2006). As one of the respondents noted: *'We should not always feel the need to reinvent the wheel (Public servant; sports; 2018, April 11)'*. When other local governments and actors recognise the policy champion's experiences, the policy champion's identity as strong local government is strengthened, increasing organisational power, legitimacy and trust between the policy champion and central government (Maor, Gilad et al. 2013, Verhoest 2017, Wilson 2019). When trust is high, central control is enforced less strictly (Lægreid, Roness et al. 2006), allowing more autonomy and reinforcing stimuli of becoming an even stronger policy champion.

A mechanism that might prevent local governments from practising autonomy is pressure from civil society networks. Literature shows that civil society organisations can provide local government with information, function as watchdog over local appropriateness of policy and complement government policies with their actions (Ghaus-Pasha 2005). The importance of being embedded in local networks was recognized by the respondents. Civil society organisations and citizens are often considered to foster change 'from the bottom up' (Sater 2007, Jacobs 2016). In the case of this article, most respondents noted that civil society pressure was to keep things unchanged. Respondents indicated that most local actors are satisfied with local policy and therefore put pressure to keep things as they are.

The interviews showed that also citizen pressure explains continuity. As Rose-Ackerman (1980) shows, politicians that satisfy the preferences of citizens close to the population median have higher chances of being re-elected. Therefore, politicians' choices do usually not reflect preferences of the minority of voters willing to accept risks and innovation (Rose-Ackerman 1980). Local government can feel pressured to play on safe, especially in smaller municipalities where ties between citizens and public officials are strong (Evans 1996). Day-to-day interactions between citizens and public officials are frequent. Around these interactions norms and loyalties build-up (Evans 1996), what can make that public officials feel more responsible for listening and acting according to citizens' concerns and wishes.

Both pressures from civil society networks and citizens are hurdles for local governments to practise formal autonomy. In sports and youth policy, resistance against change appears to be a result of public contentment with local policy and not so much with levels of formal autonomy. Since the elimination of earmarking, central control structures were reduced, allowing horizontal control structures to take over. Thus, though the direction of horizontal and bottom-up pressure seems to depend on the case, the impact of horizontal pressure is increased as a result of the reduction of central control structures.

Besides impact of pressure from networks, results showed the relevance of capacity. Capacity concerns skills to engage in interactions, recognise challenges and opportunities, assemble relevant actors, debate policy alternatives and take action (Nelles 2013). Adequate communication and cooperation strategies were mentioned as crucial ingredients to practise formal autonomy.

The results have practical and theoretical implications. At an applied level, they reveal the complex interrelation between formal and practised autonomy. This study shows that practised autonomy requires formal autonomy but goes beyond it by requiring capacity such as skills to cooperate and communicate. Furthermore, informal pressure from networks has an important impact on local governments' practised autonomy. The effectiveness of a policy

might be compromised when solely reforming formal frameworks. If the aim is to impact policy at the local level, it is crucial that central government considers informal pressure from networks and needed capacity.

At a theoretical level, the findings build on previous understandings of formal and practised autonomy and extend them by using local governments' perceptions and practices as object of analysis. This study empirically shows how pressure from networks and a (lack of) capacity can impact practised autonomy. In the case analysed in this article, local governments practise less autonomy than they are formally allowed to due to perceptions of civil society and citizens' change-aversion. Deducing local autonomy from formal bounds might overestimate autonomy local governments practise. That being said, it is not argued that using a deductive approach always overestimates autonomy. As Fleurke and Willemsse (2006) show, practised autonomy may also be underestimated when deducing it from formal bounds. When considering agenda setting, freedom in choices and dependence, practised autonomy might be larger than formal bounds suggest. A bottom-up perspective is needed to adequately assess autonomy local governments practise.

Some critical reflections can be made. On the one hand, one should always question the external validity of a study. Policy fields were inquired for which local governments already possessed formal autonomy before moving to a higher level. Results may be different for other policy fields. Furthermore, Flanders is not necessarily comparable to other regions and countries. The social distance between local governments and central government is relatively small. Finally, the scale of Flemish municipalities is relatively small, what impacts ties between citizens and local governments and on local governments' resources such as the amount of personnel. In addition, the 2016 reform was implemented in the middle of a local legislature. Multiannual plans were defined, and budgets were allocated. This limited local governments' discretion to redirect policy. More research is needed to inquire mid-term and long-term effects of the 2016 reform.

The aim of this study was to analyse underlying mechanisms of practised local autonomy. Based on semi-structured interviewing it is concluded that formal autonomy is not enough to foster autonomy in practice. Besides formal frameworks, informal pressure from networks, as well as capacity, have an important impact on autonomy local governments practise. Thus, a bottom-up approach is needed to adequately assess practised autonomy.

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Chapter 6

Does Political Change Lead to Changes in Policy? An Analysis of the Impact of New Mayors and Majorities on Local Budgeting Choices.

Democratic theory puts politicians in the driving seat for leading policy change. At the same time, capacity of politics to steer is not unlimited, raising the question to what extent traditional politics can still steer policy. It is expected that if politicians are in the driving seat, policy goals and spending behaviour will change after a political shift. Therefore, this article studies how political change leads to policy change. The empirical context are local elections in Flanders, Belgium. To assess policy change, expenditures of all Flemish municipalities before and after the elections in 2018 are analysed. The results do not support the contention that political change matters. In contrary, the results indicate that continuity of the party of the mayor is associated with more changes in expenditures. The findings suggest that, at least on the short run, the impact of political change on policy should not be overestimated.

1 Introduction

Democratic theory puts politicians in the driving seat for leading policy change (Jones and Olken 2005, Dewan and Myatt 2007, Galasso and Nannicini 2011). At the same time, capacity of politics to steer is not unlimited. The impact of politics on policy is mediated by influences of amongst others front-line workers, media, interest groups, policy advisors, and experts (Huckfeldt, Plutzer et al. 1993, Lipsky and Hill 1993, Peters 1998, Cottle 2008, Lipsky 2010). These influences are important. Modern democracies thrive in a rich ecosystem of actors that concern themselves with policy. Keane (2009) speaks of a monitory democracy; a democracy that is kept in check by a wide array of actors in society. Yet, at the core of the monitory democracy are the traditional institutions of representative democracy: elections, parliaments, and governments. The thickening of democracy hence raises the question to what extent traditional politics can still steer policy. How strong is the voice of politicians in policy choir?

This article studies how political change leads to policy change. This big question is narrowed down to the impact of political change at local level on local spending decisions. Spending is one of the main policy tools of government (Hood 1983, Brender and Drazen 2013). It is expected that if politicians are in the driving seat, policy goals and spending behaviour will change after a political shift. The empirical context are local elections in Flanders, Belgium. Political change is operationalized as changes in the party of the mayor and changes in share of seats of political parties in the local council. To assess policy change, the expenditures of local governments before and after the election in 2018 are analysed. Using a first difference model, budgets of all Flemish municipalities are compared before and after the election. This is done for both the group of municipalities where the party of the mayor changed and the group of municipalities where the party of the mayor remained the same. Contrary to the expectations, the results show that not

political change, but political continuity leads to shifts in expenditures.

Several scholars have studied policy change after elections. This analysis hopes to make a contribution to this literature in several ways. First, this article adds empirical evidence. Past studies have formulated opposing conclusions. Some scholars find that political change impacts policy significantly (Wolman, Strate et al. 1996, Browning, Marshall et al. 2000, Nye, Rainer et al. 2010, Gerber and Hopkins 2011, Evrard 2012, Solé-Ollé and Viladecans-Marsal 2013, Debus and Gross 2016), while others find no significant differences after political change (Morgan and Watson 1995, Godwin and Schroedel 2000, Craw 2006, Leigh 2008, Ferreira and Gyourko 2009, Sharp, Daley et al. 2011, Hopkins and McCabe 2012, Ferreira and Gyourko 2014, Tausanovitch and Warshaw 2014, Berman 2019, Sabatier 2019). Secondly, most research on impact of political change on expenditures is focused on governmental levels different than the local level (e.g. (Bräuninger 2005, Brender and Drazen 2013)) or concerns municipalities in the U.S (e.g. (Wolman, Strate et al. 1996, Gerber and Hopkins 2011)). Finally, scholars usually examine single policies or groups of related policies. However, the impact of political change may vary across policy areas (Gerber and Hopkins 2011, Hopkins and McCabe 2012), depending on the characteristics of the policy sector or the responsibilities that local governments share with other governmental levels (Gerber and Hopkins 2011). The focus on a broader set of policy fields improves the potential for generalizable inference (Boehmke, Brockway et al. 2020). In this study, all policy fields for which Flemish local governments fulfil a policy role are examined, namely; sports, youth, culture, mobility, environment, safety, work, housing, spatial planning, education, care, general management and financing.

2 The impact of political change

Several scholars have found a positive impact of political change on local policy. Wolman, Strate et al. (1996) studied the impact of

changes of mayors on spending behaviour and found that new mayors changed spending more than incumbents did, showing that changing mayor matters. Gerber and Hopkins (2011) showed that, in U.S. cities, electing a Democratic mayor leads to smaller spending on public safety, compared to similar cities in which a Republic or Independent mayor was elected. In the same vein, de Benedictis-Kessner and Warshaw (2016) found that electing a Democratic mayor over a Republican mayor in U.S. cities did not only result in higher spending, but also in a modestly increase of per capita taxes. Tsebelis and Chang (2004) discovered that changes in budget composition are negatively correlated with the ideological distance between parties in the current government and positively with the ideological differences between the current government and the previous year's government. Bräuningner (2005) found that spending preferences of political parties' matter. Higher weight on social welfare in the policy manifesto of a party leads to a significant increase in spending on social security. Choi and Hong (2020) found that an increase in ethnic minority council members in California city councils is associated with a decrease in racial disparities against ethnic minority groups.

The positive impact of politics on policy reflects a well-functioning local democracy (Burstein and Linton 2002). Local election campaigns are expected to change the policy agendas and outputs elected officials pursue. New politicians bring new policy agendas that leave their imprint on policy formation (Wolman, Strate et al. 1996). Even when the party in power remains the same, a new mayor usually wants to make a difference from his or her predecessor. The change can be expected to be particularly strong if not only the mayor, but also the shares of seats of political parties are changing (Budge and Hofferbert 1990, Brender and Drazen 2013). Political parties have different agenda's and will use their voting power in the council to adapt appropriations. Since expenditure choices are an important part of policy formation, candidates and parties differentiate themselves by showing how they would prioritize expenditures if elected (Brender and Drazen 2013). Newly elected mayors and officials come to the office eager to undertake changes on policy and expenditures that differentiate

them from their predecessor (Wolman, Strate et al. 1996). Therefore, the following hypotheses are posited:

H1: In local governments where the party of the mayor has changed, more changes have been made on expenditures than in cities where the party of the mayor remained the same.

H2.: Changes in the share of seats of political parties in the local council have an impact on local expenditures.

3 Critical questions on political impact

Not all studies find that political change has an important impact on policy (Morgan and Watson 1995, Ferreira and Gyourko 2009, Hopkins and McCabe 2012, Ferreira and Gyourko 2014). Political impact of mayors and parties in power is often marginal and incremental. A substantive political science literature has argued that policy agendas of political parties have lost their edge. Programs have become interchangeable and parties have lost their relevance as actors in the policymaking process (Wattenberg 2000). Several empirical studies have confirmed the limited impact of political change on policy. Ferreira and Gyourko (2009) compared U.S. cities between 1950 and 2000 in which Democrats barely won an election with cities in which Democrats barely lost an election and found virtually no partisan differences in policy outcomes. They concluded that whether the mayor is a Democrat or Republican has little to no impact on the composition of local expenditures, the crime rate, or size of local government. Hopkins and McCabe (2012) studied the impact of black mayors on fiscal and employment policies and discerned no significant policy differences in municipalities in which black mayors govern, versus cities in which black mayors do not govern, questioning the potential of city elections to induce accountability. Pelissero, Holian et al. (2000) assessed the short- and long-term effect of minority mayors on fiscal policy in six U.S. cities and found no significant differences in fiscal policy in cities in

which minorities were politically incorporated versus cities in which minorities were not politically incorporation.

An explanation of limited impact is that the discretionary space of political leaders is limited by national, international, economic, legal, and bureaucratic structural constraints (Morgan and Watson 1995, Schmidt 1996, Mulé 2001, Self 2005, Leigh 2008). For example, Meier and England (1984) argue that local expenditures are constraint by ‘law and economics’ and go beyond local political control. Local governments are usually only to a certain extent free to tax their citizens, share responsibility over certain policy areas with other governmental levels, are financially dependent of central government, face fiscal limitations stemming from economic competition, and are limited by institutional rules such as balanced budget provisions (Meier and England 1984, Nivola 1996, Pelissero, Holian et al. 2000, Rae 2003, Bailey and Rom 2004, Craw 2006, Ferreira and Gyourko 2009, Gerber and Hopkins 2011, Tausanovitch and Warshaw 2014, Berman 2019). Moreover, when two or more parties are in lead, policy outcomes are usually the result of a bargaining process (Freier and Odendahl 2015). This bargaining process can limit the impact each individual political party has on local policy and therefore limit the room for policy change (Spolaore 1993, Tsebelis and Chang 2004).

Another explanation of limited impact of political change on policy is the impact of horizontal and bottom-up pressure from local actors and citizens. Politicians often have the desire to distinguish themselves from their predecessors (Wolman, Strate et al. 1996). However, citizens and local actors might favour continuity, especially when they are satisfied with policy, resulting in change-averse behaviour. This change-averse behaviour finds its origin in the fear of the unknown and is in accordance with the *knowledge theory*: individuals favour situations they are familiar with (Cao, Han et al. 2011), and they know will satisfice them (Wildavsky and Dake 1990). The desire for continuity can impact government’s strive for change, especially at the local level where ties with citizens and local actors are tight.

Public opinion sets bounds to both the definition of policy problems and acceptable solutions (Maestas, Chattopadhyay et al. 2020). Governments tend to be responsive to citizens' views (Tausanovitch and Warshaw 2014) with the aim to confine political risks (Teodoro, Zhang et al. 2020). The responsiveness to citizens' views has an important implication for what is considered the direct impact of elected officials on policy. When the majority of the public favours a policy, all parties will respond to it and enact it regardless of the party balance. Elected officials will especially be responsive to citizens' views concerning issues the public is intensely concerned about, since those issues give politicians most certainty about influencing citizens' party choice. Political parties have more freedom concerning issues the public is more indifferent about. Concerning those issues, the parties' ideologies and party balance may matter (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstine 2010, Arnold and Carnes 2012, Einstein and Kogan 2016).

In the same vein, a number of other actors such as social movement organisations, interest groups, professionals, the media, and local organisations are involved in one or more aspects of the policy-process (Gurr, King et al. 1987, Godwin and Schroedel 2000, John 2001, Steyvers, Bergström et al. 2008, Pedersen 2010, Sharp, Daley et al. 2011, Sabatier 2019). Interest groups and social movement organisations also have substantial impact on policy formation (Burstein and Linton 2002). Especially when an organisation can provide political parties with essential information about electorally relevant resources, or causes dramatic, attention-getting changes in the political environment, politicians are more eager to pay attention to them, giving rise to the chances the organisation impacts policy (Burstein and Linton 2002), and limiting the potential policy-impact of elected officials.

The theoretical considerations concerning a limited impact of political change lead us to formulate two alternative hypotheses:

H1. alternative: The impact of mayoral change on local expenditures is limited. No significant differences exist between municipalities where the party of the mayor has changed, in comparison to municipalities where the party of the mayor remained the same.

H2. alternative: Changes in share of seats of political parties in the local council do not have a direct impact on local expenditures.

4 Case, data, operationalization and modelling choices

Expenditures of local governments in Flanders, Belgium are used⁴⁰. There are 300 local governments in Flanders. The average population is 22.097. There is a large variation in size, with two larger cities (i.e., Antwerp and Ghent) with more than 250.000 inhabitants and 198 municipalities with less than 20.000 inhabitants. In Flanders, local governments have directly elected councils. The autonomy of local government is protected by the constitution⁴¹. Local governments develop policies in the fields of sport, youth, culture, mobility, environment, safety, work, housing, spatial planning, education, care, general management and financing. Local governments in Flanders spend approximately 6.5 percent of the Flemish gross domestic product (Belfius 2018).

Expenditures are examined in all policy fields for which Flemish local governments fulfil a policy role (see annex for more detail) and for the full population of Flemish local governments for

⁴⁰Local governments in other regions of Belgium were not included since local governments are mainly legislated by the regions, and not by the federal government (De Rynck and Wayenberg 2010). As a result, in each of the regions local governments have different accounting schemes and financial information systems, what makes it hard to compare local governments between the regions of Belgium.

⁴¹ Art. 41, 162, and 170 §4, De gecoördineerde Grondwet, BS 17 Februari 1994.

the years 2014-2025⁴². For the period 2014-2018 local expenditures are extracted from yearly reports. For the period 2019-2025 the expenditures are extracted from multi-annual plans⁴³. Both the yearly reports and multi-annual plans were retrieved from the Flemish financial management tool in which local governments need to report their budgets and expenditures⁴⁴. The data on local mayors is obtained from the Flemish databank on political mandates, and the data on election results is retrieved from the Flemish monitor of municipalities⁴⁵. The panel data structure allows for testing the causal interference of political changes on local expenditures.

The analysis of changes in expenditure is limited to current expenditures and excludes investment expenditures because the latter are to a large extent determined by past investment choices. New politicians have not much freedom to reallocate capital expenditures. Current expenditures can more easily be reallocated from year to year. The current expenditures consist of: (1)

⁴² For comparability across years, municipalities that merged in 2019 were excluded from the analysis. It concerns the municipalities: Meeuwen-Grutrode, Opglabbeek, Kruishouten, Zingem, Aalter, Knesselare, Overpelt, Neerpelt, Deinze, Nevele, Puurs, Sint-Amands, Lovendegem, Waarschoot, and Zomergem.

⁴³ The current expenditures are compared across two time-periods: 2014-2019 and 2020-2025, each reflecting another multi-annual plan. In the first year of a legislature Flemish local governments have to draft a multi-annual plan and define budgets for the next six years. During the first year of a local legislature the new coalitions work with budgets defined by their incumbents. New coalitions can make small changes to the budgets outlined by their incumbents, but their actual impact on current expenditures shows in the multi-annual plan they define. Therefore, in the analysis, not local legislatures are compared (2013-2018, 2019-2024), but multi-annual plans (2014-2019, 2020-2025).

⁴⁴ I.e. 'BBC-datatool'. This data is openly available at <https://statistieken.vlaanderen.be>

⁴⁵ I.e. <https://mandaten.lokaalbestuur.vlaanderen.be/> and <https://www.vlaanderen.be/gemeenten-en-provincies/organisatie-en-werking-van-gemeenten/gemeentemonitor>

expenditures on goods and services, (2) payment of wages, social security and pensions, (3) specific costs for the public centre for social welfare, (4) operational subsidies, (5) other operational expenditures, (6) financial expenditures, (7) costs concerning surplus financial year. Investment expenditures are only included as a control variable. Investment expenditures consist of: (1) investments in financial fixed assets, (2) investments in tangible fixed assets, (3) investment in intangible assets, (4) investment subsidies.

Political change is operationalized as changes in party of the mayor and changes in share of seats each political party has in the local council. In 2018, local elections were held in Flanders. Hence, this article studies whether municipalities where the party of the mayor changed after the 2018 elections made more changes to their current expenditures in comparison with municipalities where the party of the mayor did not change. In order to this, the full population of Flemish local governments is divided in two groups: one group in which the party of the mayor has changed and a second group in which the party of the mayor has not changed. For both groups a statistical model is calculated, and the parameters are compared.

The dependent variable is calculated by dividing sectoral current expenditures in a certain year by the total current expenditures in that year. Thus, the dependent variable reflects the share of current expenditures spent on each policy field. Since the aim is to measure the effect of political change, and this change predominantly occurs when local elections are held, the mean of the expenditures per policy field for the periods 2014-2019 and 2020-2025 is calculated. In that way, the two periods can be compared, each reflecting another multi-annual plan. Subsequently, it can be calculated whether current expenditures changed significantly more in municipalities where the party of the mayor changed, in comparison with municipalities where the party of the mayor remained the same. By taking the ratio of expenditures to total expenditures, inflation is controlled for.

Four explanatory variables were added to the analyses. First, a time-dummy was added, reflecting the two different multi-annual plans (2014-2019, 2020-2025). The reference category is multi-annual plan 2014-2019. This time-dummy shows whether the expenditures significantly changed in the period 2020-2025, compared to the period 2014-2019. Second, to control whether changes in expenditures are actually caused by mayoral change, and not by changes in the population size, the mean of inhabitants for the periods 2014-2019 and 2020-2025 were added to the model. Third, not only population size can have an impact on municipalities' spending, also the amount of financial resources reserved for investments can cause increases/decreases in current expenditures. Money reserved for investments cannot be used for current expenditures. Fourth, political change is not only operationalised as changes in the party of the mayor, but also as changes in the share of seats political parties have in the local council. Changes in expenditures are not necessarily the result of mayoral change. Changes in the representation of political parties in the local council can also influence municipalities' spending behaviour. Therefore, the models account for all political parties who are also active at the Flemish governmental level. Political parties who are solely active at the local level were not taken into account. This approach led to six political parties that are taken into account: N-VA, CD&V, Groen, Open Vld, Sp.a and Vlaams Belang⁴⁶.

To test the effect of political change on current expenditures a first difference regression model is used.

$$\Delta Y = \Delta \beta_0 + \beta_1 \Delta X + \beta_2 \Delta Z + \Delta \varepsilon$$

Δ represents the change between time t and $t+1$. Local governments are diverse, and therefore hard to compare. Each municipality has

⁴⁶ The correlation matrix can be found in the Appendix.

its own characteristics, which cannot always be observed or measured. These characteristics can cause biases when analysing and comparing data of local governments. To solve this, each municipality is used as its own control (Liker, Augustyniak et al. 1985, Allison 2009). Subsequently, the average of the differences across all municipalities gives an estimation of the average effect of political change (Allison 2009). As such, the estimates in the model control for all characteristics of the municipalities that do not change over the years under consideration (e.g., traditions of local policymaking, administrative habits). The estimate does not control for time-varying variables. Some time varying controls are included in the model, namely, the number of inhabitants, investments and share of seats political parties have in the local council (Liker, Augustyniak et al. 1985, Allison 2009, Andreß, Golsch et al. 2013, Allison 2014, Bell and Jones 2015).

While interpreting changes in the budget, the viscosity of the budget needs to be taken into account. Public budgeting research has demonstrated that change in budgets usually is incremental. Instead of re-appropriating budgets from one sector to another, public budgets mainly address new income that becomes available (the increment) and allocate this increment to policy fields. This mechanism might explain the seemingly small average changes in expenditures.

5 Results

The research findings do not confirm the first hypothesis (H1) –that mayoral change has a significant impact on changes in local expenditures. No evidence was found that changes in political party of the mayor significantly impact the division of budgets. Table 12 shows regression models for the thirteen policy fields under consideration. For each policy field two first difference models were calculated: models A reflect the municipalities in which the party of the mayor changed, models B reflect the municipalities in which an incumbent was appointed.

Table 12: A reflects cities where the party of the mayor has changed, B reflects cities where the party of the mayor remained the same⁴⁷.

	Environ A	Environ B	Work A	Work B	Mobility A	Mobility B	Safety A	Safety B
Mean citizens	4.9e-7 (2.7e-7)	3.5e-7 (2.9e-7)	-6.7e-7 (4.5e-7)	6.4e-7*** (1.7e-7)	4.2e-7 (4.2e-7)	5.9e-7 (3.2e-7)	2.5e-8 (7.2e-7)	9e-7* (3.6e-7)
Share investment	2.8e-2* (1.5e-3)	-1.4e-3 (4.8e-3)	-1.2e-2 (2.7e-2)	5.1e-3 (1.1e-2)	1.8e-2 (1.2e-2)	5.9e-5 (2.8e-4)	7.6e-2** (2.7e-2)	-1.4e-3 (1.2e-2)
Period 2014-2019 (Ref) 2020-2025	2.8e-4 (1.5e-3)	2.1e-3* (9.2e-4)	2.8e-3 (1.9e-3)	2e-3*** (5.5e-4)	6e-5 (2.1e-3)	4e-3** (1.5e-3)	3.3e-3 (2.1e-3)	5.6e-3*** (1.5e-3)
Share seats N-VA	-4.6e-4** (1.6e-4)	-1.3e-4* (6.5e-5)	1.9e-4 (1.1e-4)	2.7e-5 (4.6e-5)	3.6e-4 (2.2e-4)	5.4e-5 (2.2e-4)	-2.4e-4 (3e-4)	1.6e-4 (9.1e-5)
CD&V	-5.4e-5 (6.2e-5)	-1.3e-4* (4.9e-5)	-5.3e-5 (4.6e-5)	-4.4e-5 (2.6e-5)	8.1e-6 (1.4e-4)	-6.8e-5 (9.5e-5)	-1e-4 (8.4e-5)	-8.2e-5 (7.5e-5)
Green Open Vld	-1.1e-4 (2.7e-4)	-2.2e-4 (1.2e-4)	2.1e-4 (1.9e-4)	1.8e-6 (7.4e-5)	1.9e-5 (2.6e-4)	-2.7e-4 (2.3e-4)	-4.9e-4 (3.6e-4)	-2.6e-4 (2.1e-4)
Sp.a Vlaams Belang	2.6e-4** (8.1e-5)	-3.7e-5 (6.4e-5)	-1.9e-5 (5.5e-5)	1.6e-4 (9.5e-5)	-1.6e-4 (1e-4)	6.6e-5 (1.2e-4)	1.2e-4 (2.4e-4)	4.8e-5 (9.3e-5)
Model evaluation	1.4e-4 (9.6e-5)	1.9e-5 (7.2e-5)	2.1e-4 (1.1e-4)	-7.2e-5 (9.3e-5)	-6.5e-5 (8e-5)	9.9e-5 (2.5e-4)	2e-4 (1.3e-4)	8.2e-5 (1.4e-4)
R-squared	3e-4 (3.6e-4)	1.3e-4 (1.9e-4)	5.2e-5 (2.6e-4)	4.4e-6 (9.2e-5)	2.6e-4 (4e-4)	2e-5 (3.3e-4)	5e-5 (4.9e-4)	7.5e-5 (2.9e-4)
F-statistic	0.32	0.14	0.21	0.31	0.11	0.04	0.25	0.16
Observations	3.31 on 9	3.53 on 9	1.01 on 9	5.07 on 9	0.90 on 9	1.05 on 9	1.59 on 9	3.57 on 9
Groups	144	417	106	275	146	434	122	388
	73	217	63	166	73	219	71	212

⁴⁷ Robust standard errors in parentheses ***p<0.001, **p<0.01, *p<0.05

	Spatial planning A	Spatial planning B	Care A	Care B	Mgmt A	Mgmt B	Financing A	Financing B
Mean citizens	-8.6e-7 (6.4e-7)	-1.8e-7 (4.3e-7)	1.7e-7 (3.2e-6)	-2.2e-6 (1.3e-6)	-2.3e-6 (2.1e-6)	-2.4e-7 (2e-6)	7e-7 (3.7e-7)	-1.5e-7 (2.7e-7)
Share investment	2.4e-3 (2.3e-3)	2.1e-3 (2.9e-3)	9.8e-2 (8.5e-2)	-1.8e-2 (2.6e-2)	2.4e-2 (3.2e-2)	1.8e-2 (1.2e-2)	4.6e-3 (1.4e-2)	-2.4e-2 (1.4e-2)
Period 2014-2019 (Ref.) 2020-2025	4.9e-3* (2.4e-3)	6.6e-3*** (1.2e-3)	-5.1e-2*** (5.6e-3)	-5.3e-2*** (4.4e-3)	4.1e-2*** (4.8e-3)	3.3e-2*** (4e-3)	-1.2e-2*** (1.7e-3)	-9.4e-3*** (2.1e-3)
Share seats N-V/A	-3.7e-4 (2.5e-4)	-6.8e-6 (1.1e-4)	4e-4 (9e-4)	-3.3e-4 (2.8e-4)	4.3e-4 (4.4e-4)	5.4e-4 (3.1e-4)	-3.8e-4* (1.7e-4)	-6.7e-5 (2.2e-4)
CD&V	-1.3e-4 (1.1e-4)	-6.2e-6 (6.4e-5)	1.4e-4 (3.7e-4)	-3.2e-5 (2.8e-4)	-2.3e-4 (2.5e-4)	1e-4 (1.5e-4)	6.6e-5 (1.3e-4)	4.8e-5 (6.8e-5)
Groen	-1.9e-4 (3.4e-4)	-2e-4 (2.1e-4)	6e-4 (7.5e-4)	-1.1e-3 (8.5e-4)	-3.3e-4 (8.8e-4)	1.3e-3 (1.3e-3)	5e-4 (3.2e-4)	2.4e-4 (3.1e-4)
Open Vld	1e-4 (1.6e-4)	1.1e-4 (7.9e-5)	-3.5e-4 (4e-4)	-3.5e-4 (3.2e-4)	2e-4 (2.1e-4)	2.6e-4 (2.4e-4)	-5.5e-5 (9.4e-5)	-8.5e-5 (1.1e-4)
Sp.a	2.3e-5 (8.7e-5)	2.7e-4 (1.5e-4)	-1.8e-4 (4.4e-4)	-2.3e-4 (6.6e-4)	1.4e-4 (2.2e-4)	-3.1e-4 (5.3e-4)	-5.2e-5 (8.9e-5)	2e-4 (1.8e-4)
Vlaams Belang	5.7e-5 (3.3e-4)	3.4e-4 (2.3e-4)	1.3e-3 (1.6e-3)	-2.4e-3* (9.4e-4)	8.1e-5 (8.4e-4)	8.9e-4 (6.9e-4)	-1.3e-4 (4.1e-4)	4.4e-4 (3.4e-4)
Model evaluation								
R-squared	0.24	0.19	0.63	0.63	0.67	0.42	0.57	0.33
F-statistic	2.20 on 9	5.34 on 9	12.18 on 9	37.79 on 9	14.24 on 9	17.06 on 9	5.87 on 9	5.80 on 9
Observations	144	427	146	429	145	437	120	320
Groups	73	218	73	218	73	219	71	204

	Housing A	Housing B	Education A	Education B	Sports A	Sports B	Youth A	Youth B	Culture A	Culture B
Mean citizens	1.3e-8 (1.9e-7)	1.9e-8 (7.6e-8)	-8.1e-7 (1.1e-6)	4.4e-7 (4.2e-7)	-2.5e-7 (4.9e-7)	3.4e-7 (2.1e-7)	1.8e-7 (1.2e-7)	-9.2e-8 (9.2e-8)	-8.2e-8 (4.1e-7)	5.5e-7 (2e-7)
Share investment	7.2e-2 (3.5e-2)	-1.6e-2 (1e-2)	-1e-2 (9.7e-3)	2e-3 (9.7e-3)	0.02 (1.6e-2)	8.7e-3 (3e-3)	7.1e-3 (2e-3)	1.6e-3 (3.7e-3)	3.9e-3 (1.5e-2)	3.5e-3 (4.6e-3)
Period 2014-2019 (Ref.) 2020-2025	-1.6e-3 (2.1e-3)	2.1e-4 (3.4e-4)	-4.2e-3 (3.3e-3)	5.7e-3 (2e-3)	8.2e-4 (2.1e-3)	3.4e-3 (1.2e-3)	9.4e-4 (5.1e-4)	1.7e-3 (3e-4)	2.1e-3 (1.5e-3)	5e-3 (8.6e-4)
Share seats N-VA	-1.1e-4 (8.1e-5)	3.1e-5 (3.9e-5)	-3e-4 (3.2e-4)	1.3e-4 (1.5e-4)	-3.8e-4 (2.5e-4)	5e-5 (8.2e-5)	-4.7e-5 (3.1e-5)	-4.4e-6 (2e-5)	-2.5e-4 (1.4e-4)	-1.7e-5 (5.4e-5)
CD&V	1.5e-5 (7.6e-5)	3e-5 (2.7e-5)	-7e-5 (1.2e-4)	-3.3e-6 (8.8e-6)	-7.5e-5 (9e-5)	9.4e-5 (5.8e-5)	-4.5e-6 (1.3e-5)	1.3e-5 (1.7e-5)	-7e-5 (6.5e-5)	4.8e-6 (4.8e-5)
Groen	2.9e-4 (3e-4)	2.2e-7 (8.7e-5)	1.4e-3 (5.7e-4)	-2.2e-4 (4.1e-4)	-9.5e-4 (4.5e-4)	7.3e-5 (1.5e-4)	6.5e-5 (8.8e-5)	8.1e-6 (3.8e-5)	4.6e-4 (2.4e-4)	1.3e-4 (1.3e-4)
Open Vld	1.6e-5 (5.8e-5)	5.6e-5 (3.5e-5)	3.3e-4 (2.8e-4)	-3.9e-5 (1.4e-4)	4.8e-5 (1.2e-4)	1.5e-4 (9.5e-4)	-2.4e-5 (3.9e-5)	1.6e-6 (3e-5)	3e-5 (7.5e-5)	-2.8e-5 (6.9e-5)
Sp.a	8.2e-6 (8.5e-5)	6.6e-6 (2.8e-5)	-7.6e-5 (9.3e-5)	1.3e-4 (3.2e-4)	-1e-4 (1.3e-4)	-7.1e-5 (9.5e-4)	-2e-7 (2.5e-5)	7.2e-6 (3e-5)	8.1e-5 (7.5e-5)	1e-4 (1.2e-4)
Vlaams Belang	5.6e-4 (3.3e-4)	1.4e-4 (7.5e-5)	-3.8e-4 (3.6e-4)	-6.4e-5 (4.6e-4)	2.9e-4 (4.2e-4)	1.2e-4 (1.7e-4)	-1.4e-5 (5.1e-5)	-9.2e-5 (5.1e-5)	-1.2e-5 (2.9e-4)	-1.6e-4 (1.6e-4)
Model evaluation										
R-squared	0.47	0.23	0.19	0.06	0.16	0.11	0.29	0.20	0.21	0.25
F-statistic	0.87 on 9	1.21 on 9	1.43 on 9	1.27 on 9	1.31 on 9	2.83 on 9	2.36 on 9	4.94 on 9	1.87 on 9	7.48 on 9
Observations	56	132	130	381	144	425	132	392	145	427
Groups	38	86	67	199	73	216	71	207	73	218

For eight out of thirteen policy fields (i.e. sports, youth, culture, mobility, environment, safety, work and education) no significant time-effects were found in municipalities where the party of the mayor changed. In comparison with the expenditures in 2014-2019 the expenditures in 2020-2025 remained rather stable. However, for the same eight policy fields the models do show a significant time effect for the municipalities where the party of the mayor remained the same. For example, municipalities in which the party of the mayor remained the same are planning to spend 0.3% ($p=0.004$) more on sports between 2020-2025, than they did between 2014-2019. Concerning safety, the expenditures were raised with 0.6% ($p<.001$). Thus, surprisingly enough the models show that more changes on expenditures are made in those municipalities where the party of the mayor did not change.

Concerning spatial planning and care, the models show slightly different results, but similar conclusions can be drawn. For both policy fields significant time-effects were found in municipalities which encountered mayoral change. Municipalities are planning to spend 5.1% ($p<.001$) less on care and 0.5% ($p=0.05$) more on spatial planning between 2020-2025 compared to 2014-2019. However, in municipalities where the party of the mayor did not change the time-effect is bigger. Municipalities where the party of the mayor remained the same will spend 5.3% ($p<.001$) less on care and 0.7% ($p<.001$) more on spatial planning between 2020-2025 compared to 2014-2019. Thus, despite significant time-effects for municipalities where the party of the mayor changed, the time-effects for municipalities where the party of the mayor remained the same are bigger.

The models show different results for the policy fields management and financing. For both policy fields the time-effects are bigger in municipalities where the party of the mayor changed. Municipalities where the party of the mayor changed are planning to spend 4.1% ($p<.001$) more on general management and 1.2% ($p<.001$) less on financing between 2020-2025 compared to 2014-2019. Municipalities where the party of the mayor did not change are planning to spend 3.3% ($p<.001$) more on general management

and 0.9% ($p < .001$) less on financing between 2020-2025 compared to 2014-2019. Thus, for general management and financing municipalities where the party of the mayor changed are making bigger changes on their expenditures than municipalities where the party of the mayor remained the same. In these policy sectors, changing the party of the mayor seems to matter.

For the policy field housing no significant time-effects were found, not for the group of municipalities in which the party of the mayor changed, nor for the group in which the party of the mayor remained the same.

The data provided little support for the first hypotheses – that mayoral change impacts local expenditures – and also the second hypotheses can be rejected. The second hypotheses stated that changes in the share of seats each political party has in the local council have an impact on changes in local expenditures. Concerning the thirteen inquired policy fields almost none of the models show a significant effect of changes in share of seats on local current expenditures. Solely concerning the policy field environment, a significant negative effect of changes in seats of N-VA (centrum-right party) and CD&V (centrum Christian party), and a significant positive effect of share of seats of Open Vld (centrum liberal party) are found. Thus, changes in seats of political parties do not seem to have much impact on local expenditures.

6 Discussion and conclusion

This article studied the impact of political change on local expenditures. Political change was operationalized as both changes in party of the mayor and changes in share of seats political parties have in the local council. Using a first difference design, the expenditures of the full population of Flemish local governments are examined before and after the local elections in 2018. All local policy sectors are included in the analyses. No evidence is found that a change in the party of the mayor has an impact on changes in

current expenditures. The models do not support the contention that changing mayors matters. They even show evidence of the opposite. Continuity of the party of the mayor is associated with more changes in expenditures for ten out of thirteen policy fields. Concerning the second hypothesis, the models show that changes in seats of political parties do not have much impact on expenditures. Only for the policy field ‘environment’, changes in seats of N-VA (centrum-right party), CD&V (centrum Christian party), and Open Vld (centrum liberal party) have a significant effect on the expenditures.

Some explanations can be provided for the lack of change in expenditures in municipalities where the party of the mayor changed. One explanation might be the lack of new policy ideas. A substantive political science literature has argued that political programs have become interchangeable and parties have lost their relevance as actors in the policymaking process (Wattenberg 2000). New mayors are not obliged to change policy, they may decide to keep it with the old.

However, to a certain extent elections are a contest between alternative policy visions, and political parties indicate to the electorate what they would do differently than their predecessors (Wolman, Strate et al. 1996). Since expenditure composition is an important part of policy, candidates and parties differentiate themselves by showing how they would prioritize other expenditures if elected (Brender and Drazen 2013). Therefore, it is rather hard to believe that the lack of changes in expenditures is caused by a lack of new policy ideas.

An alternative and maybe less-often explored explanation might be that learning to change takes time. Changing policy requires experience, and gaining experience takes time. As in any organisation, a new leader needs time to get familiar with the pre-existing activities and culture of the organisation (Hill 2005, Petrovsky, James et al. 2015). Organisational learning hence is an important pathway towards policy change (Pierce, Peterson et al. 2020). Since incumbents have more years of service as mayor, they also had more time to assess what policy changes should be made

and to ‘learn’ how to adjust goals or techniques from the consequences of past policies (Bennett and Howlett 1992). Experience may be particularly important, as Breunig and Koski (2020) show, for budgeting. Influencing public policy through budgeting requires strong executives who know how to set the agenda. New office holders still need to go through that learning curve, implying that on the short run, changes in leadership result in less changes instead of more (Brender and Drazen 2013).

Learning does not only concern the intricacies of the budget system. New executive politicians also need to learn to cooperate with other political actors, such as legislators and the existing bureaucracy. The identities and interests of these political actors do not necessarily change when a new leader is elected. Depending on how powerful the positions of these political actors are, policy may appear to stand still (Brender and Drazen 2013). Additionally, in some cases budget allocations follow from bureaucratic planning and take the form of *faits accomplis*, making it harder for politicians to make different decisions than proposed by bureaucracy (Buylen and Christiaens 2016).

A third point of learning focuses on the local networks of civil society organisations, companies and the citizenry. Arguably, embeddedness of a political party increases with the years it holds the mayor position. The ties between incumbents, citizens and local actors are usually closer than the ties with a newly appointed mayor. Close ties provide incumbents not only with support and resources, but also with diverse perspectives to make well-informed decisions, something that is crucial to create new realities in organisations (Allison 2012).

The first policy fields that mayors from new parties focus on are management and financing. In these fields, a change in the party of the mayor did result in more changes in expenditures. Since both policy fields concern the functioning of the own organisation, they may be easier to target. Political parties have more freedom concerning issues the public is more indifferent about (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstein 2010, Arnold

and Carnes 2012, Einstein and Kogan 2016). Therefore, it is possible that new mayors start changing ‘safe’ policy fields such as management and financing, before making changes on policy fields citizens are more concerned about.

That changing policy requires time and experience has clear implications for local democracies, especially for those in which government turnover is rapid. If government changes rapidly, it is more likely that the impact of leaders on expenditures is limited. Furthermore, the findings also have implications for literature on citizens’ policy influence. Elections are the key political event in democracies, as it gives voters the chance to judge the performance of the parties in power (Brender and Drazen 2013). Citizens who are unhappy with local policy will change their voting behaviour with the hope that the newly elected officials will adapt policy to the voters’ wishes. However, the findings show that newly elected mayors make less changes to current expenditures, than incumbents do. The findings suggest that, at least on the short run, the impact of political change on policy should not be overestimated.

Some limitations to this study can be identified. Not all policy making is using financial stimuli (Hood 1983). Policy making is also done with communication and regulation. Those policy measures do not necessarily have an imprint on the budget but can be very impactful. Changes in expenditures are hence only one way of gauging policy change (Brender and Drazen 2013). In addition, the external validity of the study beyond Flanders can be discussed. The federal structure in regions and communities, makes that social distance between local governments and political parties, and central government and national parties is rather small. On top of that, the scale of Flemish municipalities is relatively small, which has an impact on ties between citizens and local governments and on local governments’ capabilities to make policy changes (Janssens, De Peuter et al. 2017). Finally, in Flemish municipal councils seats are allocated using a system of Proportional Representation what usually leads to a higher number of parties in government than under plurality rule (Ashworth, Geys et al. 2005, Goeminne, Geys et al. 2008). The more parties are in lead, the more policy outcomes are a

result of a bargaining process (Freier and Odendahl 2015), limiting the impact each individual political party has on local policy (Spolaore 1993, Tsebelis and Chang 2004). The impact of political change on local policy might be different in countries and regions where local governments are elected under plurality rule.

In conclusion, the goal of this study was to examine the impact of political change on local expenditures. Overall, the first differences regressions showed that in municipalities where the party of the mayor remained the same more changes in expenditures were made than in municipalities where the party of the mayor changed. Changing policy requires experience, and gaining experience takes time. Newly elected officials need time to get familiar with the organisational culture, to build networks with citizens and local actors, and to gain insight in how policy changes could and should be made.

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Chapter 7

Local governments' practised autonomy. Do formal autonomy, administrative capacity, scale, and political change matter?

Local autonomy has been a preliminary topic on the agenda of many European central governments. Though, it is not clear to what extent changes in local governments' formal bounds result in changes in the practice of policy making. Formal bounds define the playing field, but do not explain why some play the game differently. When explaining differences in practised autonomy, policy makers and scholars often refer to variables such as administrative capacity, scale and political change. Using a case of an increase in formal autonomy, the extent to which formal autonomy and the above variables actually result in changes in practised autonomy is studied. The findings indicate that increases in formal autonomy lead to more practised autonomy, but that the explanatory power of the other variables is limited, indicating that it is essential to look beyond generic parameters since informal pressure, as well as capacity, may also inhibit practised autonomy.

1 Introduction

In recent decades many European countries have made efforts to strengthen local governments' autonomy, as it is expected to improve fiscal discipline and responsiveness to citizen demands, with tailor-made policy solutions (Hooghe and Marks 2012, Eyraud and Lusinyan 2013, Asatryan, Feld et al. 2015). However, it remains unclear to what degree formal autonomy materialises in the practice of policymaking. While agency-literature shows that levels of formal and practised autonomy do not always match, studies of local governments' autonomy often focus on formal bounds of autonomy, such as discretion to acquire resources at will, the scope of central supervision and control, or local governments' competences and responsibilities (Fleurke and Willemse 2006, Ferry, Eckersley et al. 2015). Whether and how local governments practise autonomy within those formal bounds is less clear. Studying autonomy from a formal perspective may over- or underestimate the autonomy local governments practise (Fleurke and Willemse 2004, Fleurke and Willemse 2006). Yet, the benefits of local autonomy will only materialise when local governments do something with it.

Using a bottom-up approach in which local governments' budgeting choices instead of formal bounds are used as object of analysis, the interplay between local governments' formal and practised autonomy is studied, as well as explanations for variation in practised autonomy from administrative and political differences. This chapter asks *whether and how formal autonomy, administrative capacity in terms of FTE, scale and political change matter for the autonomy local governments practise*. The empirical context is a case of an increase in local formal autonomy, which serves as unique set-up to study the interrelation between formal and practised autonomy. Panel-data (2014-2025) on budgets of the full population of Belgian (Flemish) local governments (N=300) are analysed using a Wilcoxon Rank-Sum test and Tobit regression. In 2016, earmarked grants for sports, youth and cultural policies have been integrated into the municipal fund. As a result, the spending restrictions on

these funds have been removed. Without earmarking, the funds can be freely allocated to policy goals of local government's choice. The paper studies to what extent the removal of earmarking - and thus, the increase of formal autonomy - has led to different spending patterns. Hence, practised autonomy is operationalised as a shift in spending decisions.

Studying the autonomy local governments practise has relevance for both theory and practice. On the one hand, it adds empirical evidence. Previous research dealing with formal and practised autonomy is often based on cross-sectional data (e.g. Egeberg and Trondal (2009), Maggetti (2007), Yesilkagit and van Thiel (2008)) and does not study changes in autonomy across time, something that is plausible due to the panel-structure of the dataset used in this chapter. By analysing and comparing levels of autonomy across an extensive time-period (2014-2025) this chapter forges a deeper understanding of what happens when local governments are provided with higher levels of formal autonomy. In the same vein, local autonomy is often measured using formal bounds and top-down features. There is a considerable amount of data on local autonomy gathered and produced by the OECD and WB that deals with local expenditures, tax-raising powers and transfers, but do not capture the extent to which local governments have a say in how these funds are spent (Ladner, Keuffer et al. 2019). Recent empirical endeavours indicate, though, that autonomy is not something local governments have or not have, instead it is socially constructed. In this view, measuring autonomy using top-down indicators seems insufficient to grasp the complex relationship between formal and practised autonomy. By using local governments' budgeting decisions as object of analysis, this chapter tries to fill that void.

On the other hand, at an applied level, the value of this chapter lies in its potential to inform policy and provide policymakers with more insight into the Black Box of what happens once formal autonomy is given to local governments. Central government's policy focus is often on reforming formal structures local governments operate in. It is not clear, though, to what extent

such expansions of formal autonomy are actually used by local policymakers and what other features might explain variations in practised autonomy. By focussing on the budgetary choices of local governments, and by examining often used explanations of variations of practised autonomy, this chapter provides more empirical insight on mechanisms of formal and practised local autonomy. Furthermore, most research on interrelation between formal and practised autonomy focusses on governmental levels different than the local level. Less empirical research is available on the link between local governments' formal and practised autonomy, despite relevance for the functioning of local democracies (e.g. power distribution throughout society, local fiscal discipline and responsiveness to citizens demands).

This chapter is structured as follows. In the next section, the distinction between formal and practised autonomy is explained. Subsequently, the chapter elaborates further on the case, data and methodology adopted to analyse the link between formal and practised autonomy. The empirical findings are given in the result section, after which they are discussed in the discussion and conclusion.

2 Formal and practised autonomy

Studies on local governments' autonomy have mainly focused on top-down features and formal bounds (Fleurke and Willemse 2004, Fleurke and Willemse 2006). Research has helped to identify how much discretion local governments have to raise local taxes, to use resources, and to decide on policy objectives (Keuffer and Horber-Papazian 2019). The bounds of autonomy are analysed in order to identify the space for movement within those bounds (Painter and Yee 2010).

Analysing formal autonomy is important but it is not clear to what degree it explains whether formal autonomy leads to autonomous practices nor why levels of practised autonomy may vary. Research on central governmental agencies has shown that

entities' formal and practised autonomy are often unequal, and that entities practise more or less autonomy than they are formally allowed to (Christensen and Læg Reid 2006, Maggetti 2007, Yesilkagit and van Thiel 2008, Busuioac 2009, Groenleer 2009, Zito 2015, Verhoest 2017)⁴⁸.

Formal autonomy defines the playing field but might be inadequate to explain reasons why players engage in autonomous processes of decision making. Various informal aspects might impact the autonomy local governments practise. Although it must be emphasized that these informal features remain theoretical in this paper (as the empirical focus of this chapter lies on examining the impact of formal bounds and often used features such as scale, administrative capacity and political change), it is useful to briefly discuss these informal features to elucidate why the impact of formal bounds on autonomy local governments practise may be limited.

On the one hand, autonomy is not only constructed by formal institutions, but also through social interactions with the broad environment of the organisation (Duncan and Goodwin 1982, DeFilippis 1999, Yesilkagit and van Thiel 2008, Verhoest 2017). Formal frameworks leave room for interpretation: tasks and objectives are often not defined in detail and a great deal of interactions with external actors are not specified (Groenleer 2009).

⁴⁸ There are significant differences between agencies and local governments. In contrast to agencies, local governments are democratically elected and have to answer to both local councils and central regulators, while agencies typically only have a political principal. In agency-literature therefore, the focus is mostly on an excess of autonomy, while in central-local relations, the focus is usually on a lack of autonomy. This chapter combines insights from literature on central-local relations with agency literature. Despite differences, both local governments and agencies need some level of autonomy to carry out public tasks. Since the local electorate is the ultimate principal of local democratic governments, it is crucial to study autonomy from a bottom-up perspective. Though, in literature on central-local relations, such bottom-up perspective is underdeveloped. Literature on agencies can fill the gap.

As a result, after the establishment of formal frameworks, local autonomy is also shaped in the interaction with central governments.

On the other hand, also interactions with a multitude of local actors such as citizens, interest groups, local media, and professionals might impact local autonomy (Gurr, King et al. 1987, Jackson 2014, Ladner, Keuffer et al. 2019). Public opinion can constrain local governments in practising autonomy (Fleurke and Willemse 2004, Sedmihradska and Bakos 2016, Maestas, Chattopadhyay et al. 2020), as it sets bounds to both the definition of policy problems and acceptable solutions (Maestas, Chattopadhyay et al. 2020). Public opinion especially matters for salient issues (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstein 2010, Arnold and Carnes 2012, Einstein and Kogan 2016).

Hence, literature remains inconclusive about the importance of formal bounds for the autonomy local governments practise. Following the theoretical considerations, the next hypotheses are defined:

H1: an increase of formal autonomy results in an increase of practised autonomy.

H1.alternative: formal autonomy does not necessarily result in an increase of practised autonomy as other (informal) features may inhibit the process.

Besides formal bounds, three other commonly used indicators to explain variations in practised autonomy are scale, administrative capacity and political change. First, an often-used explanation of practised autonomy is related to the administrative capacity municipalities (Hulst and van Montfort 2007, Börzel, Hofmann et al. 2010, Koch and Molenaers 2016). In order to practise autonomy local governments need to have the apparatus to make policies that are responsive to local needs (Hulst and van Montfort 2007)

(McAllister 2010). Capacity is about the ability to recognise challenges and opportunities, assemble relevant actors, debate policy alternatives and take action (Nelles 2013). Verschuere (2006) differentiates between ‘policy capacity’ and ‘implementation capacity’, respectively denoting the ability to be involved in policy-related work and to generate knowledge on the implementation of the policy. Several scholars have used overall administrative resources, measured as number of full-time employees (FTE’s), as proxy of administrative capacity (Fernandez, Ryu et al. 2008, Gerber and Hopkins 2011, Verschuere and De Corte 2015).

It is expected that local governments with more FTE per capita will practise more autonomy (H2).

Second, while assessing local autonomy many policymakers and scholars refer to municipalities’ size, with the average population of local governments used as indicator of local governments’ capacity (Hulst and van Montfort 2007, Walker, Berry et al. 2015). Larger municipalities may be able to hire specialised policy staff that can engage in the policy formulation needed to practise autonomy. Larger municipalities may also have a larger social distance between the government and the citizenry, lowering risk of local capturing of policy. Citizens and local actors are not always keen on change, especially when satisfied. This change-aversion is well documented in behavioural theory. Individuals favour situations they are familiar with (Cao, Han et al. 2011), and know will satisfy them (Wildavsky and Dake 1990). Since political parties want to minimise political risk, change-aversion in the citizenry can confine local government’s room for change, particularly in smaller local governments where ties with citizens and local actors are tight.

It is expected that local governments with a larger population size will practise more autonomy (H3).

A third popular explanation for practised autonomy is political change. Democratic theory stipulates that politicians lead policy change (Jones and Olken 2005, Dewan and Myatt 2007, Galasso and Nannicini 2011). New politicians bring new policy agendas that leave their imprint on policy formation (Wolman, Strate et al. 1996). Even when the party in power remains the same, a new mayor may want to make a difference (Wolman, Strate et al. 1996). In a well-functioning local democracy, local election campaigns lead to new policy agendas (Burstein and Linton 2002). New parties and people in power may hence take advantage of the increase of formal autonomy. In this study, political change is operationalised as the new mayor being a member of a different political party.

The relevance of political change is contentious. A significant political science literature has argued that political parties have lost their relevance as actors in the policymaking process (Wattenberg 2000). Influences of amongst others front-line workers, media, and interest groups, policy advisors, and experts (Huckfeldt, Plutzer et al. 1993, Lipsky and Hill 1993, Peters 1998, Cottle 2008, Lipsky 2010) may have an impact on local governments' policy choices. Furthermore, national, international, economic, legal, and bureaucratic structural constraints (Morgan and Watson 1995, Schmidt 1996, Mulé 2001, Self 2005, Leigh 2008) also limit the discretionary space of political leaders to implement change. Local governments are only free to a certain degree to tax citizens, share responsibilities with other governmental levels, are financially dependent of central government, face fiscal limitations, and are limited by institutional rules such as balanced budget provisions (Meier and England 1984, Nivola 1996, Pelissero, Holian et al. 2000, Rae 2003, Bailey and Rom 2004, Craw 2006, Ferreira and Gyourko 2009, Gerber and Hopkins 2011, Tausanovitch and Warshaw 2014, Berman 2019).

The limits on local political discretion clearly go beyond formal bounds set by central governments. Yet, overall, it is

expected that political change will have a positive effect on practised autonomy as new political leaders will want to leave an imprint on the policy formation (H4).

3 Case, data and methods

Case

To analyse impact of changes in formal autonomy on practised autonomy, a policy reform in Flanders, Belgium is studied. In 2016, in the midst of a legislature, the Flemish government increased local governments' formal autonomy. Seven earmarked sectoral grants were converted to block grants in the municipal fund⁴⁹. Local governments still receive the resources but are now free to use them according to their own preferences.

The earmarking restricted local governments' formal autonomy in four ways⁵⁰. First, at the beginning of each local legislature municipalities had to provide a multi-annual plan in which they needed to explain how they would realise the Flemish policy priorities⁵¹. Second, local governments were obliged to spend the grant entirely on the Flemish policy priorities. Third, in order to qualify for the grant, local governments' multi-annual planning, budget and subsidy application needed to be approved by central government, by means of ex-ante control. Fourth, not only ex-ante, but also ex-post control existed: local governments needed to report

⁴⁹ Sports, Youth, Culture, Education, Child Poverty, Municipal Development Cooperation, and Integration

⁵⁰ Look appendix for more information on the Flemish policy priorities for sports, youth, and culture.

⁵¹ Art. 5, Decreet van 15 juli 2011 houdende vaststelling van de algemene regels waaronder in de Vlaamse Gemeenschap en het Vlaamse Gewest periodieke plan- en rapporteringsverplichtingen aan lokale besturen kunnen worden opgelegd.

yearly about their efforts to pursue the Flemish policy priorities⁵². The Flemish government could ask for extra clarifications, withhold further funding, and even reclaim previously granted resources⁵³. Since the elimination of earmarking, ex-ante and ex-post control mechanisms are no longer operational, and local governments are no longer obliged to spend the grant on Flemish policy priorities or specific policy fields. Therefore, the 2016 reform offers a unique opportunity to study the impact of changing levels of formal autonomy on the autonomy local governments practise.

Out of the seven policy fields that were targeted by the elimination of earmarking, sports, youth, and culture were selected for several reasons. First, the earmarked financial flows towards sports, youth and culture were the largest in size. Second, almost all local governments received specific purpose grants for these three policy fields. Third, the impact of horizontal control from local actors and citizens is strongest for salient policy topics. In local governments, youth, culture and sports are directly related to local civil society and depend strongly on local grants and infrastructure. Any change in policy will affect civil society directly. Finally, despite limited financial autonomy, local governments had much policy autonomy regarding sports and youth before the elimination of earmarking. Culture policy was and still is, though, to a larger extent shared with central government that subsidises several local cultural institutions directly. The dissimilar levels of policy autonomy might mediate the impact of the increase of formal autonomy on autonomy local governments practise, what on its turn can provide valuable insights on the relation between formal and practised autonomy.

⁵² Art. 10, Decreet van 15 juli 2011 houdende vaststelling van de algemene regels waaronder in de Vlaamse Gemeenschap en het Vlaamse Gewest periodieke plan- en rapporteringsverplichtingen aan lokale besturen kunnen worden opgelegd.

⁵³ Ibid. Art. 11

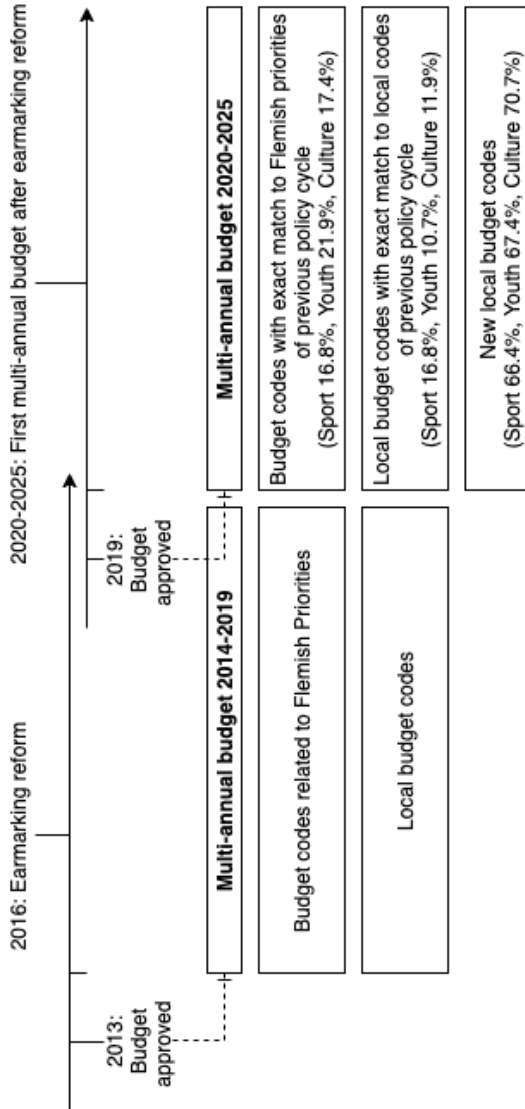
Data and model

The impact of the increase of formal autonomy on spending patterns is studied⁵⁴ (see figure 1 for an overview of the data's structure). Budgets of multi-annual plans 2014-2019 and 2020-2025 are compared for sports, youth and culture of the full population of Flemish municipalities (N=300)⁵⁵. In the first year of a local legislature (i.e. 2013 and 2019) Flemish local governments have to draft a multi-annual plan and define budgets for the next six years. Hence, during the first year of a local legislature the new coalitions work with budgets defined by their incumbents. New coalitions can make small changes to those budgets, but their actual impact on expenditures shows in the multi-annual plan they define. Therefore, in the analysis, not local legislatures (2013-2018, 2019-2024), but multi-annual plans (2014-2019, 2020-2025) are compared. The budget of 2020-2025 was the first one after the elimination of earmarking.

⁵⁴ The expenditures are retrieved from the Flemish financial management too: <https://lokaalbestuur.vlaanderen.be/bbc/data>

⁵⁵ Although data for the full population of Flemish municipalities is available, some are excluded from the analysis. On the one hand, outliers are removed. On the other hand, in spite of comparability across time, municipalities that underwent an amalgamation in 2018/2019 are not taken into account.

Figure 1: Structure of data.



The units of analysis are policy actions local governments define. These policy actions reflect the policy choices local governments made, and thus are an unique and detailed data source to measure whether local governments made significant changes to their policy following the elimination of earmarking. Table 13 provides an overview of the number of policy actions that were defined by the 300 municipalities in the study. Before 2016, during the period of earmarking, policy actions that were eligible for subsidisation were identified with a code. From 2016 onwards, and thus regarding multi-annual budget 2020-2025, these codes are no longer required as the earmarked grants became part of the basic funding. On behalf of the analysis, though, there needs to be an overview of whether or not policy actions were subsidised by the system of earmarked grants. So, the policy actions of the second multi-annual budget (2020-2025) were matched with the policy actions of the first multi-annual budget (2014-2019) using policy descriptions. If the description of a policy action 2020-2025 was an exact match with a description of a policy action 2014-2019, that policy action was linked to the concerning code, reflecting whether or not the action was subsidised by the system of earmarked grants before 2016.

Table 13: Number of initial observations and matched observation.
Matching is based on the description of the policy actions in multi-
annual plan 2014-2019.

	Years	Number initial observations	Number matching observations	% used
Sports	2014-2019	34174	/	100%
	2020-2025	25516	8573	33,6%
youth	2014-2019	33295	/	100%
	2020-2025	24507	7998	32,6%
Culture	2014-2019	63601	/	100%
	2020-2025	52138	15297	29,3%

Roughly 30% of the policy actions in multi-annual plan 2020-2025 were identical to policy action of the previous planning period. The identical policy actions were divided in two groups: Flemish and local actions. The Flemish group includes all actions that were subsidised by the system of earmarked grants. The local group accounts for policy actions that were never subsidised by the Flemish earmarked grants, and thus reflect ‘real’ local policy.

Although the method of matching made it possible to determine whether or not local policy actions were affected by Flemish policy priorities, a major downfall is that only approximately 30% of the data could be used. For the remaining 70% no exact match of policy action was found, thus it remains inconclusive whether or not the policy action was subsidised by the system of earmarked grants. The absence of an exact match can reflect two things: (1) the policy action is rather similar, but the description slightly changed between the two multi-annual plans, and (2) the policy action is new, and thus never subsidised through earmarked grants. In both cases, local governments made (small) changes in the definition of local policy actions. Not taking into

account these policy actions, thus, may negatively affect the level of practised autonomy that is observed after the implementation of the 2016 reform.

To analyse the changes in budget reserved for Flemish and local policy actions, two analytical strategies are used. First, to analyse the extent to which local governments practise the higher levels of formal autonomy, a Wilcoxon Rank-Sum test is used. The Wilcoxon Rank-Sum test tells whether local governments made significant changes to the share of budget they reserved for Flemish and local actions across both multi-annual plans (2014-2019 vs. 2020-2025). To safeguard comparability across multi-annual plans, budget reserved for Flemish and local actions are divided by the sum of budget across both groups of actions for both multi-annual plans⁵⁶.

Second, after the impact of the increase of formal autonomy on practised autonomy is examined, the explanatory power of administrative capacity, population size and political change for variances in practised autonomy is analysed⁵⁷. The model is only estimated for the group of local policy actions, as share of budget reserved for local and Flemish actions are communicating vessels. The model estimates to what extent local governments' practised autonomy, measured as changes in share of budget reserved for local

⁵⁶ In order to proof a causal effect an experimental set-up would be preferred. However, there is no appropriate group to compare the experimental group with. Flemish municipalities that not received specific purpose grants cannot serve as control group given their low number. The most evident control-group are municipalities from the Walloon region. A crucial problem is, though, that the management tool through which Flemish and Walloon local governments report their expenditures and budgets differs substantially. Comparing expenditures that are reported differently can cause estimates to be inconsistent. Due to the lack of a control-group the results extra cautiously interpreted as indications of impact of formal autonomy, instead of actual impact.

⁵⁷ Look appendix for correlation matrix.

priorities Y^{58} , depends on population size (Size), administrative capacity (FTE), political change (PC), and non-observable factors ε^{59} . To control for socio-economic features, the Belfius-clusters (BC) were added to the model⁶⁰.

$$Y = \beta_0 + \beta_1 \text{Size} + \beta_2 \text{FTE} + \beta_3 \text{PC} + \beta_4 \text{BC} + \varepsilon$$

To estimate the relationship between the variables outlined above and Y , a specific econometric model is required. Ordinary least squares (OLS) is not suitable because it does not take into account that Y is bounded between minus one and one, what can result in impossible predictions. A Tobit model, where one can set the lower and upper bounds, is used to deal with this kind of dependent. The coefficients in the Tobit model can be interpreted in a number of ways, depending upon one's interest. For this analysis, only the latent variable is relevant. Following Cameron and Trivedi (2005) the marginal effect is the following:

⁵⁸ The dependent variable is calculated by summing the budget reserved for local policy actions, for each of the municipalities, for both periods (2014-2019 and 2020-2025). Subsequently, the local budgets are divided by the total budget across both groups of policy actions (Flemish and local). Finally, the share of budget reserved for local actions 2020-2025 was reduced with the share of budget reserved for local actions 2014-2019. As a result, the dependent variable reflects changes in the share of budget each municipality reserved for local actions, across multi-annual plans 2014-2019 and 2020-2025. A negative value reflects that municipalities reserved a smaller share of their budget for local actions during 2020-2025, in comparison to 2014-2019.

⁵⁹ FTE was included in the model as FTE per 100 capita.

⁶⁰ The Belfius-cluster divides Flemish local governments in six clusters based on socio-economic features such as wealth, demographic composition and economic activity.

$$\frac{\partial E\{y_i^*\}}{\partial x_{ik}} = \beta_k$$

So instead of interpreting the effects in terms of the probability of being censored, or the expected outcome on not being censored, they are only interpreted in terms of the latent outcome. In this case the results of the Tobit model are relatively easy to interpret. The logic is that a Tobit model is non-linear in terms of the probability of being censored or the expected outcome condition on not being censored but is a linear model in terms of the latent variable. Consequently, the coefficients can be interpreted as in a linear regression.

4 empirical findings

As outlined above, the first step of the analysis is to determine whether local governments practise the higher level of formal autonomy following the elimination of earmarking, and thus whether they made significant changes on the share of budget they reserve for local and Flemish policy actions. Using a Wilcoxon Rank-Sum test, the share of budget reserved for Flemish and local actions is compared across multi-annual plans 2014-2019 and 2020-2025. The Wilcoxon Rank-Sum test shows whether significant changes in the share of budget reserved for local and Flemish actions were made. Table 14 shows the p-values for each of the policy fields and actions, as well as the results of the t-test.

Table 14: Wilcoxon Rank-Sum test and t-test.

	Culture			
	Wilcoxon	t	Pr. T<t	Pr. T>t
Flemish actions	<0.001***	7.15	1	<0.001
Local actions	<0.001***	-8.24	<0.001	1
	Sports			
Flemish actions	<0.001***	4.97	1	<0.001
Local actions	<0.001***	-6.24	<0.001	1
	Youth			
Flemish actions	<0.001***	7.46	1	<0.001
Local actions	<0.001***	-9.34	<0.001	1

The results show that for all three policy fields significant changes were made away from the previously earmarked priorities. Concerning Flemish policy actions, the significant changes reflect a negative evolution. Local governments reserved a significant smaller share of their budgets for the Flemish policy priorities in multi-annual plan 2020-2025, in comparison to multi-annual plan 2014-2019. Accordingly, for all three policy fields the results show significant changes towards local policy actions. Local governments reserved a significant larger share of their budgets for achieving local policy objectives in multi-annual plan 2020-2025, in comparison to multi-annual plan 2014-2019.

The higher relative spending on local policy objectives, and lower relative spending on Flemish policy priorities, seem to support the first hypothesis that increases in formal autonomy lead to higher levels of practised autonomy. Local governments seem to practise

their larger formal autonomy as they have shifted budgets from Flemish policy priorities to local policy objectives, thus prioritising local policy.

The second step in the analysis is to test whether administrative capacity (FTE), size (number of inhabitants) and political change have explanatory power for levels of practised autonomy. As budgets reserved for local and Flemish actions are communicating vessels, regression models were only estimated for local policy actions.

Table 15: Regression models.

	Culture	Sports	Youth
	b/t	b/t	b/t
Number of inhabitants	0.000 (0.31)	-0.000 (-0.34)	-0.000 (-0.35)
Belfius code (Residential municipalities = ref. cat.)	F(5,274) =2.59**	F(5,276) =1.5	F(5,253) =4.73***
Municipalities with economic appeal	0.113* (2.05)	0.074 (1.79)	0.168** (3.08)
Major & regional cities	-0.018 (-0.13)	-0.000 (-0.00)	0.269 (1.93)
Coastal municipalities	0.467** (2.61)	0.041 (0.30)	0.656*** (3.77)
Rural municipalities	-0.010 (-0.19)	-0.028 (-0.68)	0.046 (0.86)
Urbanized municipalities	0.121 (1.50)	0.093 (1.56)	0.254** (3.31)
Employment (FTE)	-0.199 (-1.24)	0.083 (0.69)	-0.314* (-1.99)
Political change	0.042	0.005	-0.001
N	282	284	261
McFadden R ²	0.07	0.246	0.142
Cragg-Uhler R ²	0.096	0.259	0.185

Standard errors in parentheses, * indicates statistical significance at the 10% level. ** indicates statistical significance at the 5% level. *** indicates statistical significance at the 1% level.

Table 15 represents the regression results. Overall, the models do not show significant effects for administrative capacity, political change and size. Only concerning FTE the youth-model shows a significant negative effect ($b = -0.314^*$), reflecting that municipalities with more administrative capacity in terms of FTE made less changes towards local policy priorities than municipalities with less administrative capacity. For both the sports- and culture-models no significant effects for FTE are found. Hence, explanatory power of FTE for changes in local budgets seems rather limited, contradicting the second hypothesis that local governments' with more administrative capacity practise more autonomy.

Concerning number of inhabitants and political change, no significant effects are found for none of the policy fields. No indications are present that larger municipalities in terms of size, or municipalities in which the party of the mayor has changed, made more changes to their policy actions. The absence of significant effects for size and political change go against the third and fourth hypothesis, that local governments with a larger population and which encountered political change will practise more autonomy.

Concerning the Belfius-cluster significant positive effects are found for three groups: municipalities with economic appeal, coastal municipalities and urbanized municipalities. The significant results indicate that municipalities in these three clusters have made more changes on their budgets than residential municipalities (the reference group).

5 Discussion and conclusion

This chapter studied the extent to which changes in formal autonomy lead to autonomy in the practice of policy making. Also, the impact of administrative capacity (measured as FTE per 100 capita), size (measured as number of inhabitants) and political change on practised local autonomy was analysed. The empirical context was a case of increase in local autonomy in Belgium (Flanders).

The results seem to suggest that the increase of formal autonomy resulted in more practised autonomy⁶¹. Local governments seem to practise their larger formal autonomy as they have shifted budgets from Flemish policy priorities to local policy objectives, thus prioritising local policy. This finding has implications for the functioning of local democracies and responsiveness of local government. Local autonomy is key for a well-functioning local democracy (Ladner, Keuffer et al. 2019) and a local policy that is responsive to the local context (Sharpe 1970, Bailey and Elliott 2009). The budgetary shifts from Flemish policy priorities towards local policy objectives seem to indicate that local governments utilise the discretionary room they were provided with through the increase of formal autonomy, enabling them to adapt policy to the local context, facilitating responsiveness and potentially strengthening local democracy.

Not all local governments practise formal autonomy to the same degree. Therefore, three often used explanations for variations in practised autonomy are studied: administrative capacity (FTE), size (number of inhabitants), and political change (changes in political party of mayor). For neither of the three variables the models show substantial significant effects, indicating that their explanatory power is little.

A deeper dive into the local context is needed to understand why local governments seem to act upon formal autonomy. A look beyond generic parameters such as size, political change, and administrative capacity is crucial. An interesting avenue for further research is embeddedness in networks. Networks are not measured by variables such as size, administrative capacity or political change. Instead, networks concern traditions and habits and can constrain or enable local governments to practise their larger formal autonomy

⁶¹ As already mentioned, the causal relationship between formal and practised autonomy is interpreted with caution due to data-limitations and the lack of an experimental set-up. Therefore, the results are interpreted as indications of a causal effect, instead of an actual causal effect.

(Gurr, King et al. 1987, Fleurke and Willemse 2004, Jackson 2014, Sedmihradska and Bakos 2016), especially when it comes to salient policy topics (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstine 2010, Arnold and Carnes 2012, Einstein and Kogan 2016). In local government, policy fields such as culture, youth, and sports are directly related to local civil society and depend to a large extent on local grants and infrastructure (Wilson 2019). Any change in policy will affect the possibilities citizens and local actors have to enjoy culture-, youth-, and sports-activities. Hence, if satisfied with policy, local networks tend to be reluctant against change as it might bring unforeseen consequences (Wildavsky and Dake 1990, Cao, Han et al. 2011). More research is needed on the impact of horizontal networks and bottom-up pressure on autonomy local governments practise, especially during reforms that change levels of local governments' formal autonomy.

The results have practical and theoretical implications. At an applied level they reveal the complexity of the interrelations between formal and practised autonomy. The policy focus of central government is often on reforming formal structures local governments operate in. Although the results seem to indicate that formal autonomy does trigger practised autonomy, the results also suggest that more is needed than formal freedom and structural capacities to use autonomy in the practice of policy making. As autonomy may also be constructed by social interactions, the effectiveness of central policy might be compromised when solely reforming formal frameworks. At a theoretical level, the findings build on previous understandings of formal and practised autonomy and extend them by empirically showing that changes in formal autonomy can have an impact on the autonomy local governments practise. Furthermore, the results of this paper add to the literature on local democracies as they seem to support the contention that increasing levels of autonomy might be an important step towards strengthening the functioning of local democracy and facilitating local governments' responsiveness to the local context.

The study has some limitations. The first limitation of this study is the external validity. Policy fields are inquired for which

local governments already possessed some level of formal autonomy, before moving to a higher level. Results may be different for other policy fields. Furthermore, the Belgian region of Flanders is not necessarily comparable to other regions and countries. The federal structure in regions and communities makes that social distance between local governments and central government is rather small. Also, the small size of Flemish municipalities can impact ties between citizens and local governments, and local governments' resources such as amount of personnel.

Another potential limitation lies in the lack of data on capacity dimensions. If autonomy is constructed through social interaction, the capacity of local governments to engage in those interactions may be important as well. Capacity concerns more than personnel and size, it also concerns information, expertise, support, management competences and professional skills (Verschuere 2006, Wolman, McManmon et al. 2008). By merely measuring local governments' capacities by FTE and size, the impact of other capacity-measures is potentially overlooked. Though, the aim of this paper was to analyse the impact of often used capacity measures FTE and size, not to identify all kinds of other relevant capacity-measures. More research is needed on identifying other types of capacity potentially influencing the autonomy local governments practise.

The aim of this study was to analyse the extent to which changes in formal autonomy lead to autonomy in the practice of policy making, and to test explanatory power of administrative capacity, size and political change on autonomy local governments practise. It is concluded that formal autonomy seems to be an important condition in fostering autonomy in the practice of policy making, but that besides formal and structural features, horizontal and bottom-up pressure from networks, as well as capacities to interact with those networks, potentially have an important impact on local governments' practised autonomy as well.

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Chapter 8

Conclusion and policy recommendations

1 Answering the main research question

In the previous chapters the interrelation between formal and practised autonomy is empirically tested, as well as other features that might mediate that interrelation. The chapters correspond to the three main sub-questions, with the first dealing with the impact of changes in levels of formal autonomy on local governments' practised autonomy, the second dealing with social mechanisms influencing the practice of local autonomy and the third dealing with the impact of political change and capacity on local governments' level of practised autonomy.

Together, the empirical results suggest that a direct link between formal and practised autonomy exists, but that this link is mediated through the impact of horizontal networks, bottom-up pressure, political change and local governments' capacities. This final chapter aims to bring the results of the dissertation together and provide several recommendations for future research and practice. To that end, first an answer to the sub-questions and main research question underlying this dissertation is presented. Subsequently, the implications of the results are discussed, as are the various limitations to the methodologies used to obtain the results of the previous chapters. Several concluding remarks are then presented.

1.1 Sub-question 1: what impact do changes in the level of formal autonomy have on local governments' practised autonomy?

The first sub-question, what impact changes in the level of formal autonomy have on local governments' practised autonomy, is examined in both chapters 4 and 7. In chapter 7 the extent to which changes in formal autonomy have led to changes in division of budget across policy objectives is studied. By comparing current expenditures of Flemish local governments across two multi-annual plans (i.e., 2014-2019 vs. 2020-2025), it was found that increases in

levels of formal autonomy seem to have resulted in more practised autonomy. Significant changes in division of budgets across groups of policy objectives were discerned. When comparing multi-annual plan 2014-2019 to multi-annual plan 2020-2025 two main conclusions can be drawn: (1) in multi-annual plan 2020-2025, local governments reserved a significant larger share of their sports-, youth-, and culture-budgets for local policy priorities, in comparison to multi-annual plan 2014-2019 and (2) a significant smaller share of sports-, youth- and culture-budgets are reserved for Flemish policy priorities. The significant budgetary shifts from Flemish policy priorities towards 'real' local policy indicate that the increase in formal autonomy has led to higher levels of practised autonomy.

The conclusions of chapter 7 are in accordance with the results of chapter 4. In chapter 4, the effect of an increase in formal autonomy on local governments' current expenditures is studied. Using panel data on current expenditures of Flemish local governments, the results showed that (1) changes in local governments' formal autonomy seem to have a rather direct impact on the autonomy local governments practise but (2) that the effect of this impact goes in the opposite direction of what was expected. Changes in spending behaviour on sports, youth and culture were used as indicator of practised local autonomy. Overall, Flemish sectoral administrations expected that if local governments would use their larger formal autonomy, this would result in cuts in current expenditures on sports, youth and culture (SARC 2014, SARC 2015). The results in chapter 4 show, however, the contrary. Since the increase of formal autonomy local governments spend more on sports, youth and culture policy.

Based on the used data in chapter 4 no hard claims can be made about reasons why the results show the opposite of what was expected by sectoral administrations. Though, based on literature some assumptions can be made⁶². On the one hand, the decrease of central control has created more room for horizontal and bottom-up

⁶² These assumptions were confirmed in chapter 5: From formal to practised: Mechanisms of local financial and policy autonomy.

control structures to take over. Local governments are embedded in networks with a multitude of local actors such as citizens, interest groups, media and pressure groups, who are all involved in one or more aspects of the policy process (Gurr, King et al. 1987, Godwin and Schroedel 2000, John 2001, Steyvers, Bergström et al. 2008, Sharp, Daley et al. 2011, Sabatier 2019). The interactions with the local environment can impact the way local governments practise their autonomy (Gurr, King et al. 1987, Jackson 2014), especially when it comes to salient policy topics (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstein 2010, Arnold and Carnes 2012, Einstein and Kogan 2016). Sports, youth and culture are ‘visible’ policy fields for citizens since they have a rather extensive impact on many citizens’ lives (Wilson 2019), limiting local governments’ discretionary room and making it harder to cut in expenses.

On the other hand, not only horizontal and bottom-up networks got room to take over, also the local administrations and aldermen for sports, youth and culture policy have been ‘alarmed’ by the increase of formal autonomy. During the period of earmarking sectoral administrations and aldermen had certainty about the budgets they would obtain. That certainty, however, crumbled with the transfer of specific purpose grants to block grants, potentially giving rise to sectoral fencing of budgets and limiting local governments’ practised autonomy to shift budgets and rethink local policy.

The combination of horizontal and bottom-up control and sectoral fencing seems to be a plausible explanation for the increase of expenditures. Though, as mentioned before, based on the data used in chapter 4 no hard claims can be made on this point. To dive deeper into features that might impact the autonomy local governments practise, social mechanisms influencing local governments’ practised autonomy were studied in chapter 5.

1.2 Sub-question 2: What social mechanisms influence the way local governments practise their autonomy?

In answering the second sub-question, underlying mechanisms of local governments' practised autonomy were studied. Chapters 4 and 7 showed a rather direct impact of formal on practised autonomy. Yet, the results in chapter 4 indicated that the direction of the effect was contrary to the expectations: the increase of formal autonomy led to an increase of spending on sports, youth and culture, instead of the expected decrease. The unexpected increase of spending hinted that besides formal autonomy other, informal features potentially influence the way local governments practise their autonomy. Therefore, in chapter 5 reasons why local governments do (not) practise their larger formal autonomy were studied. Using semi-structured interviewing, mechanisms that influence the autonomy local governments practise were identified. Respectively 23 and 21 Flemish public officials were interviewed across the policy fields youth and sports.

Overall, the results showed that local governments perceive more autonomy since the elimination of earmarking. This is an important finding since the perception of autonomy is a predictor of the degree to which autonomy is used in practice (Verhoest 2017). Nevertheless, the results showed that perceptions of autonomy do not necessarily lead to autonomy in the practice of local decision making. Almost all respondents noted that they do not per se use the larger formal autonomy. This can be a result of timing: it is plausible that local governments need more time to start using their formal autonomy. Though, based on the interviews several mechanisms were identified that impact the way local governments practise their autonomy.

In the interview data three network-mechanisms were identified: policy championing, civil society networks and citizen pressure. While relations with central actors lead to pressures to use local autonomy, relations with civil society actors tend to introduce some inertia. In addition, respondents also pointed to citizen expectations for continuity to explain why autonomy is not used to a greater extent.

Policy championing refers to informal expectations from central government, local governments feel they have to meet. This form of informal central control is most prevalent if local politicians are or were active on other political levels as well. Through the direct links with central government, more eyes are on the local context, raising informal expectations and pressure local governments perceive to perform according to central standards. In response, some local governments want to become policy champions and demonstrate to central actors as well as other municipalities that they are best of class. In the case of elimination of earmarking, policy champions want to show that they have what is needed to practise the larger formal autonomy and make strong local policy.

Contrary to policy championing, civil society networks explain continuity. Local governments cooperate with a number of external actors. These actors have their way of doing and are not always willing to change their strategies or habits. The elimination of earmarking increased vertical autonomy from central government, what on its turn activated horizontal networks and created more room for influence from external, horizontal actors. In the case of sports and youth policy, these local actors favoured continuity since that provided them with most certainty about subsidies and resources they receive from local governments.

In the same vein, citizens pressure explains continuity. Citizens have expectations about services local governments provide them with. In sake of local support, local governments can feel pressure to meet those expectations and provide citizens with the same amount of infrastructure and services as they were provided with before the elimination of earmarking.

Both citizens pressure and civil society networks support the assumptions made in chapter 4 on reasons why the elimination of earmarking resulted in increased, instead of decreased spending on sports, youth and culture. Bottom-up pressure from citizens and horizontal control from local actors force local governments to spend at least the same amount of financial resources on sports, youth and culture as they did before the elimination of earmarking.

Local governments might even feel pressure to spend more on these policy fields to prove local actors and citizens that they are trustworthy and highly value local leisure policy.

If informal networks influence the autonomy local governments practise, local governments' resources and capacity to engage in those networks and develop new policies impact their practised autonomy as well. The semi-structured interviews indicated that capacity entails skills to cooperate and communicate within the organisations, with citizens and with other governmental levels. Through cooperation resources (e.g., time, knowledge, personnel) are pooled, efforts and responsibilities are shared, commitment of external actors is fostered, networks are built through which valuable information gets exchanged more easily, bonds of trust are established and leverage to persuade others is expanded.

In this context, a potential danger is sectoral fencing. In chapter 5 the mechanism of sectoral fencing was mentioned by several respondents as potential danger for local governments' practised autonomy. Local governments are an amalgamation of departments, each defending their own sectoral interests and trying to secure resources. Since the elimination of earmarking sectoral departments feel endangered as previously earmarked budgets are now freely spendable. A strong alderman and public servant with political weight to claim and retain budgets became more important as ever. Sectoral administrations want to secure at least the same budgets they were provided with during the period of earmarking. If sectors do everything in their power to fence budgets year in year out, not based on actual local needs, but on what they acquired in previous years, the discretionary room of local governments to reassess policy is severely limited, endangering local autonomy.

1.3 Sub-question 3: How do political change and local capacity impact local governments' practised autonomy?

Political change is often perceived as enabling factor of policy change. In that vein, political change might impact the autonomy local governments practise. According to democratic theory, politicians are expected to lead policy change (Jones and Olken 2005, Dewan and Myatt 2007, Galasso and Nannicini 2011). Newly elected mayors and officials come to office eager to undertake changes in policy and expenditures that differentiate them from their predecessor (Wolman, Strate et al. 1996). Therefore, local election campaigns are expected to change the policy agendas and outputs elected officials pursue, reflecting a well-functioning local democracy (Burstein and Linton 2002). A substantive political science literature, however, has argued that policy programs became interchangeable and parties have lost their relevance as actors in the policymaking process (Wattenberg 2000). Many other factors might mediate the impact of political change on policy: (1) influence of actors such as front-line workers, media, interest groups and policy advisors, (2) horizontal and bottom-up pressure from local actors and citizens and (3) national, international, economic, legal and bureaucratic structural constrains (Huckfeldt, Plutzer et al. 1993, Lipsky and Hill 1993, Morgan and Watson 1995, Schmidt 1996, Peters 1998, Wattenberg 2000, Mulé 2001, Self 2005, Cottle 2008, Leigh 2008, Lipsky 2010).

In chapters 6 and 7 the expectation that political change results in policy change is put to the test. In chapter 6 expenditures of all Flemish municipalities before and after the election in 2018 are analysed using a first difference design. All policy fields for which Flemish local governments fulfil a policy role were included in the model⁶³. Political change was operationalized as both changes in party of the mayor and changes in share of seats political parties

⁶³ These policy fields are: sports, youth, culture, mobility, environment, safety, work, housing, spatial planning, education, care, general management and financing

have in the local council. No support was found for the contention that political change matters. Even evidence for the opposite was found: continuity of the party of the mayor is associated with more changes in expenditures. Furthermore, the regression models did not show significant impact of changes in seats of political parties on local expenditures.

The results in chapter 7 added extra nuance to the findings in chapter 6. In chapter 7 the impact of political change on policy objectives was analysed. Political change was operationalized as changes in the party of the mayor. The negative correlation between political change and policy change did not replicate at the level of policy objectives. At the level of policy objectives, no significant differences were discerned between municipalities that encountered political change and those that did not.

The findings in chapter 6 and 7 suggest that, at least on the short run, the impact of political change on policy should not be overestimated. Some explanations were provided for the lack of change in expenditures and policy objectives in municipalities in which the party of the mayor changed. First, a substantive political science literature has argued that political programs have become interchangeable and parties have lost their relevance as actors in the policymaking process (Wattenberg 2000). Hence, one explanation might be the lack of new policy ideas: new mayors are not obliged to change policy, they may decide to keep it with the old.

However, elections are a contest between alternative policy visions and political parties want to differentiate themselves from their predecessors (Wolman, Strate et al. 1996). Composition of expenditures is an important aspect of policy. Candidates and parties indicate to the electorate how they would prioritize different expenditures once elected (Brender and Drazen 2013). Thus, the notion that a lack of new policy ideas explains the absence of changes in policy is rather unconvincing.

An alternative explanation is that learning requires time. Leaders need time to get familiar with the pre-existing activities and culture of the organisation (Hill 2005, Petrovsky, James et al. 2015). Hence, organisational learning is an important pathway towards

policy change (Pierce, Peterson et al. 2020). Since incumbents have more years of service as mayor, they also had more time to assess what policy changes should be made and to ‘learn’ how to adjust goals or techniques from the consequences of past policies (Bennett and Howlett 1992). Three aspects are specifically important: getting familiar with the intricacies of the budgetary system, learning how to cooperate with other political actors and getting embedded in local networks of civil society organisations.

First, influencing public policy through budgeting requires strong executives who know how to set the agenda. New office holders still need to go through that learning curve, implying that on the short run, changes in leadership result in less policy changes instead of more (Brender and Drazen 2013). Second, when executive politicians change, the identities and interests of legislators and existing bureaucracy do not necessarily change along. Depending on the power of these political actors, policy may appear to stand still (Brender and Drazen 2013). In addition, when budgets follow from bureaucratic planning they sometimes take the form of *faits accomplis*, making it more complex for politicians to take decisions different than proposed by bureaucracy (Buylen and Christiaens 2016). Third, also embeddedness in local networks that exist out of civil organisations, companies and citizenry is important. Horizontal and bottom-up networks provide executive politicians not only with support and resources, but also with diverse perspectives to make well-informed decisions, something that is crucial to create new realities in organisations (Allison 2012). Since incumbents have more years in service, their ties with citizens and local actors are usually closer than those between civil society and the newly appointed mayor, making it harder for newly elected politicians to change policy.

1.4 Main research question: How do changing levels of formal autonomy impact local governments' practised autonomy and what other features mediate this impact?

A consistent finding in this thesis is that the increase of formal financial autonomy seems to have led to an increase of practised autonomy. Local governments made significant changes to their spending, in comparison to the period of earmarking. In addition, not only the total share of expenditures on sports, youth and culture changed significantly, also significant changes in expenditures on policy objectives were made.

The positive effect of changes in formal autonomy on practised autonomy is an indication of the functioning of local democracy. In political theory a strong argument is present that local autonomy is a crucial component for democratic structures (Beetham and Weir 2002). Local autonomy is considered to provide the ground for genuine democracy where decisions meet citizens demands and needs (Ladner, Keuffer et al. 2019), and local government is responsive to local mores, needs, demands and circumstances (Sharpe 1970, Bailey and Elliott 2009). The higher spending on the policy fields sports, youth and culture seems to indicate that horizontal and bottom-up control structures have taken over from top-down control structures. This assumption is supported by the findings in chapter 5, where civil society and citizen pressure were identified as important horizontal and bottom-up structures that influence the autonomy local governments practise. The results in this thesis suggest that along with the increase of local autonomy, impact of civil society and citizens on policy has increased as well, one of the essential elements of strengthening local democracy.

Yet, besides indications of functioning of local democracy, other results in this thesis suggested rather the opposite. No significant impact of political change on local policy was found. As already mentioned, democratic theory puts politician in the driving seat for leading policy change. Therefore, it is expected that if local democracy functions, political shifts result in changes in policy goals and spending behaviour. Though, the results in chapters 6 and 7 show the opposite: political change is associated with less, instead

of more changes in current expenditures, or at the level of policy objectives, with almost neglectable changes. In chapters 6 and 7 it is argued that the limited impact of political change on local policy might have to do with the fact that changing policy requires experience, and gaining experience takes time. New leaders need time to get familiar with the functioning and culture of the organisation (Hill 2005, Petrovsky, James et al. 2015). Learning, therefore, is an important pathway towards policy change (Pierce, Peterson et al. 2020).

That policy change requires time and experience has two important implications for local democracies. First, if government turnover is rapid, it is more likely that the impact of political leaders on policy is rather limited since time lacks to learn and gain experience. Second, elections are the key political event in democracies as it gives voters the chance to judge the performance of parties in power (Brender and Drazen 2013). Citizens who are unhappy with local policy are expected to change their voting behaviour in the hope that the newly elected officials will adapt policy to voters' wishes. The findings imply, however, that newly elected political leaders make less policy changes than incumbents. The lack of policy change is a sign of limited democratic voting power and indicates that, at least on the short run, the impact of political change on policy should not be overestimated

Besides impact of horizontal and bottom-up pressure and political change, also the impact of capacity on local governments' practised autonomy was analysed. In chapter 5 indications were found that local capacity has a positive impact on the autonomy local governments practise. Respondents pointed to the importance of having the capacity to engage in interactions in networks and to develop new policies. Practised autonomy may be restricted if local governments do not have the skills to cooperate and communicate within their organisations, with citizens and with other governmental levels. Through cooperation with other departments, organisations and policy levels, certain policy options become more feasible, resources are pooled, and responsibilities are shared. Also, by cooperating, networks are realised through which valuable

information can get exchanged, relations of trust are established and leverage to persuade others is expanded.

Despite respondents underscoring the importance of capacity, the impact of capacity on practised autonomy was not fully endorsed by the findings in chapter 7. In chapter 7, the concept of ‘capacity’ was operationalized as both scale (measured as number of inhabitants) and administrative capacity (measured as full-time equivalent (FTE) employees per 100 inhabitants). Some significant effects of the capacity measures on practised autonomy were discerned, what seemed to indicate that administrative capacity and scale have at least some impact on the level of autonomy practised by local governments. Yet, the overall effect of the capacity measures was very low, indicating that the impact of administrative capacity and scale on levels of practised autonomy should not be overestimated. Though, the limited impact of administrative capacity and scale does not necessarily imply that capacities have no impact on practised autonomy at all, but only that the used operationalizations of the concept have not much explanatory power. Therefore, the findings in chapter 5 and 7 do not contradict each other, they simply demonstrate the relevance of different types of capacity. Whereas FTE and scale do not seem to have much explanatory power for practised autonomy, capacity to cooperate and communicate within local government, with citizens and with other governmental levels does seem to be an important enabling feature of practised autonomy.

To conclude, although formal autonomy seems to be an important condition for autonomy in the practice of policy making, the results of this dissertation suggest that besides formal autonomy other features are important for practised autonomy as well. Mainly pressure from horizontal and bottom-up networks, capacity to cooperate and communicate with those networks and experience and knowledge, seem to be enabling features of practised autonomy.

2 Implication for practitioners

The value of this thesis lies in its potential to inform policy and provide policymakers with more insight into the Black Box of what happens once formal autonomy is granted to local governments. It is hoped that the results of this thesis can go some way in helping practitioners with implementing reforms to increase local governments' autonomy and supporting municipalities to use autonomy in the practice of policy making. In this context, a first insight relevant for practitioners is that formal autonomy is indeed an important condition of autonomy in the practice of local policy making. Increasing levels of local governments' formal autonomy therefore seems a valuable first step in guaranteeing practised autonomy.

Though, despite the level of formal autonomy being important, the results in this thesis suggest that other features are important as well for the level of autonomy practised by local governments. Practised autonomy requires formal autonomy but goes beyond it. Whereas formal structures define the playing field, they do not explain why players engage in autonomous processes of decision making. In this vein, the results suggest that social mechanisms, such as pressure from horizontal and bottom-up structures, sectoral fencing and capacity to engage in social networks are important features for the level of practised autonomy as well. In some cases, social mechanisms stimulate local governments to practise their autonomy, in other cases they constrain the autonomy local governments practise. Social mechanisms are particularly strong when they concern policy topics the public is highly concerned about (Jones 1994, Burstein and Linton 2002, Burstein 2003, Trounstone 2010, Arnold and Carnes 2012, Einstein and Kogan 2016).

The notion that besides formal structures, also social mechanisms are important for practised autonomy, suggests that efforts to increase local autonomy through formal routes may not always be as effective as expected, or do not necessarily lead to the

desired results, as other social features may continue to inhibit levels of practised autonomy. Before implementing reforms to increase levels of local autonomy, it thus seems advisable for central government to take into account the potential effects of social mechanisms and capacity to engage in social networks. Together with increasing formal autonomy, central government could do efforts to support local governments in adequately engaging in social networks and handling pressure from horizontal and bottom-up networks. Sometimes, more formal discretion is not what local governments need the most, instead examples and good practices on how to handle a situation and to deal with pressure from different stakeholders have more value for the practice of local policy making. By paying attention to other features than formal structures, goals of central government might be reached more effectively and efficiently. It is thus valuable to debate and talk with local governments, in order to grasp the needs they have and the extra support they need from central government.

In this vein, it seems valuable that both central and local governments pay extra attention to local capacity to engage in networks. The results in chapter 5 suggest that practised autonomy is restricted if local governments do not have the skills to cooperate and communicate within their organisation, with citizens and with other governmental levels. By communicating and cooperating across departments, organisations and policy levels, policy options become feasible and resources (e.g., time, knowledge, personnel) are pooled. Furthermore, efforts and responsibilities are shared, external actors feel involved and networks are built through which valuable information gets exchanged and relations of trust get established. Therefore, it seems crucial that local governments have good communicating and cooperating strategies. Central government can have an important role in this context, by coordinating and mapping communication and cooperation strategies across local governments, and by sharing good practices with local governments. In this way, central government can facilitate local governments in practicing autonomy, apart from changing formal frameworks and structures.

Loosening the formal structures local governments are embedded in, intrinsically implies divergence in local policies. A strict central policy framework ensures -to a certain degree- uniformity in local policy making. Uniformity can be valuable, e.g., when it comes to the protection of socially vulnerable. When local governments are provided with more discretion to make policy and spend resources according to own preferences, central government must be aware that it is at stake of that uniformity. Though, local autonomy brings along other valuable aspects, such as more room for responsiveness to the local context, needs and demands. Whether uniformity or local autonomy is the wanted outcome is a political decision central government needs to take, but it is important that this decision is made very thoughtfully, not only taking into account structural features influencing levels of autonomy, but also social mechanisms and outcomes inhibiting the process.

This brings us to the final point, that local autonomy is closely interrelated with the functioning of local democracies and citizens' representation. The results of this thesis suggest that by providing local governments with more formal autonomy, horizontal and bottom-up structures get more room to take over, potentially resulting in more responsiveness and citizens' representation: the desired outcome of many central policy reforms that increase local governments' formal autonomy. Though, the results also suggest that by loosening central structures, local policy might be captured by strong local stakeholders. In chapter 5, one of those potential capturing mechanisms has been identified as sectoral fencing. Local governments are an amalgamation of departments, each defending their own sectoral interests and trying to secure resources. From time to time, political battles are fought within local governments. An increase of local autonomy, especially by eliminating sectoral earmarking, can heathen the political battles and make that departments do everything in their power to fence budgets year in year out not based on local needs, but on what they acquired in the previous years. In this way, eliminating earmarking can result in policy silo's in which the focus is on what is beneficial for the sector, instead of on what is good for local policy as a whole, severely limiting the discretionary room local governments have to reassess

policy. Capturing of policy can threaten the functioning of local democracy as the voices of certain strong and powerful stakeholders are taken into account at the stake of other, less vocal stakeholders. When eliminating earmarking and/or increasing autonomy, it is important that both central government and local governments keep an eye on stakeholders capturing policy, so that policy is not only responsive to views of certain stakeholders or policy silos, compromising citizens' representation.

3 Methodological limitations and avenues for further research

Given the complexity of the concept of autonomy and the many diverse features potentially influencing levels of autonomy as practised by local governments, it is almost inevitable that there are still some methodological caveats that will have to be addressed in the future. A first important limitation of the empirical chapters is potential lack of external validity. The Belgian region of Flanders is not necessarily comparable to other regions and countries. The federal structure in regions and communities makes that social distance between local governments and central government is rather small. Besides that, the scale of Flemish municipalities is relatively small, what has an impact on ties between citizens and local governments and on local governments' resources such as amount of personnel. Furthermore, before the increase of formal autonomy, local governments already possessed some level of formal autonomy concerning the policy fields inquired in most of the empirical chapters (i.e., sports, youth and culture). Results and conclusions may be different for other policy fields.

On a related note, autonomy concerns more than financial autonomy. Therefore, it is not claimed that the results of this thesis can easily be generalized to other dimensions of autonomy. Though, financial autonomy has much relevance for local policy since freedom to decide how financial resources will be used is one of the quintessential tools of policy making (Hood 1983, Brender and

Drazen 2013). Nevertheless, the interrelation between formal and practised autonomy might be different for other dimensions of autonomy. Studying different autonomy dimensions and comparing how formal and practised autonomy interrelate concerning these different dimensions, is an interesting avenue for further research.

Besides general remarks, the quantitative chapters have some specific shortcomings. On the one hand, the focus in this thesis was on current expenditures. Though, changes in formal autonomy might also impact local governments' investments. Current expenditures are examined, and investment expenditures are excluded, since the latter are to a large extent determined by past investment choices. Local policy makers' freedom to reallocate capital expenditures on a short timeframe is rather limited. Current expenditures can more easily be reallocated from year to year. Thus, taking into account the relatively short timeframe since the 2016 reform was implemented, the focus on current expenditures in this thesis seems logical. Nevertheless, on the mid-term and long-term, changing levels of autonomy might also impact the investments local governments make. In several empirical analysis in this thesis investment expenditures were only included as a control variable. In future research it might be interesting to shift the focus from current expenditures to investments, to see whether the same structural and social mechanisms have an impact on the autonomy local governments practise concerning planning of investments.

On the other hand, the use of changes in current expenditures as proxy for changes in practised autonomy is based on the assumption that if local governments practise their larger level of formal autonomy, this will be reflected in their budgetary and spending decisions. Local governments, however, might also practise autonomy in ways that are not reflected in spending patterns. Not all policy making is using financial stimuli (Hood 1983). Policy making is also done with communication and regulation. Those policy measures do not necessarily have an imprint on the budget but can be very impactful. Changes in expenditures are hence only one way of gauging policy change (Brender and Drazen 2013).

The qualitative research similarly suffered several shortcomings. First, since semi-structured interviews were held with aldermen and public servants, the results in chapter 5 only reflect their unidimensional view. From the perspective of horizontal and bottom-up structures, as well as relevant central actors, the impact of autonomy on local policy might be perceived in a different way. It would therefore be interesting to see how other stakeholders, besides local governments themselves, perceive the results and outcomes of the increase of local autonomy. Do these stakeholders perceive more room to influence local policy decisions since the 2016 reform? What strategies do they use? Do they perceive more responsiveness to local needs and demands?

Moreover, interviews were held in 2018, rather short after the implementation of the 2016 reform. This allowed to sketch a before and after image by interviewing aldermen and public servants who were already there before the reform was implemented. Nevertheless, changing policy requires time, thus the timing of the interviews might have caused that the real impact of the 2016 reform was not yet fully pronounced and perceived by the respondents: in 2018 the multi-annual plan for the period 2014-2019 was already defined and the budgets were allocated. Conducting interviews at several points in time may offer a route to include effects of the increase of formal autonomy on the mid- and long-term.

A number of future topics to investigate are already mentioned above. Though, a particularly interesting avenue for further research concerns the impact of horizontal and bottom-up networks on the autonomy local governments practise. The relation between horizontal and bottom-up networks and local governments' practised autonomy has only received limited empirical attention in literature. Yet, given the results in this thesis that suggest that pressure from networks have a rather important impact on the autonomy local governments practise, we may expect that more social mechanisms and features than those identified in this thesis impact local governments' practised autonomy. Besides social mechanisms, also the capacity to engage in social interactions is important in this context. It would be relevant to further study the impact of social mechanisms and capacity on practised autonomy,

especially in the context of local governments where ties with citizens and local actors are rather tight.

4 Concluding remarks

During the last decades, policy reforms to increase local autonomy have been on the policy agenda of many European countries. Local autonomy is expected to increase responsiveness to citizens demands, to foster local fiscal discipline, to counter problems facing the local area and to foster power distribution throughout society by directly involving citizens in political decision making processes (Tiebout 1956, Hills 1997, de Mello 2000, Hansen and Klausen 2002, Larson and Ribot 2004, Pratchett 2004, Greffe 2006, Hooghe and Marks 2012, Eyraud and Lusinyan 2013, Asatryan, Feld et al. 2015). International and European organisations such as the European Union (EU), the World Bank (WB), the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), and the UN-Habitat support and foster decentralisation reforms devolving power and responsibilities to local governmental levels.

Given the implementation of numerous policy reforms throughout Europe to increase levels of local governments' formal autonomy, this thesis analysed to what degree those efforts actually result in policy changes at the local level. Led by empirical endeavours on both autonomy of central governmental organisations and local governments, it was discovered that formal autonomy is an adequate first step in achieving autonomy in the practice of policy making, but that practised autonomy requires more than formal discretion. Whereas formal structures define the playing field, they do not explain why players engage in autonomous processes of decision making. The results in this thesis show that besides formal frameworks, social mechanism, such as pressure from horizontal and bottom-up structures, sectoral fencing and capacity to engage in social networks are important features for levels of practised autonomy as well. Social mechanisms are particularly strong when they concern salient policy topics (Jones 1994, Burstein and Linton

2002, Burstein 2003, Trounstein 2010, Arnold and Carnes 2012, Einstein and Kogan 2016).

Altogether, the results suggest that effectiveness of policy might be compromised when solely reforming formal frameworks. If the aim is to impact policy at the local level, it is crucial that central government also pays attention to informal pressure from networks and capacity to engage in those networks, as well as to capturing of policy by powerful stakeholders. In that way, local autonomy can be an adequate route to increase responsiveness to citizens demands, secure citizens' representation and support the functioning of local democracies as a whole.

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Appendix

1 Supplementary material chapter 1

1.1 Note on contributors to chapters

Although several papers in the project were team-based efforts, care was taken to adhere to faculty regulations and common practices on the role performed by doctoral researchers in writing their dissertation. Article 19 of the additional doctoral regulation of 03-06-2020 requires that a table in an Appendix on the contribution of the doctoral student and of all other co-authors is included in the dissertation⁶⁴. This table can be found below. Faculty common practice stipulates that doctoral students draft roughly four publishable papers, of which at least one is single-authored and at least three are first-authored. The dissertation conforms to the faculty guidelines as chapter 4 is single-authored, and chapters 5,6 and 7 are first-authored.

Table A: Additional information on authors' contributions to the various chapters.

Chapter title	Contribution of co-authors
Chapter 1 Introduction: Local autonomy as highly valued feature of good governance.	Single-authored
Chapter 2 Case: Local governments in Belgium (Flanders).	Single-authored

⁶⁴ See: <https://www.uantwerpen.be/nl/centra/antwerp-doctoral-school/reglementen-en-documenten/>

<p>Chapter 3</p> <p>The theoretical underpinnings of this dissertation: building on what we already know.</p>	<p>Single-authored</p>
<p>Chapter 4</p> <p>Local governments' formal and practised autonomy across policy fields.</p>	<p>Single-authored</p>
<p>Chapter 5</p> <p>From formal to practised: mechanisms of local financial and policy autonomy.</p>	<p>Author 1: Jolijn De Roover: research idea, data-gathering, coding and analysis of data, introduction, theoretical framework, data section, methodology, results, conclusion and discussion.</p> <p>Author 2: Wouter Van Dooren (supervisor): editing</p>
<p>Chapter 6</p> <p>Does political change lead to changes in policy? An analysis of the impact of new mayors and majorities on local budgeting choices.</p>	<p>Author 1: Jolijn De Roover: research idea, data-gathering and cleaning, analysis, introduction, theoretical framework, data section, methodology, results, conclusion and discussion.</p> <p>Author 2: Wouter Van Dooren (supervisor): editing</p>
<p>Chapter 7</p> <p>Local governments' practised autonomy: do formal autonomy, administrative capacity, scale and political change matter?</p>	<p>Author 1: Jolijn De Roover: research idea, data-gathering and cleaning, analysis, introduction, theoretical framework, data section, methodology, results, conclusion and discussion.</p> <p>Author 2: Jan Wynen: assistance with analysis</p>

	Author 3: Wouter Van Dooren: editing
	Author 4: Jan Boon: editing
Chapter 8: Conclusion and policy recommendations	Single-authored

2 Supplementary material chapter 4

2.1 Descriptive statistics regression 2014-2019

Table B: descriptive statistics culture

Variables	N	Mean	Sd.	Min.	Max.
Inhabitants	1459	21739	35314	1037	525935
Investment per Capita	1408	24.79	55.59	-489.04	692.36
Dependent	1459	.95	0.18	.32	1.85

Table C: descriptive statistics sport

Variables	N	Mean	Sd.	Min.	Max.
Inhabitants	1461	21955	35793	2000	525935
Investment per Capita	1352	26.89	73.47	-358.17	1378.72
Dependent	1461	.95	.24	.18	2.74

Table D: descriptive statistics youth

Variables	N	Mean	Sd.	Min.	Max.
Inhabitants	1459	21875	35872	1037	525935
Investment per Capita	1108	6.26	14.07	-9.57	178.63
Dependent	1459	.89	.21	.11	2.21

Table E: correlation matrix culture

Variables		(1)	(2)	(3)
Dependent	(1)	1		
Inhabitants	(2)	.1190	1	
Investment per Capita	(3)	.0718	.0498	1

Table F: correlation matrix sport

Variables		(1)	(2)	(3)
Dependent	(1)	1		
Inhabitants	(2)	-.0145	1	
Investment per Capita	(3)	.0636	-.0013	1

Table G: correlation matrix youth

Variables		(1)	(2)	(3)
Dependent	(1)	1		
Inhabitants	(2)	.0938	1	
Investment per Capita	(3)	-.0206	-.0106	1

2.2 Descriptive statistics regression 2016-2025

Table H: descriptive statistics culture

Variables	N	Mean	Sd.	Min.	Max.
Inhabitants	587	22073	46.22	86	539708
Investment per Capita	583	31.34	55.59	-116.17	533.17
Dependent	587	.05	0.02	.004	.15

Table I: descriptive statistics sport

Variables	N	Mean	Sd.	Min.	Max.
Inhabitants	586	22250	36560	1052	539708
Investment per Capita	575	32	44.13	-52.52	355.58
Dependent	586	.04	0.02	.0009	.21

Table J: descriptive statistics youth

Variables	N	Mean	Sd.	Min.	Max.
Inhabitants	586	22139	36555	1052	539708
Investment per Capita	535	7.52	14.28	.00	215.36
Dependent	586	.001	0.004	.001	.03

Table K: correlation matrix culture

Variables		(1)	(2)	(3)
Dependent	(1)	1		
Inhabitants	(2)	.0938	1	
Investment per Capita	(3)	-.0206	-.0106	1

Table L: correlation matrix sport

Variables		(1)	(2)	(3)
Dependent	(1)	1		
Inhabitants	(2)	.0938	1	
Investment per Capita	(3)	-.0206	-.0106	1

Table M: correlation matrix youth

Variables		(1)	(2)	(3)
Dependent	(1)	1		
Inhabitants	(2)	.0938	1	
Investment per Capita	(3)	-.0206	-.0106	1

3 Supplementary material chapter 6

3.1 Extra information on policy fields under consideration

Table N: Policy fields under consideration.

Policy field	Current expenditures concern:
Sport	<ul style="list-style-type: none"> ▪ Sport
Youth	<ul style="list-style-type: none"> ▪ Youth
Culture	<ul style="list-style-type: none"> ▪ Cultural institutions; ▪ Events; ▪ Heritage; ▪ Other cultural aspects.
Mobility	<ul style="list-style-type: none"> ▪ Roads; ▪ Public transit; ▪ Parking; ▪ Other aspects of mobility.
Environment	<ul style="list-style-type: none"> ▪ Waste and materials management; ▪ Water management; ▪ Diminishing environmental pollution; ▪ Safeguarding biodiversity, landscapes and soil; ▪ Climate and energy; ▪ Other aspects of protection of environment.
Safety	<ul style="list-style-type: none"> ▪ Police; ▪ Firefighters; ▪ Other emergency services; ▪ Other aspects of public order and safety.
Work	<ul style="list-style-type: none"> ▪ Trade; ▪ Industry; ▪ Tourism; ▪ Agriculture, horticulture, and forestry; ▪ Fishery; ▪ Employment; ▪ Other work-related aspects.

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Housing	<ul style="list-style-type: none"> ▪ Housing
Spatial planning	<ul style="list-style-type: none"> ▪ Spatial planning; ▪ Area development; ▪ Water, electricity and gas supply; ▪ Communication facilities; ▪ Street lighting; ▪ Green space; ▪ Other utilities.
Education	<ul style="list-style-type: none"> ▪ Primary and secondary education; ▪ Part-time art education; ▪ Higher and adult education; ▪ Support services for education; ▪ General education policy.
Care	<ul style="list-style-type: none"> ▪ Social policy; ▪ Illness and disability; ▪ Unemployment; ▪ Social housing; ▪ Family and children; ▪ Elderly; ▪ Public health services; ▪ Cemeteries, crematoriums, and funeral services.
Management	<ul style="list-style-type: none"> ▪ Political bodies; ▪ General services (e.g., fiscal and financial services, personnel); ▪ Administrative services; ▪ International cooperation; ▪ Aid to foreign countries; ▪ Decentralisation within the city; ▪ Other management aspects.
Financing	<ul style="list-style-type: none"> ▪ Transfers between governmental level; ▪ Fiscal affairs; ▪ Financial affairs; ▪ Transfers concerning public debt; ▪ Heritage without social purpose; ▪ Other aspects of public financing.

3.2 Correlation matrix

Table O: Correlation matrix for policy field sport. Since the same set of variables is included in all models across policy fields, and correlations between variables are rather alike, we only included the correlation matrix for sport.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Dependent	(1)	1									
Inhabitants	(2)	-0.025	1								
Investments	(3)	.107	-0.069	1							
Time-dummy	(4)	.054	.009	.020	1						
NVA	(5)	-0.017	.169	-0.011	-0.080	1					
CDV	(6)	.078	-0.076	.042	-0.106	.060	1				
Groen	(7)	-0.019	.172	-0.002	.192	.257	-0.045	1			
VLD	(8)	-0.011	.004	-0.041	-0.237	-0.018	-0.051	-0.030	1		
SPA	(9)	-0.008	.074	-0.030	-0.131	-0.018	.028	.099	.003	1	
VlaBelang	(10)	-0.001	.267	-0.084	.199	.319	-0.071	.183	-0.061	.039	1

4 Supplementary material chapter 7

4.1 Description Flemish policy priorities

Table P: Flemish policy priorities for youth, sports and culture

Policy field	Policy code	Description Flemish policy priority
Youth	LJBVBP01	Support of youth work. Municipalities need at least: <ul style="list-style-type: none"> ▪ to support youth work organised by private organisations; ▪ to create spaces where youth can meet and connect; ▪ to provide youth with job opportunities, at least during the summer holidays.
	LJBVBP02	Stimulation of participation of socially vulnerable youth and children in youth work. Municipalities need at least: <ul style="list-style-type: none"> ▪ to support youth work organised by private organisations, that focusses on reaching socially vulnerable youth; ▪ to create spaces where socially vulnerable youth can meet and connect; ▪ to provide enough job opportunities to socially vulnerable youth, at minimum during the summer holidays.
	LJBVBP03	Increase attention for youth-culture. At least one of the next aspects need to be taken into account: <ul style="list-style-type: none"> ▪ the way local government supports, facilitates and stimulates youth-specific expressions of culture; ▪ the way local government supports, facilitates and stimulates artistic expression of youth and children;

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		<ul style="list-style-type: none"> ▪ the way local government supports, facilitates and stimulates youth work as active partner in local cooperation between education, wellbeing, culture and youth.
Sports	LSBVBP01	The stimulation of local sport clubs through providing them with financial support to increase quality of their structure and organisation.
	LSBVBP02	The increase of quality of youth-trainers and provision of opportunities to higher professionalisation through coordinating. This Flemish policy priority also aims to support structural cooperation or amalgamations between sport clubs in order to realise a broader and more qualitative functioning.
	LSBVBP03	Local policy that aims to stimulate lifelong sports participation.
	LSBVBP04	Local policy that aims to stimulate sport participation of socially vulnerable citizens. Special attention goes to transversal cooperation and abolition of thresholds in order to facilitate equal chances to participate in sports activities.
	LSBVBP05	Local policy that aims to stimulate sports participation of citizens with a physical disability.
Culture	LCBVBP01	Local governments make qualitative and sustainable local culture policy. Special attention goes to community building, cultural education and the reaching of disadvantaged groups of inhabitants.

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LCBVBP02	<p>The municipality realises a library accessible by all groups of inhabitants, adapted to contemporary needs. The library needs to:</p> <ul style="list-style-type: none"> ▪ stimulate motivation to read; ▪ stimulate e-inclusion of socially vulnerable; ▪ adapt provision of services to people who are limited in their mobility and hard to reach target groups; ▪ cooperate with educational institutions.
LCBVBP03	<p>Certain municipalities are expected to create a cultural centrum. These municipalities need to realise a cultural centrum with own cultural activities, with local and regional appearance, that is responsive to local needs and demands, that supports cultural groups subsidized by the Flemish government, amateur arts and (socio-) cultural associations, and that cooperates with relevant actors.</p>

4.2 Correlation matrix

Table Q: Correlation matrix

Variables	Mean	Sd.	N	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Dependent Culture	0,2007347	0,3486097	282										
Dependent Sport	0,1298971	0,2600922	284	1									
Dependent Youth	0,2242839	0,3376467	261										
Number of inhabitants with economic appeal	21229,19	35913,74	284	0,0082	1								
Major & regional cities	0,2359155	0,4253191	284	0,1186	0,0338	1							
Coastal municipalities	0,0422535	0,2015221	284	0,0089	0,6242*	-0,1167	1						
Rural municipalities	0,028169	0,1657476	284	0,0549	-0,0133	-0,0946	-0,0358	1					
Urbanized municipalities	0,2147887	0,4114006	284	0,1035	-0,1607	0,2906*	-0,1099	-0,089	1				
Residential municipalities	0,0809859	0,2732951	284	0,0831	0,0333	-0,1649	-0,0624	-0,0505	-0,1553	1			
Employment (FTT)	0,3978873	0,490326	284	0,0773	-0,1651	0,4517*	-0,1707	-0,1384	0,4252*	0,2413*	1		
Political change	0,6767771	0,1992115	284	0,0899	0,3097*	0,0694	0,3673*	0,6322*	-0,1671	0,0122	0,2915*	1	
	0,2535211	0,4357945	284	0,0183	0,0471	-0,0188	0,0385	0,0965	-0,0683	0,005	0,0224	0,1222	1

* shows significance at the .01 level

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