Local Autonomy and Local Democracy:
Scope for Action and Patterns of Economic Policy-Making
in Austrian Municipalities

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Introduction

Since the 1980s, the growing fiscal crisis of the state has put local governments in many West European countries under stress. First, neo-liberalism, emphasising a reduction of the public sector, privatisation and de-regulation, has become the central economic doctrine for many (national) governments. At the same time, the public sector at all levels is confronted with demands to increase its performance; the state is challenged to redefine its role in economy and society. With respect to the local level, the paradigm shift, on the one hand, has further constrained the already limited capacities of local political authorities and administrations. On the other hand, neo-liberalists argue that a highly centralised command and control system would not be adequate to meet the new challenges. Instead, they promote a decentralisation of public services, to be managed as close as possible to the people, who are viewed as “consumers” (OECD 1995, 25-28). The overall effects of neo-liberal politics on the autonomy and powers of local governments are thus not entirely clear.

Second, a new mode of policy-making, labelled “governance”, has spread across all government levels. The new mode is no longer based on state authority and sanctions of government, but on self-organising, more or less stable networks between institutions and actors of the state, but also beyond its realm (cf. Le Galès 1995; Rhodes 1996; Andrew/Goldsmith 1998; Kübler/Wälti 2000). Moreover, the governance networks operate more or less independently of the traditional political-administrative boundaries of municipalities and comprise different actors in a regional context. As a consequence, local governments have lost their formerly dominant status concerning the formulation and implementation of policies at the local level, although they still remain the main actors in the field (John/Cole 2000, 250-251). The result has been “a shift in the mode of interaction from power and control to information exchange, communication and persuasion” (Benz/Eberlein 1999, 343). The changes have occurred only gradually, however: one mode of policy-making is not immediately and completely replaced by another, instead we are faced with a situation in which hierarchical state structures, cooperative negotiation systems and self-regulating markets co-exist (Benz/Eberlein 1999, 343-344; Christiansen 1999, 355). Studies have shown that those public officials involved in matters of local economic development spend a great deal of time arranging and operating in such networks, in particular in the intergovernmental context (see Agranoff/McGuire 1998). In general, the expected long-term effect is a smaller role for the elected officials of local governments. Very much depends, however, on how they will be able to adapt to the new situation and make use of the increased flexibility.
The state reforms inspired by neo-liberal thought and the spread of governance structures of policy-making do not only affect local autonomy, but also the democratic quality of the local political system. Generally speaking, a lack of system capacity at the local level can undermine opportunities for political action and thus reduce public interest in participation in political affairs. Localities are subject to global economic forces and must find their place within a complex architecture of government. Individuals, though of course part of a local community, find it often difficult in a mass-communication and highly mobile society to identify the genuine local political sphere (Stoker 1996, 24). As a consequence, local people may lose interest in local politics, abstain from voting and reject to hold political offices, thereby reducing the legitimacy of local government. This, in turn, may be used as an argument by the central government to justify a further centralisation of power and state authority. By increasing the autonomy of local government, on the other hand, more policy choices are offered to the electorate, which might stimulate political interest and voter turnout (Beetham 1996, 39, 41). Thus, state reformers should keep in mind that re-scaling the public sector does not only affect its efficiency and output, but has also (presumably negative) consequences in democratic-participatory terms.

As far as the “governance” dimension is concerned, the relationship between the new way of policy-making and democracy has been widely discussed in the literature (see the summary in Kübler/Wälti 2000), all the more as the managerial dimension of governance clearly has come to dominate the democratic-participatory dimension in the last fifteen years or so (Pierre 1999, 378). From a pessimistic point of view, it is argued that governance reduces the weight of democratically elected bodies, i.e. parliaments, and leads to a technocratic style of policy-making. Moreover, the citizen is conceived primarily as a taxpayer and consumer of public goods and not as a political subject. The optimistic view, by way of contrast, appreciates that under the governance model popular control is exercised directly by citizens, represented by associations, with the effect that pluralism, civic culture and discursive processes are promoted.

The aim of this paper is to explore the issue of local autonomy and local democracy in the case of Austria, with special attention given to the developments outlined above. At first the constitutional status and the financial resources of Austrian municipalities will be described and analysed. Then the results of case studies, carried out in the field of economic policy-making, will be presented to illustrate the decision-making processes in a policy field where the scope of action for local actors is generally believed to be rather limited. The case studies
were conducted in ten Austrian municipalities of different size and economic structure. Four municipalities, with a population size from 2.700 to 6.800 and with predominantly agrarian-tourist characteristics, were selected in the provinces of Salzburg and Tyrol. Another four municipalities, which have between 3.000 and 8.000 inhabitants and lie in former industrial regions, were drawn from the provinces of Upper Austria and Styria. The sample was completed by the provincial capitals of Salzburg (dominated by third sector enterprises, 144.000 inhabitants) and Linz (former industrial centre, 188.000 inhabitants). The final chapter will try to give answers to the question whether and how the level of autonomy has an influence on the level of democracy at the local level.¹

For our discussion of “democracy” we follow the definition and operationalisation proposed by Beetham (1996). The author identifies “popular control” and “democratic equality” as the key principles of democracy. He translates the two principles into three “intermediate” or “lower order” concepts: (1) popular authorisation and accountability of public officials, (2) responsiveness, and (3) representativeness of decision-making bodies. The concept of authorisation and accountability is accomplished through election by universal equal suffrage, including an effective chance for the electorate to vote public officials out of office in case of failure or distrust. In this respect, the author prefers an electoral system of proportional representation rather than the British first-past-the-post type, where he fears that big minorities could be excluded from political decision-making. The requirement of responsiveness is met when governments take note systematically of the full range of public opinion in the formulation and implementation of law and policies. Representativeness, at last, exists when individuals’ votes have equal value, when elected councils are socially representative, and when access to government and media is not channelled in favour of wealth or connection. All three requirements, however, do not per se lead to democracy, but have to be supplemented by alert and active citizens, who fill the concept of participation with life and endow government and public officials with political legitimacy (Beetham 1996, 29-34).

According to Beetham (1996, 35-40) the listed criteria for democracy are more likely to be fulfilled with a locally elected government (provided that it has significant powers) than by central administration or control. He does not argue that democracy in general works better at the local level compared to the national level. Rather, he suggests that a centralised system with only restricted local responsibilities will be a less democratic alternative for the local community. As far as the aspect of authorisation and accountability is concerned, national bodies do have neither the capacity nor the interest to scrutinize local administration to the
same extent as local people. Furthermore, the author points out that treating the local citizens merely as tax-payers and consumers, believed to be mainly interested in an efficient service provision by the local administration, and not as political subjects interested in participating in local decision-making, will lead to problems of political coordination and deprive the local community of any influence over political decisions about priorities in the use and distribution of resources. The condition of responsiveness will also profit from a locally elected government with greater responsibilities, in that such a government will be more accessible to the people and more inclined to use consultation mechanisms than an agency primarily accountable to the central government. The author insinuates that the sheer diversity of local situations and needs supports his claim. The case for a locally elected, representative government is, apart from the chance to increase its social representativeness, also based on the argument that local politics represents a chance to mitigate the feelings of exclusion on the part of political parties which are in a minority position at the national level.

**Municipalities in Austria: constitutional framework and political structures**

Austria is a small, federally organised state. It is composed of nine provinces (*Länder*) and 2.359 municipalities (*Gemeinden*); in 1999, 2.143 or 90,8 per cent of them had less than 5.000 inhabitants, 1.729 or 73,3 per cent less than 2.500 inhabitants. Irrespective of their size, however, all have the same constitutional status (principle of the *Einheitsgemeinde*). Following the typology of Hesse and Sharpe (1991, 606-607), Austria belongs (together with the Scandinavian countries, Germany, the Netherlands, and Switzerland) to the north and middle European variant of local governments, characterised by a strong emphasis on the idea of local self-government, which is constitutionally guaranteed. Formally, local governments in these countries have general functional competence over and above any statutory powers, enjoy a high degree of local autonomy and financial independence and are responsible for many welfare state functions (see also Goldsmith 1996). The local political system, still displaying Prussian influences, stresses administrative efficiency and gives the local chief executives considerable authority (Hulmes 1991, 8).

The high value placed on administrative efficiency is underlined by the fact that between the tier of the municipalities and that of the provinces there exists another tier: that of the districts (*Bezirke*). The district governments (*Bezirkshauptmannschaften*) are provincial organisations,
which have to implement federal and provincial laws and follow the instructions of the federal and provincial government. Each district government is lead in a monocratic way by a district governor (Bezirkshauptmann), who is not directly elected by the people, but nominated by the provincial government. There is nothing like a district parliament, so the district governor owes his position only to the upper tier of government and is neither directly nor indirectly accountable to the people.

**Delegated responsibilities and spheres of autonomous policy-making of municipalities**

The municipalities are set up as self-governing institutions in the federal constitution. They are autonomous in their own sphere of action (eigener Wirkungsbereich), where they may take any actions that are in the exclusive or central interest of the local community and suited to be handled by it. Typical matters falling into to their own responsibility are local police, markets, traffic facilities, land use planning, social services, water, sanitation and waste, sports and leisure time facilities. In spite of their self-governing status, the municipalities in these respects have to obey provincial and federal laws and are subject to control in legal and efficiency terms. Beyond that, in the so-called delegated sphere of action (übertragener Wirkungsbereich) they act on instruction of the provincial and federal authorities. In the implementation of legal instructions, i.e. political programs, lies their real importance. There are almost no laws of the federal state or the provinces which are not to be implemented by the municipalities. In the fields of the transferred responsibilities the mayor is the leading figure as it is him or her who is responsible to the provincial and the central government for the execution of provincial and national laws and subject to their instructions.

**Economic scope for action of municipalities**

Within the limits of their budgets and under legal and efficiency control by provincial governments, municipalities can strive to improve the general living conditions of their citizens, act as economic entrepreneurs, own property and collect charges and taxes. As a matter of fact, the municipalities (including Vienna) account for approximately 70 per cent of the whole public investments concerning infrastructure (water supply, waste management, construction of schools, roads, and hospitals) (Pramböck 1999). Yet, according to an opinion survey conducted in 1993, 60.2 per cent of the municipal politicians, officials, representatives of local business and trade unions questioned in bigger Austrian municipalities (with 10.000 to
250,000 inhabitants) were convinced that the municipalities have only “little” responsibilities and authority to influence the local economic development, and 34.7 per cent even thought that they have “none” (SWS-Bildstatistiken 1993, 403).

One explanation for this perception may lie in the allocation of financial resources. Within the federal state only small shares of the cake are allocated to the municipalities: In 1998, 11.2 per cent of the whole amount of levied taxes was distributed to them (except Vienna, which is province and municipality at the same time). The federal state received 72.2 per cent, the provinces (except Vienna) 9.8 per cent and Vienna 6.8 per cent (Statistik Österreich 2000, 22). The municipalities are to a great extent dependent on federal grants: In 1995, the municipalities (except Vienna) received 30.4 per cent of their income from shared federal taxes (in particular value added tax, wage tax, income tax), 14.8 per cent from local taxes (in particular community tax, beverage tax, land tax) and 21.2 per cent from services (in particular for water, waste and rents). 11.6 per cent were directly granted from the federal state and, above all, from the provinces (Austrian Association of Cities and Towns 1998). The subordinated financial status of the municipalities on the income side is matched on the output side: In 1998, the expenditures of the whole public sector amounted to 2.264 billion ATS; 1.105 billion ATS (or 48.8 per cent) was the share of the federal state, 240 billion ATS (or 10.6 per cent) the share of the provinces (except Vienna) and 161 billion ATS (or 7.1 per cent) the share of the municipalities (except Vienna). The ratio between the expenditures of the municipalities, the provinces (both except Vienna) and the federal state was therefore 1 to 1.5 to 6.8 (Statistik Österreich 2000, 228-229).

Beyond the financial restrictions, the economic scope for action is further reduced by provincial laws on regional planning. Comparing the provinces, the representatives of municipalities are to a very different extent included in the formulation of respective legal provisions or concepts for regional development. In practice, however, small Austrian local administrations employ on average fewer than three administrators, hence very often lack the capacity to truly get involved in regional planning.

*The political organisation of municipalities*

In their own sphere of action, the local authorities have the power to make decisions and enforce them, free of instructions from higher levels of government. The basic organisational rules and responsibilities of the municipal institutions are laid down in the federal constitution
and specified by the provincial constitutions. The parliamentary body of the local community, the council (Gemeinderat), which is elected for a period of four to six years in a system of proportional representation based on a provision in the federal constitution, may also issue ordinances (but not laws). So far the legitimacy of the municipal councils seems not to be in great danger: voter turnout in elections still achieves rates of over 70 to even 80 per cent of the electorate in most municipalities. Opinion surveys constantly affirm that people are more interested in local than in provincial or national politics, and that they believe the local democratic institutions to be functioning in a better way than the provincial and national ones (see Dachs 1993, 48; Kriechbaumer 1993, 71). The social representativeness, as demanded by Beetham (1996), however, is underdeveloped: men, farmers, self-employed, well-educated and people between 40 and 60 years old are over-represented in the councils (and also among the mayors), a result which is not really surprising (Klammer 1999; 2000, 48-61).

The chief local political executive, the mayor (Bürgermeister) is, based on stipulations in the provincial constitutions, elected directly by the local electorate in all municipalities of six provinces and indirectly by the council in the other ones. He or she is chairman of the council and head of the local administration, thereby responsible for the execution of all municipal decisions. The system of direct election of the mayor has been introduced during the 1990s as a reaction to rising public demands for higher accountability of public officials at the local level. The direct election has, of course, enhanced the political legitimacy of the mayors, who in turn strive to improve their responsiveness to citizens’ demands by offering more consultation opportunities and the like. Particularly those mayors who have received a higher electoral support than their own party and thus obviously have attracted voters of other parties show a tendency to carry out personal ideas and bigger projects for “their” municipality. On the other hand, the direct election has also increased the power of the mayor vis-à-vis the other directly elected body, the council and thereby created problems of accountability of the chief political executive. Whether or to what extent the direct election of mayors has contributed to increase the efficiency of the municipal administrations, remains unclear (cf. Bogumil 2000).

In a comparative perspective, it is of interest that the local executive (Gemeindevorstand) is, also by provision of the federal constitution, composed of representatives of all major parties according to their strength in the council. This so-called Proporz principle, which Beetham (1996, 42, 44) would like to see introduced for British local councils (but not for the governments), favours communication and cooperation between the members of the executive and between their parties. A major historical reason for its introduction was the character of mu-
municipalities as self-governing bodies, which primarily have to carry out administrative tasks for the local community. It was argued that all major political forces should have a saying in the administration of national programs, and that this system would reduce political conflict. At least the major parties and their interests are thus institutionalised in the governmental system. So, the system is responsive in the sense that representatives of a plurality of parties (and not just of one dominating party) take part in political decision-making. The problem is, of course, that the declared harmony might lead to the establishment of a political cartel of a few party representatives, very often to the detriment of opposition and control. Neither is Beetham’s (1996) demand for an effective chance to vote the incumbent government out of office met.

The instruments of direct participation of citizens in municipal decision-making processes, particularly in the form of consultative referenda and people’s initiatives, have been extended in the majority of the provinces since the 1980s (Neuhofer 1998, 103-108). Generally, however, these formal instruments are used very rarely. In the few cases in which they have been used, the participation of the voters has not been very impressive. The vast majority of local citizens seems to be of the opinion that they have already done their public duty by electing the responsible politicians, whose job it now is to decide. Hence, the method of participation which local authorities prefer instead, are informal public meetings, which above all serve the purpose of information, rather than give effective opportunities for taking part in the decision-making process.

Patterns and instruments of local economic policy-making: some evidence from case studies

As a consequence of globalisation and European integration the conditions of economic policy-making have changed fundamentally during the last years. The traditional instruments of the state to interfere into the economy and subsidise enterprises have lost their grip, not least because of growing budget deficits. The possibilities of Austrian municipalities to provide direct financial support for enterprises are rather weak: in 1998, only 2,1 per cent (!) of their overall expenditures were made under the title of “economic assistance” (Statistik Österreich 2000, 79). At the same time, financial capital has become mobile almost beyond any limits, and the competition between local communities to attract national and international invest-
ments has increased considerably. In North America, but also in Western Europe, with its older and stronger welfare state tradition, the weight and political will of local governments to influence the local economic development has grown significantly (Andrew/Goldsmith 1998, 103; John/Cole 2000, 264).

The non-existence of concepts and initiatives for local economic development

Contrary to the international tendencies just mentioned, only a minority of the Austrian municipalities we studied display a great interest in questions of economic development of their community. Some of the smaller municipalities do not even dispose of anything like an economic concept. This seems above all due to the lack of formal responsibilities, financial resources, and, related to this, of necessary personnel and expertise. In particular, public officials are reluctant to develop nice plans for the economic future of their municipalities, knowing that for the achievement of more ambitious goals they depend on the cooperation and financial support of the provinces or the federal state. In some provinces reluctant municipalities had to forced by a regional planning law or the provincial government to elaborate a local development plan, sometimes against their declared will. Not everywhere does the council have a committee specialised on (general) economic affairs either. Our few cases cannot be considered to be representative for all Austrian municipalities, of course, but the general disinterest of the political-administrative system concerning questions of long-term economic strategies, which could provide the respective municipality with an economic stimulus, is striking. This impression was backed up in interviews with civil servants working in the administration of the provinces.

However, there are exceptions to the pattern outlined above: In the municipality of Bad Hofgastein (in the province of Salzburg), an economically declining health-resort, local entrepreneurs initiated a forum (“future talks”) to be held in April 2001, designed to discuss the problems of the local community. In workshops specific programs and projects shall be elaborated by experts and citizens together. The municipality declared its will to cooperate, the provincial chamber of commerce will take over the mediation. A similar experience was noted in the winter sports municipality of Sölden (in the province of Tyrol), where experts together with citizens engaged in an ambitious effort to develop a tourism program (although its implementation clearly has fallen behind the original ambitions).
The new policy and recent measures of the national government to reduce the federal budget deficit have aggravated the situation: with the financial means even further restricted, many politicians have no intention to develop projects that might involve financial risks. On the other hand, ideas are needed because the national government’s fiscal policy has led to cutbacks in local government grants. The support of declining cities and regions seems no longer a viable political option (cf. Pierre 1999, 388).

Economic decision-making: a matter of a pro-growth cartell or of broad participation?

The case studies confirmed that the mayor as chief of the local executive and administration - in the majority of cases directly elected by the local citizens - exercises great power in the process of local economic policy-making. It is usually him (in our cases never her) who leads negotiations with businessmen, interested in opening an enterprise, and with landowners. The extent, to which other public officials or politicians of other parties are included in the process, depends very much on political majorities. In cases in which the mayor can rely on an absolute majority of his party in the council and executive, he is in general clearly dominant. In cases in which he needs coalition partners because his party disposes only of a minority of seats in the council or in the executive, he has to take positions of other parties into consideration and accept political compromises.

The presence or absence of a political majority seems to be of greater relevance than the direct election of mayors, which was introduced in most of the provinces during the 1990s. Our interviews brought forth only little evidence for the hypothesis that directly elected mayors attempt to use their presumably higher legitimacy to force their will on reluctant colleagues in the executive or on councillors. In small municipalities, which made up the larger part of our sample of case studies, the fact that the mayor and other municipal executives and councillors are often leading local businessmen sometimes reduces the number of participants in the decision-making process. Especially in rural municipalities, the notion seems to be widespread that the mayor, who has been elected or chosen by the council “to make decisions”, should also comply with this expectation.

The municipal council, the parliamentary body of the local community, as such has in general only limited influence in economic policy-making. Usually, the support of the council is needed for the implementation of any bigger, costly project, or for concessions to businessmen which have financial implications (for example, in cases of a renunciation of the munici-
palty to all or a part of the community tax). However, the respective decisions of the council are in general only formal ones. Our case studies revealed that the local political executives and the local councillors do not view each other as opponents. The principle of proportional representation applied to the executive implies that the bigger parties in the council all have their representatives in the executive. The powers are not separated, but fused to a great extent, with the parties forming the binding element. This link is also expressed by the fact that in some of the municipalities members of the executive branch are at the same time chairmen of the parliamentary group of their party or of a committee. Both branches, or at least the respective party members, understand themselves as members of a common working unit, not as government and opposition. Besides, it would be rather unrealistic to expect that a council would overturn a big project, which might lead to new jobs.

An overall characterisation of the policy-making processes in the municipalities must remain ambivalent. On the one hand, many local politicians stress the usually constructive and consensus oriented atmosphere in the municipal bodies. They refer to the general absence of party warfare, which they attribute in the first place to the primarily technical and practical nature of most problems. In the self-description of local politicians, there is just no ground for ideological confrontations. Very often this picture of local harmony is contrasted with the way politics is handled at the national level, where allegedly ideologies, particularly on the part of the members of parliament, undermine problem-solving ambitions. On the other hand, it seems that the reduced ability, especially in financial terms, of smaller municipalities to influence the local economic development has a centralising effect on the policy-making process.

In cases of severe problems, when the necessity “to do something” is widely recognised, the process of discussion and political decision-making sometimes turns rather unspectacular: the different parties’ and their representatives’ interpretation of the problems and their proposals to solve them are often compatible. This corresponds to the results of studies concerning local politics in Germany (cf. Bullmann 1991).

As far as the participation of local actors outside the political-administrative system is concerned, owners and managers of “leading enterprises” (Leitbetriebe) have a predominant influence in affairs of local economic development, at least with respect to programs and measures in their sectors (cf. Pierre 1999, 384). Corporate organisations, for example in the field of tourism, often have intensive contacts to leading representatives of the municipality, in most cases directly to the mayor, who may even sit in the supervisory board of such organisations. Corporatism in the narrow sense of a social partnership between associations of the employers
and the employed, otherwise a characteristic feature of Austrian politics, does not seem to play a strong role in the field of economic policy-making at the local level, presumably because corporatism occurs primarily in the distributive sectors of local government (cf. Pierre 1999, 381). Direct participation of citizens in the field of economic policy does seldom take place. It can mainly be found in form of regular consultations about the issue of land use planning, which has direct effects on the economic development of municipalities.

**A new governance model?**

So far, the international trend “from government to governance” seems to have left only a weak imprint on Austrian municipalities, at least in the field of economic policy-making. Neither privatisation of public services nor public-private partnerships have become extensively used instruments to stir up economic development. The widespread anti-party mood in the general public has promoted some moves in this direction, but all in all the traditional actors of the local political-administrative system still dominate economic policy-making in their municipalities. This is above all true for the smaller municipalities, where there is simply little to privatise, and where public-private partnerships with long-term obligations would immediately encounter financial limits. In the cities of Salzburg and Linz privatisations and public-private partnerships are more extensively used, although they are not regarded as perfect instruments for future economic development by all political parties. Consequently, the specific problems of democratic accountability and control, associated with the new governance model, have not turned into a hotly debated issue in Austria by now. The new “governance” model has some relevance as soon as we look at the regional context, however.

**The problem of regional cooperation**

Cooperation between several municipalities is a promising way to overcome financial restrictions and to share the burden of interesting high-scale projects. Such cooperation does exist in the fields of school building, water supply or waste management, where over 500 associations of municipalities operate. The problems start when it comes to economic cooperation, in particular when oversupply structures have to be eliminated (necessarily to the disadvantage of enterprises in certain municipalities), or when a project is to focus on a certain municipality. In the case of the three municipalities of Bad Hofgastein, Bad Gastein and Dorfgastein (in the province of Salzburg), whose economic structure is very uniform and which all have suffered
from changes in the tourist sector, the member of the provincial government responsible for economy and tourism was able to persuade their political representatives to agree to a development plan for the whole valley only by threatening that the provincial government would refuse financial assistance for the project altogether otherwise. Typical is also the permanent conflict between the city of Salzburg and its suburban neighbour municipalities, involving distributive and political rivalries (cf. Benz/Eberlein 1999, 339).

In several provinces new “governance” mechanisms have been established in the form of regional management organisations, in particular after Austria’s joining of the EU in 1995. Their goal is to stimulate and coordinate regionally and locally based projects, but very often they have been confronted with resistance on the part of local politicians. Some of them questioned the usefulness of such forums, which in their eyes only cost money. The organisation of these regional managements already tells something of the story: as a rule they are financed by the municipalities, and the respective mayors sit in the management or supervisory board. Such patterns reflect that municipalities hesitate to delegate effective responsibilities to these regional bodies, but instead are eager to control them.

Many local politicians have not yet escaped their narrow perspective of “church-tower politics” and are sceptical of innovations coming or even forced upon them from “outside”. Committed above all to the welfare of “their” local community, by whom they are elected and to whom they feel principally accountable, they are often not willing to spend resources on regionally oriented initiatives, when they have the impression that their municipality will profit too little or only indirectly from it. The fact that direct democratic legitimation exists with respect to the often very small local political entities, but not for regional political entities sometimes proves to be an obstacle for the development of promising cooperations, necessary to realise bigger, future-oriented projects, even when they are clearly in the long-term interest of the whole region. The fact that municipalities compete with each other in the bidding for financial assistance from the side of the provinces, the federal state or even the EU (cf. Bomberg/Peterson 1998, 231) further reduces political harmony.

An intervening variable in this context seems to be the weight of economic problems of the past. It is interesting to note that in those provinces, which had experienced a hard-hitting decline of their industries and high unemployment rates during the 1980s, i. e. Upper Austria and Styria, a commitment to regional cooperation has developed to a clearly greater extent than in those provinces characterised by a high proportion of enterprises and jobs in the third sector. This corresponds to the general discovery that “the performances of local economies
produce differences in the policy networks” (John/Cole 2000, 265). A good example in this respect is the project “Alpenholz” in the Pinzgau region in the province of Salzburg, where several wood companies have started to work together with companies from South Tyrol in the fields of marketing, research and development, and apprentice education. Meanwhile, the initiative is supported by the Pinzgau regional management organisation, the provincial government and the EU.

In some regions, where cooperation between the municipalities has proved difficult to be established, the district governor has stepped in as a moderator (e. g., in Upper Austria). The fact that he or she is an appointed, and not an elected, public official, gives him or her the possibility to stand above party lines and act as an impartial authority. In case his or her mission fails, provincial governments and administrations, with the support of the employer associations, tend to promote a re-centralisation of economic policy-making (at the level of the provinces, of course).

The (still) missing effect of the EU

Austria’s joining of the European Union (EU) in 1995 has fostered regional cooperation between municipalities to some extent, as the EU demands the partnership of local and regional actors in the planning and implementation of projects, and as the requirement to realise long-term projects seems to be met best when several municipalities cooperate. However, the EU by far has not had the effect expected by some optimists of triggering an overall regionalisation of politics (for a similar finding in the United Kingdom see Garmise 1997). Furthermore, in Austria as well as, for example, in Germany (see Benz/Eberlein 1999, 337) it is the provincial governments and administrations which have to supply the municipalities with information and give impulses, and which still exert a dominant influence on the choice and financial assistance of projects (Tobanelli 1997, 102-103).

Conclusions

What can we conclude, on the basis of the preceding analysis of the case of Austria, as far as the relationship between local autonomy and local democracy is concerned? Let us first return to the definition of Beetham (1996), who mentioned three essential criteria of any democracy,
and therefore also of local democracy: (1) popular authorisation and accountability of public officials, (2) responsiveness, and (3) representativeness of decision-making bodies. In the remaining section these features shall be discussed systematically with respect to the issue of local autonomy, both in constitutional-structural terms and in the domain of economic policy-making.

As for the aspect of public authorisation and accountability of public officials, the Austrian municipalities are characterised by an electoral system of proportional representation, interestingly not only for the council, but also for the executive. The main argument of the “founding fathers” was that a majority government may be justified at the national level, but no relevant political force should be excluded from the task of administering the national laws at the local level. This system prevents one-party dominance, but at the same time makes it difficult for the electorate to bring about fundamental changes with regard to government personnel, and hence government policy. The introduction of the system of direct election of the mayor was intended partly to increase accountability and partly to supply him or her with a greater authority to carry through his or her projects. Nonetheless, even the directly elected mayor needs to build majority coalitions in the council for bigger projects. The issue of public authorisation and accountability is also relevant with respect to the development of new “governance” structures at the local level. However, the international trend towards privatisation and a new governance regime seems not to have decisively affected the ways of economic policy-making in Austrian municipalities by now. One explanation is likely to be that the national institutional context and local politics matter more than (changes in) the nature of the policy field or specific policy problems (cf. DiGaetano/Lawless 1999, 569; John/Cole 2000, 252). So the issue of democracy, raised in the literature in this context, has not turned up on the political agenda in Austrian municipalities yet. The case is different with respect to the regional dimension: In the field of economic policy-making, which in the future can be conducted effectively only in a regional context, the public authorisation and accountability of the representatives of the municipalities interferes with the establishment of effective regional decision-making bodies. Efficiency clashes with democracy here.

Responsiveness in the sense of permanently, systematically taking into account the full range of public opinion in the formulation and implementation of policies is not a distinctive element of Austrian municipalities. The traditional political-administrative structures, which in general can rely on legitimisation by a high voter turnout, though, dominate the processes of decision-making, in spite of the fact that in recent years some moves towards a broader par-
Participation of citizens (mostly in the form of public meetings) can be detected. A similar development can be noted in economic policy-making, although the effective influence of the general public seems to remain clearly behind the influence of private businessmen and their corporate associations (particularly visible in tourism municipalities). A more extensive responsiveness towards the wishes of the local citizenry is constrained by the limited capacities of the municipalities to influence the field of economic policy, of which the local authorities are well aware. They have only ears for “realistic” projects where they see a chance that the federal state, the province and (or) the EU might help financially. A too broad participation of citizens might complicate negotiations.

The last requirement of democracy set up by Beetham (1996), representativeness, is promoted in the Austrian case because of the high voter turnout, partly also because of the proportional composition of the local executive, which guarantees that in most municipalities a plurality of (party) opinions is taken into account. As far as its social component is concerned, it was mentioned that Austrian municipalities, like the local institutions in most other countries, are far away from the ideal type. One may speculate that more local autonomy would even widen the deviation, as more responsibilities for the municipal politicians would require a further professionalisation of their job, which is carried out mostly on a part-time or honorary basis today. In the field of economic policy representativeness is lacking insofar as representatives of local business and its corporate organisations are clearly privileged. On the regional level all municipalities are usually represented in respective organisations, with the effect that decision-making often becomes a tedious matter.
Notes

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References


