

ANALYSING POLICY VARIATION IN LOCAL GOVERNMENT

**-An Empirical Study of Social Policies
in Korean Local Government-**

by

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ABSTRACT

This thesis explores policy variation in local government. The main purpose of the research is twofold; to examine the methodological issues in the analysis of policy variation in local government; and to further our understanding of Korean local government, which has been undergoing sweeping changes in recent years.

In the first half of this thesis the distinction between output and process approaches is examined and reformulated in theoretical and methodological terms. Output studies are reclassified into four modes of explanation: socioeconomic analysis, political studies, urban hierarchy theory and incrementalism. A general model based on British literature is established for a process approach consisting of three dimensions: political leadership, administrative process and social inputs.

The second half of the study examines local social policy-making in Korea with the aim of assessing the working of the newly-launched Korean local government system. A two-stage method is developed in the research design. In the first stage, an output analysis is carried out in order to identify how the outputs of local social policies vary and to what extent this variation is related to policy environments. In the second stage, the dynamics of the policy process are explored using a case study approach. This shows HOW political factors are associated with policy variation in local government.

This study indicates in theory how the research question itself has predetermined not only the methods but also the findings of empirical studies. In the methodological dimension, six differences are noted between the output and process approaches. This study concludes by calling for more attention to innovation in the management side of Korean local government.

KEY WORDS: local government, policy variation, expenditure decisions
Korean local government.

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CHAPTER ONE: INTRODUCTION

1.1. INTRODUCTION

Policy studies deal with the direct or indirect determinants of policy-making (Dearlove, 1973, 1). The origin of variations in governmental policies has been of interest to writers from a wide range of disciplines. The reasons why different governments adopt different policies have been widely analysed in the U.K. for over 20 years (Boyne, 1985b, 22).

Traditionally, political scientists have tended to assume that the primary source of variations in governmental policy-making came from the political sphere. The interactions between political factors are described as exercising a decisive influence on governmental service distribution. However, notable challenges have consistently been made against assuming the primacy of political factors. Those who analyse the outputs of governmental policies argue for the relative importance of socioeconomic constraints on political choice. This distinction between socioeconomic and political variables has been pervasive in the study of policy variation. Many empirical studies, in fact, show that socioeconomic environments outweigh political variables albeit with varying degrees. A sceptical question is often asked in this dispute: 'Does politics matter?' (Sharpe and Newton, 1984) or 'Do processes matter?' (Hoggart, 1989). Not unexpectedly, there are pros and cons for this research question. Whatever the detailed content of both camps is, the question of the relative importance of socioeconomic and political variables has become the major subject in the study of governmental policy-making (Alt, 1977, 83; Lewis-Beck, 1977, 559; Boyne, 1985b, 2).

Over the last several decades the research question itself has predetermined the scope and methods in the study of governmental policies. It dominated the period as an 'orthodox paradigm', and the period might be characterised as the era of 'puzzle-solving' in Kuhnian terms (Kuhn, 1970, 35). Now this proves to be a false issue (Nardulle and Stonecash, 1982, 45; Boyne, 1989) and policy analysts are seeking an alternative in pursuit of the answer to the problems found in this previous paradigm.

This study explores a fundamental dimension upon which the study of policy variation is based. The methodological basis of the orthodox research question is highlighted, and a more appropriate schema is sought by evaluating a wider range of researches on local policy variation. The 'orthodox' research question on relative importance of socioeconomic and political variables is critically reviewed and, at the same time, another important research tradition is examined in a comparative perspective. Secondly, an empirical study is conducted of Korean local government in an attempt to apply the theoretical discussions to an empirical case. The main questions to be examined in this empirical study are: What forces are influential on the policy variation in local government? What methods are employed to analyse policy variation and what effects have resulted from the use of different methods? Who are the main policy actors in the Korean local authorities which were newly constructed in 1991? How can each policy actor be characterised in terms of influence level, interest mediation and resources? First, this chapter is devoted to outlining the study in general terms.

1.2. IDENTIFICATION OF THE PROBLEM

Significance of Local Government

It is a well-known fact that local authorities play a pivotal role in a democratic government. Laski (1989, 139) makes the point that local government raises exactly the same issues as are raised by the general questions of the modern state.

Both right and left-wing parties place the underlying nature of local government at the centre of political debate. Pluralist theorists have conventionally taken local government as a mechanism for the diffusion of power. Their rationales for local government involve liberty, participation, political education and responsiveness. On the contrary, Marxists have shown an indifference to decentralisation. Decentralisation was attacked in classical Marxism as rupturing class conflicts and disguising the real roots of social problems.

However, recent developments have witnessed considerable changes in the conventional stances towards local government within the state theories. Pluralists are often at the forefront of attacking local autonomy on the one hand and some Left-wingers struggle for decentralisation on the other. It seems that local government is demystified in the sense of political ideologies. Instead, the question of local government is more often discussed in relation to the functional roles performed by it. This is so especially where the functional allocation of the state comes under hot discussion (Batley and Stoker, 1991) under the wave of structural reform in the 1980s. Many countries like France are decentralising (Norton, 1991, 37) while the U.K., where local authorities had enjoyed relatively high levels of autonomy, is now out of step (Blair, 1991, 56) with this trend. Local authorities have become a subject of considerable concern in most countries.

Methodological Issues in Analysing Policy Variation

Local government, in particular, has been recognised as having great potentials for the empirical study of variation in governmental policies. The comparison of different local authorities seems to offer a way (Hill and Bramley, 1986, 153) to investigate the causes of policy variation. Therefore, the traditional question of the relative importance of socioeconomic and political variables has been dominant in the study of policy variation in local government over the last several decades. This paradigm seems to have dictated the rules that limit both the nature of research findings and the methods by which they are to be obtained. Now this paradigm is subject to serious challenge from various strands and the era of ‘puzzle-solving’ in Kuhnian terms (Kuhn, 1970, 35) comes to an end.

..... the primary issue quickly became the relative dominance of politics or economics as policy determinants. This question now appears to have been a false issue¹ (Nardulli and Stonecash, 1982, 45).

There is no doubt that some of the early studies which attempted to assess the relative impact of the non-political aspects of the polity on policy were somewhat crude and lacking in theoretical refinement (Sharpe and Newton, 1984, 1).

Even 20 years after the publication of *Economics, Politics and the Public*, the ‘economics versus politics’ debate is still unresolved (Hoggart, 1989, 2).

However, despite the history of scepticism over the traditional research question, the nature of problems in the study of local policy-making has not been fully highlighted. Current studies suffer from a lack of clear understanding of the methodological issues in the analysis of policy variation. Also, inadequate attention has been given to other developments in the study of policy variation in methodological

1. Boyne (1985a and 1985b) presents an excellent comparison of policy studies between the U.S. and the U.K. In fact, the impact of this false issue has been more serious and continuous in the U.S. than in the U.K. A recent example which has suffered from this false issue can be found in Buchanan *et al.* (1991).

aspects because of the dominance of the traditional research question on relative importance between socioeconomic and political variables. It is necessary to clarify the underlying bases of the existing research traditions in terms of methodology. This would be a starting point for the development of a proper analysis in future studies.

Reform of Korean Local Government in 1991

Korea has maintained rapid economic growth and this success had been achieved through a centralised administration. This centralised administration came to be largely reconstructed in 1991 facing the changing environment. As a result of economic development a more democratic and responsive government was required by the people. A consensus, in fact, was formed among the general public in the 1980s for increasing political participation even to the extent of allowing some decrease in the economic growth. This consensus, as described in chapter Six, seemed to be closely tied to the process of democratisation which gathered its momentum in the mid-1980s. In late 1984, the reform of local government was scheduled as a policy measure for democratisation. The Fifth Republic agreed to introduce this reform by 1987. After four years of delay, sweeping policy measures were taken for decentralisation in 1991, and the local government system was largely restructured. Local elections took place for basic-tier local authorities in March 1991 and the large-tier election followed in June of the same year.

It is beyond question that the reform of local government will be a litmus test for the future of Korean politics. A variety of changes have already resulted from the launch of a new local self-government system and many additional reforms are likely to take place in the near future.

It is timely to examine these 'burning issues' with the sweeping changes brought by the local government reform. The investigation of the working mechanisms under

the new system is of great significance in Korea. In particular, policy researchers are expected to turn their attention to such areas as the functional re-allocation between the centre and local authorities, inter-local government relationships, decentralisation of financial systems and the development of the officer-councillor relationship.

In short, local government has become one of the most fiercely contested topics in Korea today. The development of the newly-launched system will be a milestone for the future of Korean politics. A systematic analysis of the restructured system is desperately needed in this sense.

1.3. PURPOSE AND OBJECTIVES OF THE RESEARCH

The main purpose of this study is twofold: to examine methodological problems in the study of policy variation in local government, and to explore the working of the new local government system in Korea. Efforts will be made to illuminate how the analysis of local policy variation is related to the output and process approaches² and what effects are caused by the adoption of different methods. The diagnosis of methodological issues is expected to provide some signpost for future studies.

Secondly, the working mechanism of Korean local government will be examined using the conceptual framework established in the theoretical discussion. Changes and continuities will be explored including the politics of decentralisation and the working of the restructured system. All these aspects will be illuminated through the analysis of local expenditure decisions. Finally, the major findings of this empirical research will be related to the theoretical discussion in the final chapter of the study. Put differently, this study aims to understand the politics of service variation in Korean

2. Consideration of this schema is of importance for policy studies in general. According to Hill and Bramley (1986, 153), 'one way of studying the policy process which tries to offer an objective approach to identifying influences upon policy is to focus upon outputs and, if possible, outcomes, and to try to identify the inputs which determine them'.

local governments and to further understanding of methodological issues in order to make them more useful for future studies. The objectives of the research can be summarised as follows:

- to illuminate a fundamental dimension of traditional research methods in the study of policy variation in local government;
- to establish a theoretical and methodological framework for the analysis of local policy-making;
- to further an understanding of Korean local government by assessing the working mechanisms of the newly adopted system in 1991.

1.4. RESEARCH METHOD AND SCOPE

In the study of policy variation, one of the most vital aspects which have been taken by policy analysts is the investigation of budgetary policies of local government. This study also focuses on the budgetary aspects in governmental policies in analysing policy variation between local authorities. The budget is important to policy studies for several reasons:

- (1) Almost all policies in the modern state need expenditure (Booth, 1979, xi). Therefore it is believed that the allocation of the budget is a window through which the distributions of power are observed (Wildavsky, 1986, 2).
- (2) Usually it is a legal requirement that the budgetary decisions should be published. This fact facilitates a much easier collection of data on a large number of cases (Sharpe and Newton, 1984, 2).
- (3) Budgetary records are handled by better qualified personnel and published officially by public authorities. These factors cause the budgetary records to be less vulnerable to the problems of reliability in research.
- (4) Finally, the budgetary records are readily available numerics for statistical treatment. This feature is closely linked to the legacy of quantitative analysis in the current study on policy-making.

In analysing budgetary decisions, this study adopts a two-stage approach^{3, 4}. The first stage comprises an output analysis aimed at identifying how the outputs of local service distributions vary and to what extent this variation is related to policy environments. The distribution patterns of the local budget will be analysed from four perspectives: financial sources, socioeconomic variables, urban hierarchy theory and incrementalism. These four clusters of variables emerge as a result of a refinement of the existing approaches in output analysis. The output analysis of this first stage is important for several reasons. It will not only provide comparable information on the variances of service distribution between local authorities but will also show linkages between policy outputs and policy environments. This means the ultimate effects of procedural factors on policy outputs will be clarified in this output analysis. Also, in this research, this output analysis will be used to choose two local authorities appearing as the extreme cases which will go forward into the second stage. In the second stage, the processes of policy-making in the two extreme cases will be explored using survey methods to see what procedural factors account for the observed variances. Comparison of the two extreme cases is expected to sharpen the contrast between the procedural features which otherwise might easily be obscured. The results of process approaches will show HOW political factors are associated with policy variation in local authorities.

In terms of the scope of the empirical research, this study focuses on the large-tier of local government in Korea in the first year after the 1991 reform. Full details for the level and unit of analysis will be explained in chapter Five.

3. This research design is based on the assumption that different methods are required to explain different aspects of the policy process. This is to say that different methods may be relevant at different stages (Dale *et al.*, 1988, 41; Bryman, 1990, 146) in the research process so that the explanatory power can be maximised by using their respective strengths.

4. It may be possible and desirable to combine different theories to explain local expenditure decisions. Dunleavy, for instance, shows a potential advantage of such a strategy by combining ideas from neo-Marxist analysis with what he calls a radical Weberian approach (Ham and Hill, 1984, ch. 10). Cawson and Saunders' dualist model (Cawson and Saunders, 1983, Saunders, 1985, 22-48) is another example which shows a similar effort.

1.5. THE STRUCTURE OF THE THESIS

The research falls into three parts: first, a critical review of existing theories; second, the development of a conceptual framework; and finally, the application of the conceptual framework to the empirical analysis of Korean local government.

The thesis consists of nine chapters. It starts by outlining the research process in chapter One. Chapter Two examines the fundamental nature of local government as characterised from the viewpoint of theories of the state. In chapter Three, the existing literature is critically reviewed in an attempt to further understand policy-making in local authorities. The review of existing empirical studies leads to a conceptual framework in chapter Four. The general problems are narrowed down to specific research issues (Berger and Patchner, 1988) and some operational definitions of the main concepts are provided throughout these two chapters as well.

Chapter Five then provides the research design for the empirical study of local government in Korea. This describes the development of the research strategy, the choice of methodology, and the selection of two localities for case study. A descriptive account of Korean local government is provided in chapter Six as a basis for understanding the 1991 reforms, what changes have been taking place in Korean local government and why. Chapter Seven presents the output analysis of the local service distributions in Korea. Two local authorities which appear as extreme cases in this output analysis are explored using the case study method in chapters Eight and Nine. The process of policy-making in the two local authorities is compared in these chapters. The final Chapter is then devoted to drawing together the main findings of the research and to linking them to the preliminary discussion in terms of theory, method and practice. Some efforts are made, in this final chapter, to provide certain signposts for the direction of future studies.

1.6. LIMITATIONS OF THE STUDY

As Poggi (1965, 284) argues, a way of seeing is a way of not seeing. Some choices should be made under the pay-off relationships between alternative ways (Bulmer, 1983, 14). Other choices are also inevitable in striking a balance between the demands of rigour and methodological adequacy on one hand and of practical feasibility on the other (Booth, 1990, 21).

The choices which have been made in this research turn into limitations. First of all, the major shortcoming is the lack of analysis through time. The necessity for a cross-sectional approach leads to the neglect of longitudinal analysis in the empirical part of the study. This means that an account of changes in the relevant variables over time has been sacrificed. The need to explore local policies following the local government reforms has, in turn, limited attention to 1992 only.

Secondly, it may be argued that the focus on the expenditure decisions of local government is another limitation. Expenditure is not a true output measure but just a measure of the cost of achieving an output (Hill and Bramley, 1986, 154). In addition, some significant aspects of governmental activities cannot be found in the budgetary records. These issues might be better investigated in the analysis on non-budgetary aspects such as non-decision-making in locality.

CHAPTER TWO: LOCAL GOVERNMENT IN STATE THEORIES

2.1. INTRODUCTION

Local government has become an almost universal feature of modern states since Jeremy Bentham, the father of the Utilitarian school, invented the term 'local government' (Hill, 1974, 26). There has been an ongoing debate on the problem of what should be the appropriate functions of local government. In the realm of practice, both right and left-wing parties have placed local government at the centre of political debate. At the theoretical level, the public administration approach, based on the assumption that 'power lies where it is supposed to lie', has come under criticism (Stoker, 1988, 219). As a return to the concept of the state has recently been argued, more concern is added to the underlying nature of local government.

The fundamental nature of local authorities also cannot be underestimated in the exploration of policy variation. Studying local government cannot be regarded merely as studying the periphery of the state branches. Rather it is deeply connected with the fundamental nature of state systems, not only as a mode of administration but also as an expression of political ideologies. The consideration of wider state theories is fundamental to positioning local government in the political and social contexts in which local government operates. To be more precise, the investigation of wider state theory is of use for several reasons here in this study: helping to categorise existing local government theories; helping to understand pre-conceptions about the character of local authorities; helping to capture the methodological premises and the limitations of an empirical research; and helping to provide a departure for further theoretical development. In addition to these points, as in any other developing countries

(Jügen, 1988, 12), a specification of underlying state theories of local government seems to have been virtually neglected in Korea for a long time¹.

Not all issues relating to local government can be located on a single left-right continuum. It is more appropriate to take categories from the empirical development of political attitudes about local government. In this chapter, five contemporary theories of the state are explored under the following headings: pluralism, Marxism, the dual state theory, the New Urban Left and the New Right. Elitism and corporatism - two more important theories of the state - are not included here because they do not present any specific views on the spatial arrangements of government; they tend to focus mainly on the mode of policy-making.

2.2. PLURALISM

Views on the State

Pluralism is the belief that there are, or ought to be, many things opposing 'monism' (Dunleavy and O'Leary, 1987, 13). This thesis proposes that although not all groups and interests do have the same amount of power, power is diffused in society. The sources of power - like authority, money and expertise - are various and competitive, and no one source is dominant (Ham and Hill, 1984, 28).

Basically pluralists tend to take the state as a terrain on which forces rooted in society struggle over political resources (Jessop, 1990, 281). Its organisation is merely a mechanism for converting social demands into public policies. It is assumed to be

1. If any, pluralist arguments have been adopted by the specialists of public administration as an argument for decentralisation in Korea. To a certain extent, the rationales of pluralists were exaggerated by those who argued for the launch of the new local government system in a normative sense.

passive (Dunleavy and O'Leary, 1987, 43), neutral (Latham, 1952), survival-seeking (Niskanen, 1973) or as one set of pressure groups among many others (Dahl, 1961). As a consequence, government policies are usually portrayed as a result of the social input politics from the environment to the political system.

Those pluralists who have taken an interest in government functions often attack the centralised monistic sovereignty and propose a dispersal of authority and power (Vincent, 1987, 198; Dunleavy and O'Leary, 1987, 57-8). A minimal state is preferred in which power is distributed as widely as possible while the political variety is increased. The term 'centralisation' itself is one of scary images of power concentration against which pluralist theories were originally generated. Therefore, pluralists seem to be advocates for decentralising the structure and functions of government. Various rationales for local government are presented by pluralists in a normative sense.

Rationale for Local Government

The existence of diversity itself is a normative value for political democracy, and this develops a favourable commitment to local government in pluralism. The main justifications for local government are liberty, participation, political education and responsiveness.

Political liberty is stressed by pluralists like J.S. Mill. Mill (1861) believed that local government safeguarded citizens' rights, and enhanced their protection against the misuse of power. It seems that his idea of liberty as an absence of restraint on self-regarding actions was extended to local communities. Following Mill (1861, 346), most actions of government are self-regarding from the locality's point of view. Particularly in the nineteenth century, civil and political liberty was largely achieved as the franchise was widened, the legal system reformed, and corrupt central and local oligarchies gave way to elected government (Hill 1974, 30). Pluralists like Mill believed that, during the

course of this development, local government helped prevent the emergence of despotism. The secret of liberty is the division of power (Laski, 1989, 155), and the tyranny of concentrated and autocratic government is to be avoided by dispersing power.

Localisation itself is equated by pluralists with the spread of political power. It helps individuals grasp greater liberty and share political resources. This pluralism, supported by the local government system, is able to moderate a tendency or temptation towards autocracy which is itself destructive of good government (Widdicombe Report, 1986). Jones and Stewart (1983, 5) make the point that diffusion of power is a fundamental value and local authorities as elected bodies 'can represent the dispersion of legitimate political power'.

The second justification provided for local government is its role in the political education both of politicians and ordinary people. De Tocqueville (1956, 30) stresses that local government is the unique setting not only for political understanding but also for fraternity. It allows individuals to transcend their self-interests and develop themselves as citizens² with the 'developmental' benefits for a public spirit. In a more secular sense, both Wilson (1948) and Maddick (1963) say that local government teaches the possible, the expedient, and the uses and risks of power, ingenuity and versatility. Here the citizen learns to recognize the 'specious demagogue', to avoid electing the incompetent or corrupt representative, to debate issues effectively, to relate expenditure to income, to 'think for tomorrow' (Maddick, 1963, 59 and 106). Panter-Brick (1953, 347; 1954) also argues that local self-government teaches two prime democratic virtues: the justness of one's claims and those of others, and the need to select from among competing claims those that are to be given priority.

On the other hand, Laski and Mackenzie focus on the educative effects of local government on politicians. Pointing to the value of training political leaders, Laski says that 'if members were, before their candidature, legally required, to serve three years on

2. Tocqueville claims that 'town meetings are to liberty what primary schools are to science: they bring it within the people's reach, they teach men how to use and how to enjoy it' (De Tocqueville, 1835, 63).

a local body, they would gain the "feel" of institutions so necessary to success'. Mackenzie (1961) also argues that local government provides a valuable training ground for national leaders. In sum, local government is taken, both for ordinary citizens and for politicians, as a school in which democratic habits are acquired and practiced and the infrastructure of democracy laid down (Widdicombe Report, 1986).

Allocative efficiency³ is another justification for local government in modern pluralist theories. Sharpe (1970, 168) argues that the strongest justification for local government is its claim to be an efficient provider of services rather than its role as a defender of liberty or democracy. This theme seems to be highlighted under the modern government which is charged with economic planning (Hill, 1976, 39; Booth, 1988, 15). Allocative efficiency is similarly viewed by some pluralist commentators in terms of responsiveness (Smith, 1985, 28). They argue that needs vary from locality to locality, as do wishes and concerns. Those local needs should be locally defined for the provision of appropriate services, for constant innovation and for maximized public choice (Hambleton, 1988, 137).

The main assumption here is that the less remote and more manageable a state authority is, the more responsive it is to what people demand. 'Local' government exists adjacent enough for the citizens to make their voices heard. Not only elected representatives but also officials 'live close to the decisions they have to make, to the people whose lives they affect, and to the areas whose environment they shape' (Jones and Stewart, 1983, 6).

3. The concept of efficiency has been divided by economists like Foster (Foster *et al*, 1980, 217) into allocative efficiency and X-efficiency. While X-efficiency is concerned with the inputs that are required to produce a given level of output (Heald, 1983, 88-9), allocative efficiency is concerned with matching the resources with the preferences of the people in the community.

Assessment

The pluralist arguments for local government stem largely from the democratic theory of politics (Widdicombe Report, 1986). Their normative idealisation of local government's virtues is open to various criticisms.

Firstly, pluralists' *a priori* reasoning⁴ for the intrinsic value of local government seems to lead to speculative romanticization. Modern pragmatists see local government not as possessing intrinsic virtues but as a part of the service delivery system. It is believed that democratic self-government does not necessarily entail locally differentiated government. Whalen (1960), for instance, claims that local government is part of a political tradition and a way of providing government services rather than self-government. It seems only a historical accident that local government had developed together with democracy in the nineteenth century (Langrod, 1953)⁵. There is no intrinsic relationship between local government and democracy (Laski, 1989, 137).

Secondly, the educative claim is refuted by Moulin, Sharpe and Smith. Moulin (1954, 434) focuses on the political education of leaders. He argues that few national leaders come from the local arena and the value of political experience on local councils for national politicians should not be exaggerated. Central government is so different in its scale as to be different in kind, so that local experience is hardly appropriate to national affairs. Sharpe and Smith criticise the claims regarding its educative effects on ordinary people. It is based on a paternalistic stand-point (Sharpe, 1981, 34) and the assumption that the mere existence of local bodies will lead to the nourishment of the

4. Their strong commitment to the diffusion of power leads pluralists to take local government as a synonym of 'self-government'. One evidence is that only pluralists use the coinage '*self-government*' with the prefix local as an unquestionable starting point of their arguments. It is not surprising that pluralist commentators bemoan the declining trend of local government as a crisis of democracy by analogizing local government as individual.

5. Langrod (1953) concludes that 'local government and democracy triumphant represent indeed diametrically opposite tendencies...the incompatibility of democratic principle with the practice of decentralisation is a phenomenon so evident that it may be considered as a kind of sociological law'. Laski (1989, 137) also admits that 'the scandals of municipal corruption, coupled with the obvious limitations of government by county justices confirmed to a particular class, led the more rigid reformers, such as Chadwick, to attempt a complete administrative centralisation'.

public spirit is not realistic (Smith, 1985, 22). Educative claims may overlook the extent to which political education is the function of wider social processes at different dimensions, such as class and education system generally.

Thirdly, in practice, local politics shows some less democratic features such as low turnouts and uncontested seats, let alone the overwhelming influence of national images. Furthermore, it is likely to reinforce narrow sectional interests, the vices of 'negligent parochialism' in Laski's term (Laski, 1989, 137), rather than an appreciation of democracy. Democracy is fundamentally concerned with the nation-state as a whole and with majority rule, equality and uniformity. The scale of life also cannot be limited merely to a certain locality in modern society. In this vein, pluralists' individualistic method can develop into parochial features, and thus equality between localities can be overlooked. In the end this parochial methodology tends to exaggerate the autonomy of the locality and to exclude from the analysis the full influence of other actors in the wider context (Dunleavy, 1980).

2.3. MARXISM

Views on the State

Karl Marx expressed his view in his *Communist Manifesto* that 'the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie' (Quoted in Ham and Hill, 1984, 33). This statement, however, did not give a coherent theoretical view on the state. Marx's idea has been interpreted and adapted by different Marxists including Lenin, Trotsky, Gramsci and Althusser. This was partly attributable to the fact that Marxism was a *praxis* ideology for differing situations.

The conceptualisation of the role of the state is still at an issue of controversy among modern Marxist thinkers. Jessop (1990, 26-28) classifies the differing

interpretations of the state provided by Marxist theorists as follows: a *parasitic* institution that plays no essential role in economic production or reproduction; an *epiphenomena* of the system of property relations; *the factor of cohesion* in a given society; an *instrument* of class rule; a *system of political domination* with specific effects on the class struggle. Among these differing views, some important points of disagreement between Marxist theories about how the state should be explored appear in the distinction between instrumentalist and structuralist views (Offe, 1984, 119). For instrumentalists such as Miliband (1969), state power is seen to be exercised merely by the economically dominant class; whereas for structuralists like Poulantzas (1973, 294-5) the state does not favour specific interests (Offe, 1984, 119) but serves the capitalist class society in the long run. The former position holds that the state can have no interests apart from the interests of the ruling class. The latter position presents the state as the battle field of class conflicts rather than as a simple instrument of the ruling class. Poulantzas argues that the state has a degree of 'relative autonomy' because it may make concessions to non-capitalist interests as a means of regulating the class struggle.

Basically, in understanding the state, Marxism shares with pluralism the important feature of setting out to provide a theoretical structure; the society-centred 'input politics'. However, Marxists deny that power is widely distributed and that the state is a neutral arbiter. Instead power is held in the hands of a dominant class and the state serves to create the conditions for capitalist accumulation. Therefore, an exclusive emphasis is given to what is known as class against class, i.e. the collective interests within a specific historical momentum.

Traditional Indifference on Local Government and New Challenges

The realm of the state, although its conquest was the crucial tactic in Marxist political movements, has been curiously underestimated in Marxist theories. Many

Marxist writers on the state have retained deeply imbedded society-centred assumptions, not allowing themselves to doubt that states are inherently shaped by classes or class struggles and function to preserve modes of production (Skocpol, 1985, 5; Almond, 1988, 869).

Such a fundamentalist and holist approach was against the fragmentation of state issues. This tradition became echoed later with the Althusserian dichotomy placing the state institutions in the realm of appearances which is secondary to reality. Not surprisingly this belief has led 'to an undifferentiated assimilation of all governmental agencies into an apparently monolithic state apparatus' (Dunleavy, 1980, 127). No particular importance had been attributed to institutionally or geographically (Smith, 1985, 37) differentiated matter in Marxist theories. After examining Marxism in local government in western Europe and Japan, Bell and Szajkowski (1986, 1) summarise this feature as follows:

The communists thus opted for anti-parliamentarianism and revolutionary tactics to reach power. This option not only dictated non-involvement in central but also in local government (Bell and Szajkowski, 1986, 1)¹.

In a relative sense, central government has been of more importance to Marxists as an attempt to change the capitalist state which is one whole unity serving the interest of monopoly capital. The transformation of society was an appropriate business for national rather than local for universalistic egalitarianism (Sharpe, 1984, 39) through highly centralised public ownership. Local government here, whilst not unimportant, was regarded merely as of secondary concern for a long time (Seyd, 1987, 137-8). The idea of localisation was the object of suspicion and was seen as disguising real problems rooted in class conflict.

1. The main concern of this part is about the Marxist interpretations of local government in the capitalist state. Local government in communist countries appears to be different. For instance, local government's functions and powers in the former USSR was substantially circumscribed by the country's highly centralized administrative system, and local soviets have generally had to deal with administrative matters rather than policy-making (Jacobs, 1983, 34).

In the meantime, a notable attack on the orthodoxies was delivered by urban sociologists like Castells(1977; 1978). Castells was interested in social forces which had been neglected by the political sciences rather than in spatial or cultural boundaries. He used the theoretical concepts of collective consumption and urban social movements to develop an account of urban service provision and local planning (Duncan and Goodwin, 1988, 23). Castells and his colleagues contributed to contemporary Marxist analyses of local authorities which seem to centre on their role in social reproduction (Gottdiener, 1987, 194; Smith, 1985, 38) in areas like housing, education, and social welfare. A lot of the Marxist-inspired researches accelerated an academic shift⁷ giving more stress to social relations including class relation in local politics.

Local State Theme

The term local state was coined by Cynthia Cockburn in her book, 'The Local State' (1977). The term itself immediately suggests a shift of research interest in this theme. The state, at whatever scale, is analysed in a broader socioeconomic focus rather than as an institutional arrangement. This is taken as the basic angle in the local state theme to analyse the role of local state, its policy making mode and even the central-local relationship.

For Cockburn the concept of the 'local state' was a reaction to the orthodox political sciences. Pluralist analysts concentrated almost exclusively on the static and formal political process and Marxist theorists had rarely applied their ideas to the analysis of locality. Cockburn sets out to apply general Marxist theory to locality. Basing her arguments on Marx, and his latter-day interpreters Althusser and Poulantzas,

7. Duncan and Goodwin (1988, 28) succinctly enumerate the studies drawing insights to the social relations operating around local government. See Byrne (1982); Clavel (1986); Cooke (1985); Francis and Smith (1980); Lojkine (1985); MacIntyre (1980); Mark-Lawson *et al.* (1985).

she explains local government as being a relatively autonomous instrument of class domination (Duncan and Goodwin, 1988, 32). Accordingly, the main point is placed on the 'structural' context of 'local' government. Local government is not concerned as an issue about organisation, but with reference to core theoretical concerns derived from Marxist theories about the state, class relations and policy-making.

Cockburn's interpretation of the state's primary role remains exactly the same as that of traditional Marxism. She says its basic role is 'continually to reproduce the conditions within which capitalist accumulation can take place'(Cockburn, 1977, 51). The capitalist state is charged with securing the conditions favourable to capital accumulation *as a whole and in the long term* (Cockburn, 1977, 41-5, italics in original). Cockburn goes on to say;

When I refer to Lambeth Borough Council as 'local state' it is to say neither that it is something distinct from the 'national state', nor that it alone represents the state locally. It is to indicate that it is a part of a whole (Cockburn, 1977, 46-7).

Cockburn's analysis presents the local state as having a functional role within capitalism principally concerned with capitalist reproduction. It means that the particular role of the local state is to ensure the reproduction of the labour force and the relations of production (Stoker, 1988, 219). This is not only expressed through direct welfare, housing and educational provision to families, which helps to ensure an adequate supply of suitable labour, but also through the reproduction of wider ideologies of popular consent which make it difficult for the ruled to see the possibility of any other form of economic and political organization. The state's primary role, Cockburn writes, is 'continually to reproduce the conditions within which capitalist accumulation can take place (Cockburn, 1977, 51) and the local state is part of this greater whole (Cochrane and Anderson, 1989).

Traditionally, Marxism has been much less interested in decentralization than Right-wing theories. This is not only because Marxist theories have a class deterministic view of the state apparatus but also because they tend to identify centralization with the promotion of public ownership and equality. As a result, local government has been neglected even while the statist and nationalisation model was adopted (Blunkett and Jackson, 1987, 64).

As a reaction to this indifference within Marxism, Castells presents a sociological approach to collective consumption and Cockburn developed her local state theme. Their innovative theoretical works have influenced radical approaches to local government since the late 1970s (Duncan and Goodwin, 1988, 33). Both have showed that a general theory of Marxism can be applied to the local level by emphasising the underlying forces within the socio-economic sphere.

However, the emphasis of underlying forces is criticised by those who advocate pluralism and the dual state theory. In particular the significance of class struggle in local politics is totally denied by the dual state theory. Saunders (1980; 1982) in his dual state theory explicitly denies the assumption that local politics are determined by class struggles. No less important, Marxist explanation gives too little attention to the immediate concern of local government such as service provision while giving too much concern to the fundamental structure of social forces. This is a flaw of Marxist explanations on local authorities. A second weakness of Marxist explanation is also derived from the over-stress of fundamental forces in social relations. Exclusive focus on the social forces leads to the problem that the specificity of local government is underestimated. As a matter of fact, the context in which local government operates is described differently from that of the centre by many writers. A typical example which amplifies the specificity of local government is the dual state theory.

2.4. THE DUAL STATE THEORY

Some efforts to overcome the limits of unitary explanations result in the dualist theory in which two theoretical views are presented to explain the local state. Saunders (1984, 23), a key exponent of the dualist theory, argues for 'combining the strengths and avoiding the weakness of contemporary political science and Marxist approaches' (Saunders, 1982, 63). He fully appreciates that the strengths of the Marxist explanation are the weakness of the traditional pluralist approach, and vice versa (Saunders, 1982, 56).

The traditional 'agent versus partnership' debate had not been applied to the broader socio-political context. The Marxist 'grand theory' successfully illuminates local government with reference to core theoretical concerns in social and political science. However, the problem is that the recent Marxist explanation (e.g. Cockburn's local state theory) has failed to highlight the *specificity* of local government. Reflecting on the 'failure in the Marxist tradition' to take account of the local state's operations (Cawson and Saunders, 1983) Saunders says:

..... my argument is that local government (which is the principal and certainly the most accessible and visible agency of what has been termed the 'local state') has its own specificity (Saunders, 1982, 57).

Here Saunders (1982, 55-6) goes on to warn about adopting a single perspective on the central-local relationship. He emphasises the danger concerning academic research initiatives into central-local relationships; namely, that the academic community may come to adopt one perspective on 'the problem' to the neglect or exclusion of others. The difficulty of applying a unitary theory to multilateral political practices is stated as follows.

The state in Britain is not some unitary monolith Theories of *the* state.....should thus be treated with some caution and scepticism, for it seems more plausible to suggest that different aspects of state policy-making and administration will need to be explained in terms of different kinds of factors.

He tries to develop a more relevant explanation of local government by combining different theories which appear along two dimensions: horizontally between different functions (policy typology) and vertically between different levels (centre-locality). What is entailed in his approach is that two different political theories (pluralism and Marxism) are necessary to understand two different types of political process (Saunders, 1980, 14; 1982, 63; 1984, 24). This is also an attempt to reflect the conflict and tension within the state caused by internal differentiation.

Three Stages of Constructing the Dual State Theory

Three stages are involved in the theoretical construction of the dual state theory. The first is to distinguish between the typologies of state functions. The proponents of the dual state theory, Saunders (1979; 1984) and Cawson (1978), draw a line between policy typologies. Originally O'Connor, whom they acknowledge as an important influence on their thinking, had distinguished three different areas of expenditure on the basis of the primary functions they perform: social expenses, social investment and social consumption. Social expenses refer to those policies for maintaining social order; social investment refers to the policies which directly help producers make their profits; and social consumption encompasses the policies that contribute to the reproduction of the workforce which otherwise would fall as a burden on producers. Unlike O'Connor, Saunders presents the state as having just two basic functions: social investment and social consumption⁸.

The second stage is to extend this functional dualism into an institutional dualism by assigning different state functions to distinct tiers of government. Saunders argues that social investment is carried out by central government and social

8. He tends to focus on collective consumption rather than individual consumption when he uses the concept of social consumption at this first stage.

consumption spending is vested in local government (Saunders, 1984, 25). This institutional separation of social investment and social consumption allows the state apparatus to maintain incompatible ideological themes in tension.

Local government in Britain is typically concerned with the provision of social consumption through competitive modes of political mediation and organized around the principle of citizenship rights and social need. Central and regional level of government, on the other hand, are typically the agencies through which social investment and fiscal policies are developed within a relatively exclusive corporate sector of politics organized around the principle of private property rights and the need to maintain private sector profitability (Saunders, 1982, 61).

At this stage, the local state is seen as being fundamentally constrained by the dominance of the social investment politics at the centre. This is so because social consumption functions are necessarily subordinate to social investment functions in a capitalist state. The latter are crucial in maintaining the conditions in which production may continue (Saunders, 1980).

Lastly, the modes of interest mediation and decision making are investigated and compared between central and local states in the ideological and political spheres. Whereas the politics of corporatist central government are dominated by a class-based struggle between capital and labour, the politics of consumption in the local state are not class conflicts (Saunders, 1984, 32). Different social interests are involved in different consumption issues, hence sustaining a typically pluralist mode at local level.

The Specificity of the Local State

Saunders develops a framework of four dimensions in explaining the local state in comparison with the central state. The local state is distinguished from the central state on four main dimensions: the organisational division between different levels of government; the functional division between different areas of state intervention; the

political division between different modes of interest mediation; and the ideological division between different principles of political and social organisation. In each dimension there are four sets of tensions: between central control and local autonomy in the organisational dimension; between economic and social policy priorities in the functional dimension; between democratic and rational modes of policy-making in the interest mediation dimension; and between the rights of citizenship and the rights of private property in the ideological dimension.

Saunders argues that the above tensions may be seen to have been institutionally insulated in the division between local and central state agencies. He goes on to argue that;

Movements at the local level are typically consumption-oriented (and thus divorced from broader issues regarding production), competitive (and thus variable in the social base they mobilise) and organised around principles of needs (but thereby failing to confront fundamental questions regarding private property) (Saunders, 1982, 62).

and,

..... thus recent battles between central and local government (notably those involving the Heseltine Local Government Bill) have manifested not only the tension between central control and local autonomy, but also that between economic and social priorities.....and principles of profit as opposed to those of social need (Saunders, 1982, 62).

As regards each of these tensions, it is argued that local government is typically limited in each dimension. For example, social consumption functions are necessarily subordinate to social investment functions since the latter are crucial in maintaining the conditions in which production may continue. Democratic accountability to a local population is also necessarily curtailed by corporatist strategies at the centre. Lastly, ideologies of social need take second place in a capitalist society to ideologies of private property. Therefore, the dominance of central over local government agencies is best

explained with reference to the dominance of investment over consumption, corporatism over democracy, and profit over need.

<Table 2-1> *The Four Dimensions of Local Government*

Dimension	Class Politics	Sectoral Politics	Tension
Organisational	Central	Local	Centralised direction versus local self-determination
Functional	Production	Consumption	Economic versus social priority
Political	Corporate	Competitive	Rational planning versus democratic accountability
Ideological	Profit	Need	Private property rights versus citizenship right

Source) Adapted from Saunders, Peter. (1985, 30).

Assessment

The dual state theory has stimulated more writers to think that 'different kinds of theory may be appropriate to the analysis of different kinds of politics at different levels of government (Dearlove and Saunders, 1984, 435). Consequently, this dual state theory could successfully highlight the broader context of local government without losing sight of its specificity. However, it is also subject to criticism from a variety of different theoretical camps. Most of these criticisms are based on the difficulties in applying the dual state theory to empirical reality. As with its major merits, so the demerits of the dual state theory arise from the fact that it is a superficial, crude, theory-oriented, ideal-typical schema.

The first criticism relates to the difficulty in distinguishing policy typologies (Dunleavy, 1984, 71). It appears that state policies do not fit neatly into two or three typologies. Instead their classification can vary from society to society and from time to time. Even in a specific society, some policies cannot be placed in any typology and certain policies have characteristics which overlap the boundaries of typologies. It is very difficult to distinguish empirically between primarily production-oriented and primarily consumption-oriented policies (Stoker, 1988, 236). Transport is a good example since it is generally an indivisible form of support for both production and consumption activities. Education (Dunleavy, 1984, 71) may also be considered a form of social expenses, or as social investment in labour power, or as a type of collective consumption. Flynn (1983, 103) makes the point that types of policy cannot be unambiguously assigned to either production or consumption.

The second criticism refers to the problem of whether social production and consumption can be equated with a certain level or tier of government. Many doubts are raised about the argument that central government carries on social investment policies and local government social consumption policies. The local level in most countries no longer (as the model assumes) monopolizes social consumption, if it ever did (Sharpe, 1984, 41), and the functions of local government spread widely across the social expenses, social investment and social consumption categories. The centre also has a sizeable share in social consumption expenditure - especially in monetary payments (i.e. transfers) which are easily centralized.

Thirdly, the mode of decision-making at local level often does not appear to be a pluralist one. Many empirical studies have shown that there is some organised intervention in local policy making (Rhodes, 1986, 240-1). Villadsen (1986, 257) describes local policy making in terms of corporatism and King (1983) points to the corporate aspect of policy making in local government. Sharpe (1984, 41) also criticises the dual state theory for exaggerating the permeability of the local level. Despite its clear superiority in formal democratic terms, because of its scale, local government does not seem to be the throbbing heart of mass democracy that the model postulates.

Despite these criticisms, the dual state theory has attracted academic attention for many reasons. It is explicitly successful in: 1) incorporating the social roots of governmental policies; 2) explicitly presenting the most systematic framework to explain local government; 3) encompassing highly important dimensions for policy studies such as basic functions and decision-making mode; and 4) highlighting the specificity of locality.

2.5. THE NEW URBAN LEFT AND THE NEW RIGHT

Concerning local government, the academic community seems to have a consensus in saying that a key development both in Right and Leftist strands has appeared in the 1970s. Local government was rediscovered by Right and Left-wing camps and rather different attitudes towards local government came to be possessed by the New Right and the New Urban Left (Castells, 1977; Cochrane and Massey, 1989, 133; Kingdom, 1991, 2).

The New Urban Left

The phrase 'New Urban Left'⁹ was coined by Gyford (1983, 2) to identify the Left activists who had come to give a particular priority to local government and related issues within the Left. What is meant by 'new' is twofold; the old guard regimes of the late sixties were replaced by a new and young generation within the Left (Laffin and Young, 1985, 41), and it presented a new alternative to the established Labour government's corporatist economic strategy. What was 'urban' was that the councillors

9. The New Urban Left has been called variously 'local socialism' (Duncan and Goodwin, 1988) or 'municipal labourism' (Cochrane and Massey, 1989, 146).

tended to represent mainly industrial areas such as London, Liverpool and Sheffield, where Labour's traditional electoral support is concentrated (Seyd, 1987, 140). Those areas contained young intellectuals at universities, workers in industrial zones and racial and sexual minorities in the inner cities.

The Emergence of the New Urban Left

Although many factors appear to have been of importance in its emergence, three merit discussion here. Firstly, in 1967 the Conservatives took office in such traditional Labour authorities as Sheffield, GLC, Bradford, Cardiff, Coventry, Leeds, Leicester, Liverpool, Manchester, Newcastle, Nottingham and Southampton (Gyford, 1985, 25). The Labour party lost more than 1,500 seats to the Conservatives in the local elections that year. The results of the 1968 election were also a massive pro-Conservative swing in the local level (Gyford, 1983, 5). While the Conservatives took 63 per cent of the seats, Labour secured less than 17 per cent in the London boroughs and in the provincial boroughs and urban districts. This series of electoral defeats was an event which prepared the way for the substitution of political actors within the Left in the 1970s. The shift in attitudes was accompanied by a change of political actors and many of the old Labour councillors who had lost their seats never returned (Saunders, 1980, 227). The newly returned Labour groups were seen to be a 'New Guard', 'Young Turks' and 'a youthful meritocracy'.

Secondly, the 'insurrectionary' approach of the old Left became partly rejected by the 'new Labour Left' (Gyford, 1983, 3). The far Left has traditionally emphasised the state's capacity to create equality and has down-played questions of liberty. Hence, it had too often been satisfied with the notion of a 'big state' (Held and Keane, 1984, 175) particularly with the parliamentary approach. This traditional commitment was criticised as statist (Fudge, 1984, 192), paternalistic (Stoker, 1987, 8), centralised (Seyd, 1987, 139) and bureaucratic. The New Urban Left warned of the dangers of merely

transmuting capitalist hierarchies into socialist ones which reproduce excessive subordination and alienation. In response, it was argued that what was needed was the decentralisation of power, particularly through workers' control and workers' cooperatives based on the small-scale society (Luard, 1979, 151), with attention to extra-parliamentary struggles.

Thirdly, given Labour's structural defeat in central government (Seyd, 1987), many on the Left see local government as a key to the political regeneration of their movement (Parry *et al.*, 1992, 293). Local government became the stronghold or an 'oases in the Conservative desert' (Seyd, 1987, 139-40) where the Labour party found a minimal consensus for a defensive coalition facing the radical Conservatives in the centre.

Values and Strategy

The New Urban Left is not a completely homogeneous phenomenon. It is not a formally organized grouping and nor has it a single policy. It is, as Gyford (1985) describes, ameoba-like in the variety of its tactics and strategies. They include: a disdain for many of the traditional ways of conducting local authority business; a new concern for issues hitherto absent from or marginal to conventional local government, such as local economic planning, monitoring the police, women's rights, and racial equality; a view of local government as an arena both for combating the policies of a Conservative government and for displaying by example the potential of a grass-roots socialism; and, perhaps most fundamentally, a commitment to notions of mass politics based upon strategies of decentralisation and/or political mobilization at the local level (Gyford, 1985, 18; Seyd, 1987).

On the management side of local administration, the strategies of the New Urban Left can be differentiated in accordance with their emphasis on: 1) the radical restructuring of the local state, 2) moderate improvement in the machinery of local government and 3) community action. The first is a radical approach to the restructuring of the 'local state' which shifts the focus increasingly from the symptoms of deprivation and its victims to its causes and to a 'structural' analysis of social problems (Higgins *et al.*, 1983). This strand seems to have been influenced by the militant tradition of Poplar and the Little Moscovs of the 1920s and 1930s that prepared to use locality as an instrument for challenging the established social order and mobilising mass support (Bassett, 1980, 45). The local state was taken as an engine of socialism (Hambleton and Hoggett, 1984, 8) advancing between a revolutionary and a parliamentary road to socialism (Green, 1987, 207). A rainbow coalition was formed to embrace many groups outside the traditional party organisations of the Left and a wide range of groups whose interest is focussed very much on local struggles against the state (Bassett, 1981, 57).

The second strand within the New Urban Left places emphasis on the importance of better and more participative local administration. It is a notable change, compared with the 'old' Left (Gyford, 1985, 16), to see involvement in local government as a worthwhile way in which to pursue that form of politics. The contents of this change are considered under two headings by Stoker (1988, 203-8): responsiveness in service delivery and opening up the political process. There have been attempts to develop a 'public service orientation' and a rise of direct user-control over the management of services. More attention was given to a managerial approach oriented towards participation and efficiency to overcome the traditional bureaucratic, unresponsive, and inefficient practices.

A third strand within the New Urban Left has given priority to community action as the way forward. Because the new urban Left is an alliance its supporters are drawn not only from working class but also from protest movements such as women's, ethnic and environmentalist organisations (Hampton, 1987, 229). These various groups

concerned themselves with community-based action from outside the existing party or local authorities.

Difficulties and Dilemmas

The New Urban Left may be one of the examples which seek to bridge the gap between socialist commitment and the process of political transformation using local government. However, the New Urban Left's policies have met hostile reactions from a number of quarters.

As Leeson (1981, 19) points out, it would be 'too romantic a vision to conjure up a picture of socialist republics operating on a local scale in an otherwise non-socialist environment' (Quoted in Gyford, 1983, 20). Countervailing policies had been constantly imposed by the Thatcher Governments such as the abolition of the GLC and the metropolitan counties and the introduction of the community charge (Stoker, 1988, 209-13). The financial recession was another constraint raised by the situational environment.

The New Urban Left itself is not without its own dilemmas. At the ideological level there has been considerable ambiguity, uncertainty and conflict over objectives (Stoker, 1988, 211). It was difficult to ensure cooperation between multiple actors. After examining three cases, Fudge (1984, 207-8) points out that there have been severe problems in ensuring the adjustments of various participants in the politics of reform. Another difficulty was the internal resistance within local government. Crucial parts of the workforce and the white-collar trades unions were unsympathetic to the new style of administration and the process by which it was introduced.

The New Right

It is paradoxical that the real challenge to the mould of British politics came from the right as the left vainly fought to preserve the status quo (Williams and Williams, 1989, 1). Certainly, the New Right has inherited both conservative and liberal values from the 'old' Right. However, the New Right is characterised by the relatively greater emphasis it places on libertarian values, its strong ideological commitment and its manifest policy alternatives.

The Emergence of the New Right

At the international level a breakdown occurred when the undisputed economic supremacy which the United States had enjoyed since the 1940s disappeared, and the world economy was plunged once more into recession. As a consequence, several countries, including West Germany (1983), the Netherlands (1982), Denmark (1981), Sweden (1976), the United States (1980, 1984) and Britain (1979, 1983, 1987) swung electorally to the right. Gamble (1989) sees the radical new right programmes of both Thatcher and Reagan as responses to the breakdown of authority and stability in the world system and in national politics.

At the national level the politics and institutions of post-War social democracy, based on Keynesianism and the Beveridge welfare state model, began to be discredited (Offe, 1984, 65). During the nineteen sixties and early seventies, the proponents of egalitarian and anti-individualist values (Tunstall, 1970) were challenged. The expansion of state activity was criticised as inefficient, unresponsive and authoritative, and eventually threatened the authority and the legitimacy of the state (Douglas, 1976; Booth, 1989, 15). The abuse of trade union powers also helped to increase a widespread feeling for change by the end of the 1970s (Johnson, 1989, 144; Pollitt, 1990, 9). This kind of criticism was extended to a concern for social self-reliance in

moral crusades; to individual freedom and state authority in politics; and to free market competition in economics.

Restructuring the State

The New Right ideas have been developed by such think-tanks as the Institute of Economic Affairs, the Centre for Policy Studies and the Adam Smith Institute in U.K. Usually their main ideas have centred around two components of new-liberal ideology: monetarism in economics and the public choice theory in politics (O'Leary, 1987, 379; Rhodes, 1988, 23).

The monetary theory and the public choice theory are interconnected, in fact, in terms of anti-collectivist (Barry, 1987, 111) and anti-statist thought. Within the field of economic theory, monetarists argue that an excess amount of money in circulation is the primary cause of inflation. Their point is that cuts in the level of public expenditure, particularly capital expenditure, are the key to controlling money supply and thus to ensuring economic growth. They reject any trade-offs between unemployment and inflation but show more concern about inflation than about unemployment (Rhodes, 1988, 21; Kavanagh, 1989, 79). It is argued that if the increase in the money supply outstrips the growth of GDP then it will produce inflation. Friedman (1975), most associated with monetarism, argues for the control of inflation at the cost of higher levels of unemployment. His so-called 'supply side' theory advocates the need to stimulate production by cutting taxes and encouraging individual enterprise. Another important theme was to privatize state-run industries and to curb the powers of unions.

Public choice theory, also known as collective choice or rational choice theory, is based on 'rational' 'self-interested' 'individuals' assumption at micro-economics level. Its development has depended on the works of economists at the Virginia State Polytechnic such as Jim Buchanan (1962), Gordon Tullock (1979) and William Niskanen (1973). Their point is that the absence of profit criteria in the public sector

encourages its reckless expansion engineered by vote-maximising politicians and budget-maximising bureaucrats¹⁰. Friedrich von Hayek (1948) seems to be an intellectual hero of public choice theorists. He had argued (Eatwell, 1989, 9) that centralised planning by the government is both politically dangerous and economically inefficient.

Local Government as a Burden

The New Right commitment was intermingled with an anti-Labour, anti-statist, anti-collectivist, and anti-welfare spirit. At least, at the political dimension, the minimal consensus was 'pushing back the frontiers of the state' (Booth, 1982, 197; Jessop, 1990, 278) and the safest item to attack was found in local government.

Local government came into question by the imperatives of the market. Local government was criticised as being a burden on the road towards economic regeneration. It was seen by the New Right thinkers as financially wasteful, managerially inefficient (the Layfield Report, 1976; Jones and Stewart, 1982) and politically non-supportive (Henney, 1984, 380; Mather, 1989, 213). The conclusion of the New Right thinkers was that local government had to be controlled (Lambert, 1986, 104; Duncan and Goodwin, 1988, 50), constrained (Elcock, *et al.*, 1989) and by-passed (Sharpe, 1984, 42; Cochrane and Massey, 1989, 137; Gamble, 1989, 115). The attacks on local government appear in various forms. The most obvious manifestations are tax cuts (Lambert, 1986) spending controls (Jessop *et al.*, 1988, 143; Henney, 1984, 149), privatisation (Ascher, 1987, 209; Stoker, 1988, 174), abolition (Duncan and Goodwin, 1988, 57) and the community charge in 1990.

10. For instance, Niskanen (1973) identifies the following variables as factors serving the bureaucrats' motives: salary, prerequisites of the office, public reputation, power, patronage, output of the bureau, ease of making changes and ease of managing the bureau. Bureaucrats are seen here as best serving their own welfare by continuously pursuing budgetary growth, which increases their numbers, improves promotion prospects, creates discretionary patronage and generally builds up organisational slack and improves job security.

These attacks on local government seemed to be interpreted in two conflicting ways. Some consider central intervention as a threat to democracy. Those who emphasize the democratic values of local government have deplored central control as an erosion of democracy. However, on the other hand, this lament is not be matched by the general public at large, particularly those who think the ultimate territorial of governmental policy is the individual citizen rather than governmental tier - e.g. local government. Chandler (1988, 98) argues that the media and the electorate have shown little interest in local government in this vein.

2.6. CONCLUSION

This chapter has sought to understand a fundamental context of local government theories as a prelude to the studies of policy-making in local government. Local government has been contextualised throughout the chapter under five headings: pluralism, Marxism, the dual state theory, the New Urban Left and the New Right. Among these five strands, pluralism and Marxism were helpful to grasp ideological commitment to local government in Left and Right-wing camps while the last two schools were informative to see current controversies over localities.

As generally expected, each theory contains differences not only in its analysis method but also in the basic focus. For instance, pluralism focuses on the political values of local government whereas the New Right focuses on the economic aspects of it. While pluralism and Marxism are mainly interested in ideological principles, the New Urban Left and the New Right reflect practicality in situational contingencies. In contrast, the dual state theory draws its attempts mainly to theorise locality without any ideological stances.

The general impression is that local government, as Laski (1989, 139) points out, raises exactly the same issues as are raised by the general question of the modern

state¹¹. Here, the most interesting point is that local government itself seems to be politically neutral. Political attitudes towards it are not something to be derived from premeditated ideas or an ideology. This is evidenced by both the New Urban Left and the New Right which can be seen as situational anomalies¹² of Marxism and pluralism respectively. As mentioned above, some commentators believe that consideration of power and interests explains much of the appearance of these anomalies (Lambert, 1986, 112; Leech, 1988, 15; Cochrane and Massey, 1989, 135). This is why this chapter has given much attention to the political intentions¹³ behind the theories to understand the real motives and interests of their proponents.

Historically control of local government has always offered the opposition a foothold from which to develop alternative policy strategies. Whether it is by the Conservatives or Labour, local autonomy is claimed against central control when they are limited to locality. The following table summarises the differing attitudes towards local government in state theories. The next step is now to examine the existing explanations on policy-making in local government.

11. It appears that pluralist theories still dominate the traditional textbooks. Likewise, rationales for decentralisation have been sought exclusively in pluralist arguments in Korea. More details will be discussed later in chapter Six.

12. The New Urban Left and the New Right, as situational anomalies, encounter ideological dilemmas against which their origins were developed. For example, the New Urban Left faces the problem of pluralism (Gyford, 1983, 28). The people and the various groups, once mobilised and armed with power, may choose to go their own several ways. There is also the problem of uncertainties and fragmentation. Likewise, the New Right, as a situational anomaly of pluralism, represents a sharp reversal of previous Conservative thought in many ways. Conventionally the basic rules of the Right school of thought have been to make people self reliant through market mechanisms with least intervention of the state. However, the state comes to be simultaneously rolled back and rolled forward (Gamble, 1989, 28) in the New Right.

13. Some critics who focus on the personal intention behind the New Right denying its ideological and theoretical feature, see the New Right as a question of personality rather than ideology, style rather than substance.

<Table 2-2> *Local Government in State Theories*

	Pluralism	Marxism	New Urban Left
Values	Democracy Liberty	Equality	Participation Equality
General Themes	* Bulwark against central tyranny * Grass-roots participation * Political education	* Universalistic egalitarianism through centralised public ownership * Monolithic state apparatus	* Build socialism from the locality * Better and participant local service provision * Rainbow coalition
Level of Analysis	Individual	Social Class	Social Class & Organisation
Illustrative Policies	Decentralisation Promotion of variations between localities	Comprehensive education Nationalisation	Intervening in local economies (enterprise boards) Opening up the political process
Writers	J.S. Mill A. de Tocqueville	J. O'Connor C. Cockburn	J. Gyford G. Green

(continued)

	Dual State Theory	New Right
Values	< Neutral >	Efficiency Freedom Central Authority
General Themes	* Multi-theoretical explanations on different policies and on different governmental tiers	* Control over the inefficient local governments * Reductions in public expenditure
Level of Analysis	Organisation	Individual
Illustrative Policies	< Purely theoretical approach to the difference between the central and local governments >	Grant penalties Tax cuts Rate-capping Community charge Privatisation
Writers	P. Saunders A. Cawson	F.A. Hayek, M. Friedman J. Buchanan, G. Tullock W. Niskanen

CHAPTER THREE: POLICY-MAKING IN LOCAL GOVERNMENT

It was during the fifties and sixties (Fried, 1975, 305) that growing attention was given to the determinants of public policy in local politics. The determining factors of local expenditure were no longer taken for granted but instead were investigated from the Lasswelian interest in "Who gets what, when, and how?". In particular, as government's role encompassed more economic functions (Booth, 1988), budgetary policies of the government were increasingly taken as the most visible measure of priority allocation.

Historically, the study of public expenditure determinants is traced back to Key (1940; 1951; 1956), Fabricant (1952) or Dawson and Robinson (1963). Their fundamental question was "On what basis shall it be decided to allocate X dollars to activity A instead of activity B?" (Key, 1940, 1137). While Fabricant pointed out the impact of socio-economic variables such as population density, per capita income and urbanisation, Key and Dawson and Robinson emphasised political factors such as interparty competition. The relative importance of socio-economic and political variables has since been the major subject in studies of local expenditure decisions (Alt, 1977, 83; Lewis-Beck, 1977, 559; Boyne, 1985b). In fact, a glance at the existing literature suggests that almost all studies employ a scheme of classification falling between the above two extremes. Holding the expenditure level or variation as the dependent variable, the researchers investigated the relative impact of the two groups of independent variables, that is socio-economic and political factors.

Firstly, environmental determinism states that socio-economic circumstances constrain expenditure decisions leaving policy makers with little room for manoeuvre.

Policy output is seen largely as the product of geographic, demographic and economic conditions in this school. Secondly, political determinism indicates that a considerable autonomy is held by political actors during the policy process. The political system is not an automatic transmission belt: not only the pre-legislative (e.g. interest groups, political party and voting behaviour) but also the post-legislative processes are sources of diversity in government activities.

Based on the above two schools, a lot of writers have developed models to investigate policy variation in local government with higher explanatory power than the model hitherto presented. However, as will be explained throughout this chapter, the socio-economic versus political dichotomy is based on conceptual boundaries which are questionable. It has also contributed to disguising methodological issues which are fundamental to the study of policy-making in local government. For example, the discussion on the empirical works in this field has been surprisingly patchy. Therefore, this study starts with the distinction of output and process approaches in the analysis of policy variation in local authorities. What is meant by output analysis is the empirical analysis of policy outputs in local government. And process approach refers to the empirical approach to the political dynamics of policy-making in local government. This distinction between output and process approaches helps to understand a fundamental aspect in the methods of analysing local policy-making. Under this classification the socio-economic versus political debate can also be characterised as the mainstream research tradition in output analysis.

The existing literature in the field of process approach will be examined in the next chapter, and this chapter first investigates the empirical works in the field of output analysis. Four mode of explanation are adopted here in reviewing the empirical works in output analysis: socio-economic analysis, political studies, urban hierarchy theory and incrementalism. A table summarising the existing empirical studies will be presented in each section.

3.1. SOCIOECONOMIC ANALYSIS

Mushrooming of Socioeconomic Variables in Output Analysis

Quite a few studies of public expenditure appeared to be challenging the conventional wisdom that public policy was the immediate product of the political process. Fabricant employed a multiple regression method to investigate interstate spending variations. He concluded 72 per cent of local expenditure variability could be explained by socio-economic factors such as population density, per capita income and urbanisation (Fabricant, 1952). Fabricant's seminal study has been elaborated upon by a number of studies in the *National Tax Journal*. The overall finding of these studies was a consistently high explanatory power of the socioeconomic variables employed relative to absolute levels of expenditure (Fry and Winters, 1970, 509). Thomas R. Dye (1966), in his book *Politics, Economics and the Public*, examined the relationships between socio-economic factors, political factors and expenditure measures by using a multiple regression method. Dye reported:

.....correlation analysis reveals that these [political] system characteristics have relatively little independent effect on policy outcomes in the states.....Most of the association that occurs between system characteristics and policy outcomes can be attributed to the influence of economic development (Dye, 1966, 293).

In those studies, the influence of political factors has been reduced by the diversity of structural determinants in which the political factors are moulded. Differences of political variables appeared largely as a product of differences in the socio-economic environment rather than as an immediate influence of the political system. Fry and Winters had found that interparty competition is very closely connected with welfare orientation, but this relationship disappears when controls for per capita income are introduced (Fry, and Winters, 1970, 509). Political variables examined in relation to tax and expenditure levels were usually overshadowed by the

effect of socio-economic variables, and often have shown no independent impact whatsoever. Alt (1971, 50) also shows that significant associations are often found between population, wealth, party control, and competition as independent variables. Here the problem is that when a wide range of socio-economic variables are considered, party control of councils ceases to have any independent impact (Nicholson and Topham, 1971). Only in a very few cases can the impact of party control be shown to hold up independently of other environmental variables (Alt, 1977, 88).

Another notable example is provided by Fried (1975, 358) who has found political control to be an insignificant variable in contrast to Fry and Winters (1970), Dearlove (1973) and Newton and Karran (1985). Of the seventeen outputs, he says, only two are more strongly correlated to party variables than to ecological variables (Fried, 1975, 18). The "merely" secondary impact of party variables on performance appears to be re-confirmed:

.....political variables have relatively less direct and independent impact than socioeconomic variables. In many, probably most cases, some socioeconomic variable has been found more useful in explaining the variance in outputs than any political variable (Fried, 1975, 337).

More recently, Buchanan and his colleagues (Buchanan *et al.*, 1991) confirm the relative importance of socioeconomic factors in the U.S. Their question is 'What factors determine the differences in Medicaid expenditures found among the states?'. To answer this question, they develop a model that focuses on eight independent variables encompassing economic, political and administrative aspects. Their conclusion is that economic factors have the greater influence, while political factors have a marginal impact. Least important were political factors (Buchanan *et al.*, 1991, 71). They conclude:

Our model of social environment indicates that economic forces and conditions, rather than political forces, have a significant impact on state Medicaid spending levels (Buchanan *et al.*, 1991, 71).

In this vein, Klein (1976, 402) argues that to discuss the political factors affecting public expenditure decisions may be to fall into the trap of discussing the illusions of policy-makers. So far as policy-makers are driven by external forces (Hoggart, 1989, 3) it is thought to be redundant and more difficult to seek an explanation in terms of political process.

Assessment of Socioeconomic Analysis

What does seem clear here is that environmental factors outweigh political variables (Klein, 1976, 402; Boyne, 1985a, 473). Most debate in this vein has been about whether political process exerts an autonomous influence on expenditure decisions, or whether it just reflects local environments (Barnett *et al.*, 1990, 218).

As indicated by Table 3-1, the list of socio-economic variables is wide and far from exhaustive. It might be said that the study of expenditure determinants was launched with a great emphasis on the socio-economic aspect of public policy from the beginning. The variable number of structural environments is much larger than that of political variables and the former appears to be far more elaborated. What is suggested by this is that the output analysis of policy variation in local government has until recently tended to discount the importance of political variables (Ashford *et al.*, 1976, 6). The socio-economic determinists have treated political factors with suspicion and dismissal and generated further doubt concerning the early assumptions about political influence.

However, the neglect of political factors cannot be attributed merely to the researchers' personal preferences. This result in output analysis has been accentuated and accelerated by many forces in contemporary policy studies. First of all, the concept of social environment has been strongly linked with a normative concern in the study of public policy. At the bottom of this normative concern is the belief that governmental

policies should be framed by the social environments. It seems that this normative value partly accounts for the relative primacy of socioeconomic variables in the study of policy variation in local government. In the theoretical dimension, at least implicitly, most output analyses have been based on Eastonian system models which take the political process merely as a black box (Dearlove, 1973; Boyne, 1985a, 479). Their functionalist assumption tended to see the 'black box' as an automatic transmission belt. The conversion process lying between inputs and outputs was not dealt with to any significant degree (Hill and Bramley, 1986, 154). Albeit for a different reason, this neglect of politico-governmental aspects is similarly found in Marxism as well. Since the 1950s and 1960s the attempts of the Marxists, being trapped in its traditional economic determinism, has been unsatisfactory in coming to terms with the question of the state itself during the same period. The Marxists are regarded as still too concerned with economic power to give adequate consideration to state power (Ham and Hill, 1984, 53). The attempt by some Marxists to account for the increasing power of the state through the concept of relative autonomy is beset by difficulties.

In the methodological dimension, the studies of policy-making was strikingly influenced by the legacy of hypothetico-deductive approach in which theories were *tested* rather than generated. This trend has been paralleled by a shift of research methods from qualitative to quantitative studies. In particular, the quantitative approach to the study of policy variation was stepped up by the development of newer methods of comparison using computer techniques. The advent of computer techniques made it possible to use a newer method of comparison, mostly comparison of R^2 , under the legacy of hypothetico-deductive studies. Socio-economic variables were available while being elaborated and quantified in huge numbers for this purpose. On the other hand, there were fundamental difficulties in quantifying political concepts like political power.

As a consequence, a controversy was provoked amongst political scientists who were inherently against the sort of atheoretical empiricism which has often degenerated into socio-economic determinism. It is argued that the selection of independent

variables in socio-economic studies is seriously deficient. It seems to decline into a very atheoretical approach by 'firing any available official data' (Boyne, 1985, 490) such as periodical statistics, census data and ready-made social surveys. An easy increase in the number of independent variables usually appears as an increase in the regression coefficients. But it is questionable whether its statistical generalisation can be extended to analytical generalisation. Newton and Sharpe (1977, 68) criticise it as being just 'mindless reductionism'.

<Table 3-1> *Socio-economic Variables*

Researcher	Year	Country	A*	B*	C*
Dawson & Robinson	1963	U.S.	6,33,40	2	2
Dye	1969	U.S.	6,20,28,33, 35, 36, 40	2	2,3
Cnudde & McCrone	1969	U.S.	6,20,38, 40	2	3
Boaden & Alford	1969	U.K.	1,13,16	1	1
Fry & Winters	1970	U.S.	6,8, 20, 33, 40	2	2
Alt	1971	U.K.	1,6,17	1	2
Fried	1971	Italy	1,21,32 41,44,46	city	3
Davies <i>et al.</i>	1972	U.K.	3, 5, 11, 27, 34	*	2,4,5
Booms & Halldorson	1973	U.S.	6,8,12,20 32,40	2	2,3
Tompkins	1975	U.S.	6,28,33	2	4
Cowart <i>et al.</i>	1975	Norway	10,37,42,43	Oslo	3
Ashford <i>et al.</i>	1976	U.K.	1,6,20,40	1	3

Fried	1976	Germany	10,47		city	*
Schofield	19781	U.K.	1,2,4,17 19, 48		1	3
Hansen	1981	Norway	1,2,13,25 26, 39		*	3
Ginsburgh & Pestieau	1981	Belgium	1,3,30,31 40, 48		city & commune	3,5
Karran	1982	U.K.	1,2,3,13, 17, 40, 41		1	2
Plotnick & Winters	1982	U.S.	29		2	LISREL
Sharpe & Newton	1984	U.K.	more than fourty var.		1	2,3
Boyne	1989	U.K.	16		1	3
Hoggart	1989	U.S.	3,7,15,28		urban municipality	3
Plotnick & Winters	1990	U.S.	6,9,28		2	3
Buchanan <i>et al.</i>	1991	U.S.	6, 14		2	3

A* : Independent variables

DEMOGRAPHIC CHARACTERISTICS

- 1) Population Size
- 3) Age Composition of the
Population (e.g.% over 60)

- 2) Population Density
- 4) Population Change
- 5) Birth Place

INCOME LEVEL

- 6) Income Level
- 8) Gini Index
- 10) Motorization
- 12) % of Pensioners

- 7) Income Inequality
- 9) Poor's Visibility
- 11) Dwelling Type
- 13) Social Class

FINANCIAL RESOURCE

- 14) Financial Sources
- 16) Level of Resources
- 18) Property Ownership
- 19) Penny Rate Product per capita

- 15) Local Tax Rate
- 17) Rateable Value per
capita

SOCIAL FACTORS

- 20) Education
- 22) Public Opinion
- 24) Voters' Liberalism
- 25) Persons per Household
- 27) Infant Mortality Rate
- 28) Ethnic Group
- 30) Language

- 21) Literacy
- 23) Citizen Participation
- 26) Single Parent Families
- 29) Social Diversity
- 31) % of Foreigners

INDUSTRIAL & OCCUPATIONAL FEATURES

- 32) Industrial Structure
- 34) Employment Pattern
- 36) Unemployment
- 38) Non-Agricultural Occupations

- 33) Industrialisation
- 35) Occupation
- 37) Lorries
- 39) Woman in Labour Force

URBANISATION

- 40) Urbanisation
- 42) Housing

- 41) Rurality
- 43) Street

ECONOMIC CIRCUMSTANCES AND OTHERS

- 44) Economic Growth
- 46) Latitude
- 48) Geographic Area

- 45) Inflation
- 47) City Size

B* : Level of analysis

- 1) County, Borough
- 2) American State
- 3) Others

C* : Statistical technique

- 1) Percentage
- 2) Correlation
- 3) Regression
- 4) Path Analysis
- 5) Others

3.2. POLITICO-GOVERNMENTAL STUDIES

Political Approach in Output Analysis

Traditionally, political scientists have assumed the primacy of political factors in public policy making. They assumed that the primary determinants of public policy were political and therefore confined their attention to political institutions and processes, especially to legislative and pre-legislative politics (Newton and Sharpe, 1977, 61). However, the socio-economic studies threatened the traditional political scientists' assumption that public policy was the product of political activities. Being overwhelmed by socio-economic studies in public policy making in the post-war period (Sharpe, 1981, 1), political scientists unavoidably had to make enormous efforts to show that 'politics does matter'. The debate about the relative importance of political variables and the socio-economic environment in local expenditure studies can be seen partly as a quest for the autonomous influences of political factors on policy-making (Barnett *et al.*, 1990, 218).

Continuous efforts have been made to restore the conventional wisdom in public expenditure studies by political scientists. Key (1951, 310) argued that welfare policies were better provided in those areas of the American South which had competitive party systems. Downs (1957; 1960) held that political leaders had policy initiatives to pursue necessary political support for political power. As a result, even some economists like Wilensky (1975) who have examined the effects of the ideology of ruling parties in twenty-two countries gave their attention to political variables in expenditure studies.

Many other political scientists joined the ranks of those studying political factors later such as Dearlove (1973), Wildavsky (1975), Dye (1966), Sharpe and Newton (1984), Barnett *et al.* (1990). First of all they criticized the socioeconomic approaches. The atheoretical feature of the socioeconomic studies has been criticized as 'barefoot empiricism' and their methodological individualism was also another target of criticism.

The assumption of socioeconomic analysis on the political process was questioned as well:

In this model the representative process was, in effect, a kind of transmission belt in which the political mechanisms as such had little independent effect on public policy since they merely performed the task of reflecting in policy terms the presumed wants derived from the socio-economic structure of the participative citizenry (Sharpe and Newton, 1984: 205).

On the other hand researchers have presented the impact of political variables by adding various political factors to the lists of independent variables. Most of their efforts were concentrated on the selection of political factors which can be operationalised for quantitative studies. For example, Cho and Frederickson (1973) used forty two political variables to assess the effect of the local government system on local policy outcomes in the United States. According to Boyne (1985a, 485), it may be that the range of political variables in output studies is a monument to the ingenuity of American political scientists in quantifying political concepts. By contrast the range of political variables in British output studies is quite narrow.

Table 3-2 shows that most independent variables derived from the political system fall into the 'parties and election' category. The most popular one which has been adopted as an independent variable is party control, especially left party. The left party which has traditionally had a strong ideological commitment to changes has been considered to exert a strong impact on public expenditure decisions. As an example, Alt shows that non-Conservative authorities appear systematically more sensitive to need than Conservative authorities (Alt, 1971, 49). The presence of greater Labour representation on councils is associated in such redistributive areas (Hoggart, 1989, 77) as housing, education, and local health with higher levels, and in the case of the police service with lower levels, of expenditure. Barrett *et al.* also demonstrate that Labour controlled authorities show a preference for higher levels of provision in education and provide significantly increased resources for elderly people (Barrett *et al.*, 1990, 221 and 223). Such findings could confirm the view that there is indeed a political effect on

the provision of local public services in the variations between spending areas rather than in the absolute level of public expenditure (Barrett *et al.*, 1990, 228).

In fact, many political scientists have participated in this 'environment versus politics' dispute. 'A great deal of scrambling' was made 'by scholars ideologically committed to proving that party competition, voter participation, partisanship, and apportionment do indeed influence public policy' (Dye, 1976, 30). However, they found no convincing evidence that politics did matter. Evidences on the effect of local politics has produced less conclusive findings than those on the impact of socio-economic environment (Glennerster, 1985, 65). The politics was taken as largely the epiphenomenon of social and economic factors (Newton and Sharpe, 1977, 69) in most output analyses. Those results have shown 'near panic' (Dye, 1976, 30; Hoggart, 1989, 2) in political science and 'continuing embarrassment' (Peterson, 1981, 10) to political scientists.

Assessment of Political Approach

Several reasons were explained above as to why political factors have inevitably been outweighed by socio-economic variables. In addition to them, the nature of political factors should be considered here. As generally recognised, political influence is extremely difficult to quantify. As long as politics is taken as something that can and should be moulded in the process of community life, its nature is closely linked to 'situational' contingencies. These situational factors are not favoured by comparative output studies which mostly rely on quantitative methods. The result is less development of available political indicators than ecological data (Newton and Sharpe, 1977, 68) in operational dimensions.

In many cases, output analyses try to search for data sets that incorporate variation and, in turn, attempt to account for the variation that is found. This pursuit of variance leads researchers to pick certain problems and ignore others, depending on whether they can obtain data sets that are 'appropriate' (Lieberson, 1985, 91). Accordingly, the earliest output studies included very few political variables: for instance with a ratio of between 30 to 40 socio-economic variables to two or three political variables (Alt, 1977, 84). Even in recent studies, post-legislative politics (such as structures of local government) tend to be neglected while too much attention is drawn to party control. Finally, it is worth noting that the feature of 'locality' has not received adequate attention in many political studies. What this means is that in many cases the central government factor is not taken as a political variable.

<Table 3-2> *Political Variables*

Researcher	Year	Country	A*	B*	C*
Dawson & Robinson	1963	U.S.	2	3	2
Boaden & Alford	1969	U.K.	1	1	1
Cnudde & McCrone	1969	U.S.	2	3	3
Fry & Winters	1970	U.S.	2,3,16 17,18,20 22,25,27 28,30	3	2
Alt	1971	U.K.	1,2	2,	2
Davies <i>et al.</i>	1972	U.K.	more than sixty var.	*	2,4,7
Booms & Halldorson	1973	U.S.	2,3,16,17 18,19,20,21 25, 26	3	2,3

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Uslaner & Weber	1975	U.S.	1,2,18 19,27	3	3
Ashford <i>et al.</i>	1976	U.K.	1	1,2	?
Gray	1976	U.S.	2,22	3	3
Alt	1977	U.K.	1,2	2	2,4
Schofield	1978	U.K.	1,8,9	2	3
Hansen	1978	Norway	3	multi	1
Foster <i>et al.</i> 1980	U.K.	1,31,33	1,2	1	
Ginsburgh & Pestieau	1981	Belgium	1	city and commune	F test
Karran	1982	U.K.	1,2,4,13 22,33	1	1
Hoggart	1983	U.K.	1,2,13	2	3
Sharpe & Newton	1984	U.K.	1,2,6,7 9, 22	1,2	2,3
Meier & England	1984	U.S.	25,30	city school district	3
Newton & Karran	1985	U.K.	13,19,31 33	1	1
Plotnick & Winters	1985	U.S.	1,2,23 29, 30	3	LISREL
Hoggart	1987	U.K.	1,15	2	2
Hoggart	1989	U.S.	1,2,13,19	*	2,3
Boyne	1990	U.K.	3	2,3	3
Barnett <i>et al.</i>	1990	U.K.	1,9,10 11	4	3
Page <i>et al.</i>	1990	U.K.	9, 10, 11	*	3,4
Plotnick & Winters	1990	U.S.	2,16,29 30	3	3
Buchanan <i>et al.</i>	1991	U.S.	2,14,29	3	3

A* : Independent variables**PARTY POLITICS**

- 1) Party Control
- 3) Party Cohesion
- 4) Party Policy-Making
- 6) Years of Conservative Control
- 8) Proportion of Council Seats
- 10) Newly-Elected Labour Council
- 11) Newly-Elected Conservative Council

- 2) Interparty Competitiveness
- 5) Party Conflict
- 7) Years of Labour Control
- 9) Labour Control & % Labour Seats

LOCAL BUREAUCRACY

- 12) Bureaucratic Influence
- 14) Government Management
- 15) Bureaucratic Control
- 17) Professionalism
- 18) Apportionment

- 13) Governmental Structure
- 16) Governor Power, Tenure

THE GENERAL PUBLIC

- 19) The General Public
- 21) Political Participation
- 23) Voter Preference

- 20) Democratic Vote
- 22) Turnout
- 24) Voter Participation

ELITE BEHAVIOUR

- 25) Elite Behaviour
- 27) Legislature
- 29) Index of Liberal Ideology

- 26) Reformism
- 28) Innovation Index

SOCIAL GROUPS

- 30) Social Groups

INTER-GOVERNMENTAL RELATIONSHIPS

- 31) Central Control
- 33) Governmental Aid

- 32) Inter-governmental

B* : Level of analysis

- 1) County and Borough
- 2) District
- 3) American State

C* : Statistical technique

- 1) Percentage
- 2) Correlation
- 3) Simple and/or Multiple Regression
- 4) Path Analysis
- 5) Others

3.3. URBAN HIERARCHY THEORY

Searching for a Unitary Theory

The 'socio-economics versus politics' debate in local expenditure studies has been subjected to criticisms in various ways. The debate has been based on the implicit assumption that the activities performed by local government benefit only the local residents (Hansen, 1984, 343) of each competitive (Tiebout, 1972) jurisdiction. Each locality was treated as an 'isolated' (Paddison, 1983, 160) political system in the absence of a general theory (Newton, 1981, 117). The only extra-local force that was sometimes admitted was the central influence. Moreover, the growing number of studies of the relative importance of socio-economic and political variables has led to confusion rather than to increased understanding (Fried, 1975, 305; Boyne, 1989, 133). Their empirical results are generally rather contradictory: basically forming other monuments to 'ad hocery' in Fried's term. Differences in setting boundaries and in selecting independent variables, analysis level, policy area and statistical technique resulted in the impossibility of comparing between determinant studies with considerable differences in R^2 . A more unitary and coherent theory was needed with increased interests in the *linkages* between localities, or to be more precise, the fate of localities.

Some efforts have been made to replace the 'meaningless' (Simon and Duncan, 1988) debate in policy determinant studies with the urban hierarchy theory. This theory was considered to provide a unitary and coherent explanation of local expenditure decisions. Originally it was developed by Walter Christaller in his book entitled *Die Zentralen Orte in Sueddeutschland* (Central Places in Southern Germany) in 1933. Christaller used it in an attempt to identify the general principles in the locational pattern of retail shopping and human settlements (King, 1984, 30) in cross sectional perspective. Geographers and economists have since developed it to explain the spatial distribution of economic activities as a whole within a wider system.

When employed in cross-sectional studies of local expenditure, the main theme is that the spending levels of localities depend on the relative position occupied by a locality in the nation as a whole. As table 3-3 illustrates, four concepts lie at the heart of this idea: ecological centrality, economic centrality, administrative centrality and urbanity.

The ecological centrality from which central place theory originated measures the magnitude of public service demands from the *external* hinterland. A locality which is positioned high in ecological centrality is likely to encounter greater use of its public services not only by its residents but also by the hinterland residents. Economic centrality is used by Aiken and Depre (1981) and Sorensen (1987, 50) to refer to the city's function as a centre for public and private activities. The city's function as a centre for a specific economic activity is likely to generate a specific pattern both to the demands and revenues of public service.

Administrative centrality refers to the relative position in the hierarchical pyramid of government organisation. Certain types of services can necessitate higher expenditures particularly in high order localities (Paddison, 1983, 160).

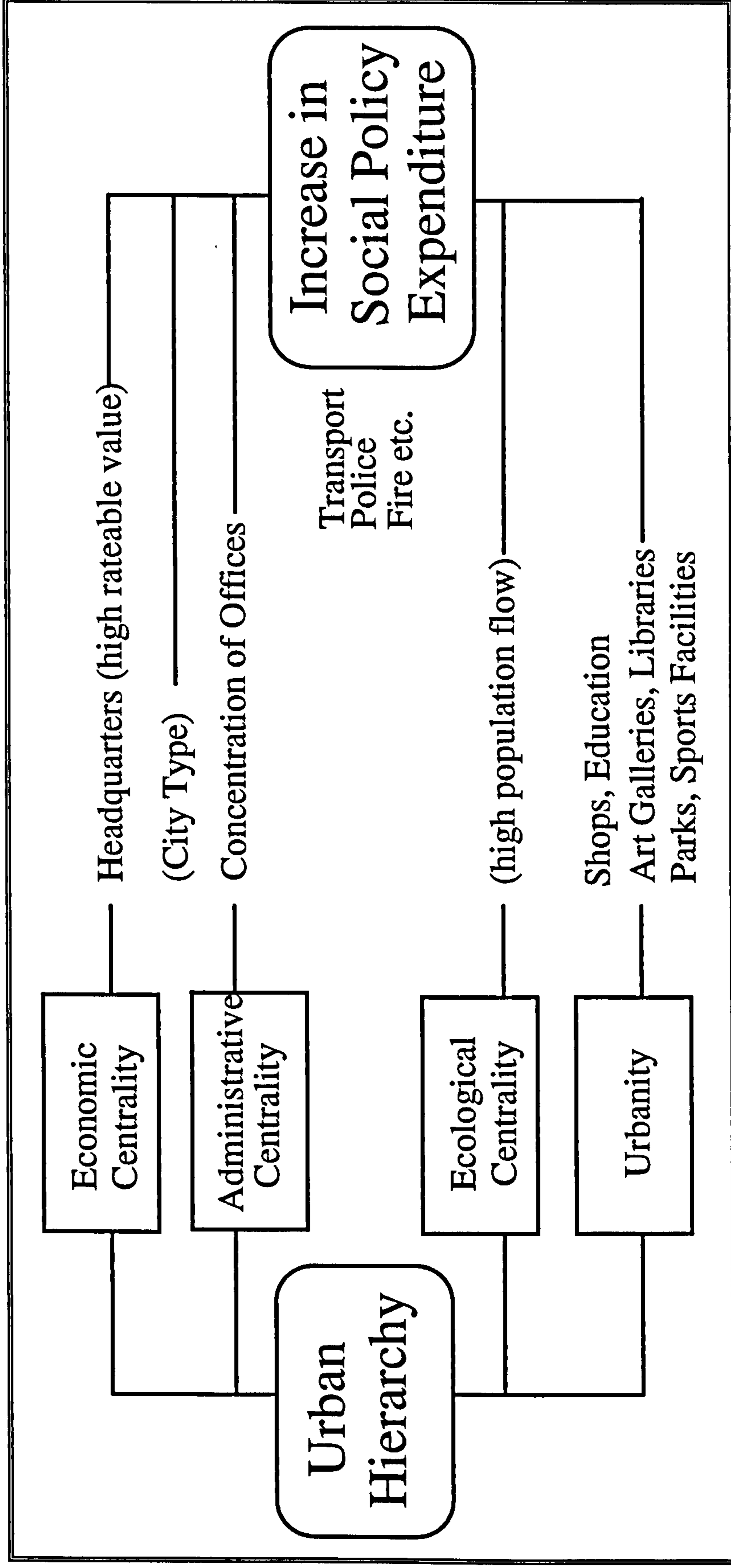
The last concept of urbanity refers to the relative degree of *internal* service needs generated in highly populated cities. Internal needs for specific services such as public transport, refuse collection and police can be paralleled with a city's position in the degree of urbanity. Figure 3-1 summarises several correlations between urban hierarchy and service provision patterns. The figure shows that the different position in urban hierarchy can lead to different spending patterns.

Kasarda (1972) adopts the ecological centrality concept to investigate the relationship between suburban population growth and service functions performed in central cities. He concludes that the suburban population and the commuting population exert strong effects on police, fire, highway, sanitation, recreation and the general administrative functions in the central cities (Kasarda, 1972, 1123). Paddison (1983, 160) introduces various aspects of centrality including ecological centrality, economic centrality and urbanity. But his empirical analysis is limited to the

administrative centrality which means the hierarchical tier of the government organisation. He shows the variations in spending on 'central place services' and on 'the protective services' amongst the three Irish governmental tiers: national, regional and sub-regional. Newton (1981; 1984) has also shown that a city's relative position in the urban hierarchy can affect its spending patterns. Dissimilarities of welfare expenditure can be attributed to differences in their status and role. He applies the economic centrality concept to the county borough expenditures by examining the correlation between numbers of business headquarters and per capita expenditure on public services (Newton, 1984, 363). Using the 1971 records about the spatial concentration of head offices in Britain, 327 (65%) of the top 500 firms were found to have their headquarters in London, 66 in Birmingham, 45 in Manchester, 33 in Leeds, 29 in Sheffield, 25 in Glasgow, 15 in Liverpool and 9 in Newcastle at that time. His analysis implies that economic centrality is related to service expenditures, particularly to what are termed public or indivisible services such as parks, libraries, fire, police, sewage, highways, and planning. These services are named collective services by Hansen (1984, 344) because their costs and benefits are city-wide, and because they are available to any person or resident who wishes to make use of them. Sharpe and Newton apply this idea in an attempt to explain variations in British county boroughs. They correlate expenditure patterns of county boroughs with a centrality points score originally devised by Carruthers in 1961. Their conclusion is that central place theory explains expenditure variations between localities as whole and indivisible entities which exist in a hierarchy (Sharpe and Newton, 1984, 130).

First, city governments will themselves produce central place services and facilities which, in Britain, are likely to include libraries, museums, art galleries, parks and sports facilities, and special educational services; second, the large number of people who visit central place cities for business and pleasure purposes are likely to use local services such as police, planning, highways, and public transport (Sharpe and Newton, 1984, 130).

< Figure 3-1>. *Causal Relationships between Urban Hierarchy and Local Expenditure.*



Assessment of the Urban Hierarchy Theory

As noted above, the urban hierarchy theory can be seen as an attempt to develop an unitary theory of policy variation in local government. The advocates of this theory strongly criticize the 'meaningless' (Simon and Duncan, 1988) debate concerning the traditional research question in output analysis. Certainly, unlike the dispute on the relative importance of socioeconomic and political variables, the urban hierarchy theory provides a unitary and coherent explanation of local expenditure decisions.

On the other hand, however, the urban hierarchy theory is not without defects. If the fate of locality is predominant, there would be little room for local authorities to change or improve their service provision. Certainly this is another defect of the deterministic trap. A locality's relative hierarchy may well be meaningful, but it does not show how its forces are integrated with the working practice of locality. The urban hierarchy theory does not satisfy those who need to know the unique mechanism around which local policies are made.

<Table 3-3> *Researches on the Effects of Urban Hierarchy*

Researcher	Year	Country	A*	B*	C*
Kasarda	1972	U.S.	1	3	3
Newton	1981	U.K.	1,2,4	1	1,2
Aiken & Depre	1981	Belgium	1	3	2
Paddison	1983	Irland	3	3	5
Newton	1984	U.K.	2	1	1,2
Newton & Sharpe	1984	U.K.	1	1	1,2
Hansen	1984	Norway	1,2	4	2

Sorensen	1987	Norway	1,2,4	*	2,4
Aiken <i>et al.</i>	1987	Europe	1,2	4	2

A* : Independent variables

- 1) Ecological Centrality
- 2) Economic Centrality
- 3) Administrative Centrality
- 4) Urbanity

B* : Level of analysis

- 1) County, County Borough
- 2) District
- 3) City and Town
- 4) Metropolitan Region

C* : Statistical technique

- 1) Correlation
- 2) Regression
- 3) Path Analysis
- 4) Chi-square
- 5) Others

3.4. INCREMENTALISM**Inward-Looking Explanation of Organisation**

The incrementalist approach has been applied to the study of public expenditure determinants since the 1960s; almost half a century after Maffeo Pantaleon, the father of incremental analysis in public finance (1958), presented his seminal attempts at the beginning of the century. Since then Wildavsky's theory of budgetary incrementalism

has been the most widely read theory in recent decades (Rubin, 1989, 78; Lessmann, 1989, 453).

Looking at it from the perspective of the socioeconomic versus politics debate, incrementalism has been a good hiding place for political scientists who insisted that 'politics should matter'. One of the responses of political scientists to so-called socioeconomic determinism has been to develop an incrementalist explanation of public policy-making. In the 1950s (Leach, 1982, 6) they began to develop the research concern into an inward-looking explanation of bureaucracy. Unlike in the socioeconomic determinism, great emphasis was placed on the primacy of 'extra-rational'¹ practices in the organisational process (Dempster and Wildavsky, 1979, 374).

At the first formulation of incrementalism, its proponents (Dahl and Lindblom, 1953; Popper, 1957; Lindblom, 1965) focussed on the aspect of process in policy-making. They seemed to emphasise the general theory of incremental decision-making rather than the incrementalist theory of budgeting both in descriptive and normative senses. Their central concept was either about *analysis* or *politics* in the policy-making *process*: analysis as limited calculation (see Walker, 1984, 83) and politics as 'partisan mutual adjustment' (Lindblom, 1965, 9) for vested interests.

Firstly, Lindblom, in his co-authored work with Braybrook (1963), denies the possibility of a comprehensive and rational *analysis* in advance of deciding alternatives. He argues that policy-making processes are constrained by decision makers' limited cognitive capacity, by time pressures, by the lack of information and by limited financial resources². Policy makers do not and cannot ensure rational-synoptic analysis in terms of efficiency or effectiveness as the rationalist model suggests (Booth, 1988, 5). Relying on past practices rather than future goals, they instead adopt serial and

1. The term 'irrational' is deliberately avoided in this study. The dichotomy between rational and incremental models in which incrementalism is often taken to be irrational has been misleading for a long time. The opposite of 'rational' is merely irrational, not 'incremental' at all. Those incrementlists who criticise the rational model do not appear irrational. What they do is to stress a different facet of rationality in policy-making.

2. In a sense, the impossibility of ideal policy-making seems to have overshadowed the practical significance of the rational model. Leach (1982) makes the point that the appropriate response may be not to abandon one's attempts to pursue an ideal alternative but to develop an awareness of related variables.

fragmented remedies through 'trial-and error' (Walker, 1984, 71). This notion is explicitly exemplified by Greenwood (1979) who says:

The thesis of incrementalism involves two principal ideas which we shall discuss in terms of the parameters of budgetary review and the mode of budgetary analysis....In recent years local authorities have become less incremental in that they have increasingly sought to inform the process of budgetary choice through the use of rational rather than political analysis (Greenwood, 1979, 93 and 94).

Secondly, Lindblom and Braybrook go on to discuss incrementalism as *politics* to maintain social equilibrium. Rested on the notion on multiplicity of participants (Jordan, 1990, 293), they stress the political process of decision-making. According to them, democracy is often endangered by non-incremental change (Lindblom and Braybrook, 1963, 73) but gradualist change does not stir up the considerable antagonisms (Lindblom, 1979, 520) among those who have varying vested interests. These political necessities force the decision makers to pursue mutual adjustment which results in 'a step-by-step' change (Booth, 1988, 7). As a consequence, policy changes contain just a few marginal alterations from the *status quo*³.

When incrementalism is applied to the output analysis of public spending decisions, the tendency is to emphasise the gradualist change of budgetary decision-making. It is argued that general expenditures in one year are almost linearly predicted from expenditures in the previous year. Davis, Dempster and Wildavsky claim that:

This year's budget is based on last year's budget, with special attention given to a narrow range of increase or decrease (Davis *et al.*, 1966).

Afterwards Alt (1977) says again:

$Ex_t = f(Ex_{t-k}, C_k) + e$the pattern of expenditures in year t is that linearly predicted from expenditures in year $t-k$, subject to shocks introduced by the fact that control of the council has changed hands between years $t-k$ and t (Alt, 1977, 90).

3. Apparently incrementalism is treated as a process in the above two strands while most emphasis is placed on the mode of decision-making in organisational behaviour. The two views are not necessarily related but are often intermingled by many writers.

However, their focus has been bifurcated into the *magnitude* and *regularity*⁴ of budgetary changes. It appears clear in his original formulation that the magnitude of each year's change is taken as a measure of its incremental character. Originally Wildavsky (1974, 14) had presented a table showing the percentage annual increases for thirty-seven federal agencies setting the parameter by asserting that any change is 'incremental' if it is within the range $\pm .3 \text{ ALLO}^{t-1}$ (that is, the allocation level in year $t-1$). This was refined by Danziger (1976a, 338) into three categories where 1.05 to 1.15 ALLO^{t-1} is 'incremental', 1.16 to 1.30 ALLO^{t-1} is 'relatively incremental' and 1.30 to 1.90 is 'non-incremental'. Here the magnitude of each year's change in budgetary allocation is regarded as an inverse measure of its incremental character (Sharpe and Newton, 1984,84) but there are no objective criteria for judging whether an output as incremental or non-incremental.

Wildavsky himself, with Dempster and Danziger, redefined the concept of incrementalism later: they shifted emphasis from the magnitude to the regularity of each year's change. Danziger (1976a, 338) presented two operationalised models for assessing the regularity of change. In particular, Model 2 below is formulated to avoid the possibility that the 'apparent massive stability' of the base might hide differential rates of growth or decay. It displays the equation for the score, which is the average yearly difference between the ratio of programme to total service expenditure and the mean of that ratio. However, as Danziger himself recognises (Danziger, 1976a, 335), the operationalisation of the concept remains an unsolved issue. For instance, even a 100 per cent increase can be interpreted as incremental so far as it shows a regularity in this model.

4. The term regularity is used to refer either to 'constant rate' or to 'fair share' (Danziger, 1976a, 338) in budgetary changes. Constant rate means a similar rate of changes over several years whatever the absolute size is. Fair share refers to the portion of resources which is taken as accepted as reasonable in comparison to other departments in a given year.

<Table 3-4> Danziger's Operationalization of the Incremental Models

Model 1) Incremental Trend Model: $ALLO_t = \beta(ALLO_{t-1}) + \alpha$

Model 2) Prosperity Change Score:

$$P = \frac{\sum_1^n (\text{Prog Base}_t) / \overline{(\text{Prog Base})}}{n}$$

Where,

$ALLO_t$ = Net budgetary allocation in financial year t

$$\Delta ALLO_t = \frac{ALLO_t}{ALLO_{t-1}}$$

$$\text{Base } ALLO_t = \frac{ALLO_t \text{ Service}_i}{ALLO_t \text{ Total Expenditure}}$$

$$\text{Prog Base}_t = \frac{ALLO_t \text{ Program}_h}{ALLO_t \text{ Service}_i}$$

Source: Danziger, James N. (1976a), p. 338.

Assessment of Empirical Studies on Incrementalism

Especially in this study, incrementalism is a useful example through which some significant differences between process and output approaches can be captured. Greenwood and his colleagues have shown tremendous concern to this point since long ago (Greenwood *et al.*, 1977, 37). They clearly assert that it is important that the distinction between the budgetary process and budgetary outputs be made. According to them, the two are not necessarily related and should receive at least analytic separate treatment.

Finally, deserving of mention is a recent development in incrementalism. More concern is being given than ever to the environmental stability which is presumed to mould incrementalism. Conventional incrementalism in budgetary studies is open to

criticisms not only for the narrowness of the locus skewed towards the inward politics of administrative organisations but also for the neglect of the broader environmental process. Rubin (1989, 78) says that the environment is treated as an exogenous variable, not part of the real budgetary process by incrementalists. Boyne (1989, 131) also agrees with Bailey and O'Connor (1975) that there is little substantive and explanatory appeal in the incrementalist argument that one year's expenditure is caused by the previous year's. This substantive weakness is related to the impractical assumption that an external 'shock' (Boyne, 1989) always exerts little impact on policy-maker's decisions, and that a marginal change of process always results in a marginal output⁵. Therefore, Boyne traces the original forces of incrementalism back to the stability of needs, resources and politics in the environment.

<Table 3-5> *Researches on Incrementalism*

Writer	Year	Country	A*	B*	C*
Dahl & Lindblom	1953	U.S.	1,2	*	*
Lindblom	1965	U.S.	1,2	*	*
Davis <i>et al.</i>	1966	U.S.	3	*	2

5. It seems that incrementalism remains as a trendline which has not been adequately developed into a theory (Schick, 1983, 3). The above incrementalist explanations in local budgetary studies are often assessed in four aspects: value premises, theoretical consistency, empirical application and the backgrounds of its proponents. First, incrementalists' commitment to the status quo, if not to the past, is not desirable from the prescriptive perspectives. Goodin (1982, 37) makes the point that "it is enormously desirable to eradicate evils once and for all". Secondly, internal consistency is questioned because of the many differing strands in the school. The concept of incrementalism itself is oppositely interpreted by Greenwood (1979, 96) and Sharpe (1984) for example. Whereas Greenwood refers with incrementalism to an analysis as the other extreme of rational model Sharpe refers to the size of change over years. Third, there is no objective criterion to judge whether the result is incremental or non-incremental in empirical application. Presumably a 40 per cent might be incremental whilst 50 per cent not to some writers. Fourthly, incrementalists are, at least implicitly, those who are against the scienticism which focuses exclusively on the socio-economic factors in policy studies since the 1950s.

Wildavsky	1974	U.S.	3	4	1
Cowart <i>et al.</i>	1975	Norway	1,3	Oslo	2
Danziger	1976	U.K.	3,4	2	1,3
Alt	1977	U.K.	3	*	3
Greenwood <i>et al.</i>	1977	U.K.	1,2,3	*	2
Dempster & Wildavsky	1979	U.S.	3,4	4	1
Greenwood	1979	U.K.	1	*	*
Hoggart	1983	U.K.	3,4	1,2	3
Sharpe & Newton	1984	U.K.	3	1,2	2
Boyne	1989	U.K.	3	1,2,3	2

A* : Concept of incrementalism

- 1) Incrementalism as an Analysis (Process)
- 2) Incrementalism as a Politics (Process)
- 3) Incrementalism as a Magnitude of Change (Output)
- 4) Incrementalism as a Regularity of Change (Output)

B* : Level of analysis

- 1) County Council
- 2) County Borough
- 3) District
- 4) Others

C* : Statistical technique

- 1) Percentage
- 2) Correlation
- 3) Regression

3.5. CONCLUSION

The existing studies of policy outputs in local government have been classified into four modes of explanation in this study: socio-economic analysis, political studies, urban hierarchy theory and the incrementalist approach. The traditional socio-economic versus political dichotomy was refined into more relevant categories, based upon the nature of output variables.

Certainly the urban hierarchy theory and incrementalism have several similarities here. The urban hierarchy theory relies on a cross-sectional perspective and incrementalism on a time series analysis respectively. However, both strands seem to have pre-determined viewpoints on expenditure determination; that is, they tend to verify their self-contained views by paying attention exclusively to a single aspect (either the policy-maker's behaviour or to the structural hierarchy between localities) of determining factors. This means they start with pre-determined explanations on the question of policy variation, and this rules out the other sources of policy variation in local authorities. These features are simultaneously both a strength and a weakness of those theories. Certainly it is a strength that they can show a unitary and coherent explanation on policy-making. On the other hand, coherent though they are, they pay inadequate attention to the other sources of policy variation which still deserves investigation. Even if their predetermined views hold true, there remains a great need to know the internal process through which those theoretical factors become effective in local policy-making. Moreover, the aspects which are stressed by incrementalism and urban hierarchy theory have been suggested by other schools such as the organisational theory and the socio-economic approach.

In the case of the first two strands, socio-economic analysis and political approach, relatively more empirical studies suggest that environmental factors outweigh political variables in local policy-making. But this cannot be the conclusive answer to

the question about the relative importance of socio-economic and political factors. The so-called 'socio-economics versus politics' debate remains unresolved (Hoggart, 1989, 2) and, more precisely, increased studies of local expenditure determinants lead to confusion rather than increased understanding (Fried, 1975, 305; Boyne, 1989, 133). For instance, Booms and Halldorson (1973, 932) present much higher coefficients for the socio-economic variables than Fry and Winters (1970), being higher by from .17 to .56. Some other studies found R^2 s in regression analysis as low as 43 % to 73 % (Fabricant, 1952; Foster *et al.*, 1980; Sharpe and Newton, 1984) while others produced R^2 s as high as 80 % to 89 % (Ashford *et al.*, 1976; Danziger, 1976b). Criticising the misleading inferences in the existing studies, Boyne (1985a, 508) claims that the unreliability results from statistical models which are inconsistent with their theoretical base rather than from the nature of output analysis. Though Boyne (1983) himself argues that output analysis is superior to process approach, he warns that the contribution of output studies to political science may not be impressive (Boyne, 1985b). Boyne's warning seems to be in line with Lieberman's point (1985, 88) that the empirical questions can sometimes be framed in ways that are actually damaging to the advancement of knowledge.

There are four separate sources of confusion in the studies of the relative importance of socio-economic versus political determinants. They are the main source of difficulties in comparing the comparative studies between the studies of policy variation.

- Differences in the level of analysis
- Differences in conceptualisation and varying measures
- Differing policy areas
- Differences of research technique

The first relates to differences in the *level of analysis* (e.g. British county vs American state). As an example, in counties there appeared to be relatively little variance in spending attributed to political variables (Alt, 1971), but in boroughs Labour and Conservative councillors seemed to assess needs and choices in different ways (Ashford *et al.*, 1976, 6). The second source of confusion is differences in *conceptualisation and varying measures* (e.g. party control vs seat proportion). The selection of each independent variable is usually based on an existing theory or a writer's judgement. In this process, the different conceptualisation, or operationalisation, leads to a distortion in selecting the independent variables. A typical example is the choice of varying boundaries between the socio-economic and political systems which basically stems from a different conceptualisation. The third one is differing *policy areas* (e.g. total spending vs welfare expenditure). When considering variations in decision-making within one specific policy area across several local governments, the same policy area should be chosen. If cases are selected across different policy areas, then the level of influence of variables can appear different. Total expenditure data, as an example, may conceal the effects of central government on a social policy area. The last is differences of *research technique* (e.g. correlation vs regression). Usually the immediate impacts of independent variables are assessed by correlation coefficients and their comparative influences are assessed by regression analysis, cross-tabulation, path analysis and factor analysis. Lewis-Beck (1977, 560) argues that many studies fail to compare accurately the relative importance of the independent variables partly because they have adopted statistical techniques inadequate to the task. The models are often imposed by a statistical requirement rather than the substantive nature of the problem (Boyne, 1985, 496). In short, according to sceptics, the quest of relative importance between socio-economic and political factors now proves a false one (Nardulle and Stonecash, 1982, 45; Boyne, 1989).

As indicated at the beginning of this chapter, the conventional research question on the relative importance between socioeconomic and political factors should be refused in the field of output analysis of policy variation in local government. It is

meaningless to compare the studies in so far as they do not examine the same policy area in the same locality using the same method with the same variables during the same periods. For the comparison of results between or within output studies, much more stress should be placed on conceptualising and selecting related variables in research designs. Otherwise, unwarranted inferences are inevitable.

Interestingly, many contrasting features are found in the process approach to policy-making in local authorities. The empirical works in the field show many differences in their assumptions, focuses and research methods. The following chapter will examine the features of process approaches which basically aims at explaining the *process* of policy-making in local authorities. After reviewing the existing literature, the next chapter will seek to construct a theoretical model to explore the process of policy-making in local government.

CHAPTER FOUR: THE POLITICS OF THE POLICY PROCESS IN LOCAL GOVERNMENT

4.1. INTRODUCTION

The previous chapter explored the use of output analysis as a means of investigating policy variation in local government. It examined a broad range of existing literature on output analysis. The results clearly show that almost all output analyses seek to identify the source of policy variation in the socioeconomic environment.

After the search for data sets that incorporate variation in the end-products of local policies, output analysts make attempts to account for the variations found. Though the output analyses have tended to give relatively more weight to socioeconomic variables, research attention has been given to the relative importance of political and socioeconomic factors in policy-making. This orthodox research question has drawn some political scientists who are 'ideologically committed to proving that party competition, voter participation, partisanship, and apportionment do indeed influence public policy' (Dye, 1976, 30). Despite their engagement in the 'environment versus politics' dispute these political scientists have found no convincing evidence that politics does matter. Rather, the dispute in output analysis brought 'near panic' (Hoggart, 1989, 2) in political science and 'continuing embarrassment' to political scientists. A lot of conflicting results arising from the orthodox research question were illustrated in the preceding chapter. Chapter Three concluded that the research question itself now appeared to be misguided (Stonecash, 1980, Nardulle and Stonewalls, 1982;

Boyne, 1989)¹, and re-classified output analyses into four categories: financial sources, socioeconomic variables, the urban hierarchy theory and incrementalism.

This chapter now aims to examine the other research tradition in the study of policy variation in local government; namely, the process approach. A number of political scientists have continued to study the policy process, particularly in Britain (Hill and Bramley, 1986, 154). As indicated by the name itself, the process approach refers to policy studies which explore the procedural working of local policy-making. It usually focuses either on the interaction patterns of procedural factors within the policy process or, sometimes, on the effects of these procedural factors on policy outputs. Unlike output analysis, little significance is attributed to the socioeconomic environment in this process approach. In addition, quite different views are found within the process approach to those characteristics of output analysis, and this is expected to provide a good starting point for considering methodological issues in the analysis of policy variation in local government.

4.2. TOWARD A THEORETICAL MODEL

Refining the features of the process approach, this section develops a three dimensional model of local policy-making. An important problem in model-building is clarifying related concepts. It helps to conceptualise the components of the model and to operationalise each component for empirical investigation. Therefore, before

1. Interestingly, the impact of the 'false issue' seemed to be more serious in the United States than in the United Kingdom. The research question itself raised during the period, to a certain extent, required quantitative approaches to a large number of cases in the United States. However, in the United Kingdom, the case study method has traditionally been admired and often employed in studies of expenditure decisions.

proceeding to further discussion this section starts by defining the three concepts which are the crucial components of local policy-making in this study.

- **POLITICAL LEADERSHIP** refers to the ideological commitments advocated by political representatives. Political leadership, as pointed out by Hill (1972, 213; 1986, 71), is moulded by the elected politicians such as the local councillors.

- **ADMINISTRATIVE PROCESS** means the organisational procedures in which functional rationality needs to be ensured by professional officials². Administrative process is characterised by several unique features: hierarchical organisation, with different levels of responsibility, clearly demarcated areas of functions and established lines of information flow.

- **SOCIAL INPUT** refers to the demands and supports derived from the local environment. The society in which local government operates is the prime source of power and the ultimate goal of public authorities. Thus, local government cannot be purely independent of the social environment.

2. In the eighteenth century there was no clear distinction between the civil service and the political personnel (Etzioni-Halevy, 1979, 123). Some efforts were made to separate administration from politics in Britain partly in consequence of the campaign begun in the 1780s to diminish the influence of the crown (Parris, 1969, 33) and partly because the growing volume and complexity of government business forced a division of labour between ministers and their officials (Drewry and Butcher, 1991, 38). In 1854 the Northcote - Charles Trevelyan report was submitted (Chapman and Dunsire, 1971, 45), which argued the principle of a clear-cut distinction between the appointed, permanent, non-political executive and the politician.

Political Leadership

Ideological Traits of Councillors

The first important component in the political leadership of local government is the ideological disposition of councillors. The ideology of the party in office has long been taken as a source of policy variation in local authorities. Almost all the studies of the determinants of local policies in the UK have found that party politics does make a difference to the policy outputs (Burch and Wood, 1990, 35; Boyne, 1989, 128). While the Conservative party, in principle, favours lower expenditure with a preference for divisible services (Glennister, 1979, 11) the Labour Party is associated with higher spending (Castles and McKinlay, 1979, 171).

The councillor has a key role in the management of the authority, for only through the councillor can the political and management processes be linked (Stewart, 1990, 26). The councillors can take service distributions as the primary medium by which they account to their electors (Marshall, 1974, 74). Usually, they are interested in the reflection of political values³ rather than any detailed analysis of policies. In this sense, councillors can be seen as the custodians of political values in local government.

As far as the internal process of local government is concerned, the council itself must be the final arbiter of service distributions (Byrne, 1990, 140). This means that the local council is considered as the last and ultimate machinery by which decisions must be passed and permitted. It is located at the last stage of the budgetary process in Crecine's (1969) distinction. He divides budgetary behaviour into three stages; 1) departmental request 2) budget recommendation and 3) council appropriation. Here the councillors are expected to play the roles of arbiter not only in determining the local tax

3. Councillors often come to act as defenders of constituency interests. They must compromise somewhere between the ideological stances of their party and their own interpretation of constituency interests (Stoker, 1988, 93).

levels but also in settling unresolved disputes between the finance committee and other committees (Marshall, 1974, 79).

The main resource of the council in the process of local policy-making is likely to be political legitimacy. It is widely understood to be a normative requirement that the party control of the council ought to make a difference to local expenditure (Boyne, 1989, 127) in representative democracy. Another resource may be the control of the agenda in a locality. Their selection of a policy programme for discussion provides a considerable momentum for a change in policy priorities. Setting the agenda is taken to be the first step in the policy process itself.

According to Hill (1972), councillors' influence on service distributions tends to be strong in the local authorities in which vigorous partisan controversy or conflict is produced over the local financial situation. Under a disciplined party such as the Labour party, councillors are determined to implement their political commitments despite constraints (Elcock, 1987, 243).

However, the general dominance of local policy-making by the local council now often means that the decisions on local service distributions tend to be concentrated in the ruling group (Elcock *et al.*, 1989, 51). Key decisions remain in the hands of a small leading caucus of majority party members (Cockburn, 1977, 6; Saunders, 1979; Blowers, 1980; Green, 1981; Alexander, 1982). Following Elcock and his colleagues, one consequence of the party control of British local government has been to enhance the positions of the Leader of the Council and the committee chairmen. In some authorities, especially in the large cities, there has been a long tradition of dominant leadership (Dearlove, 1973; Jones and Norton, 1978; Elcock *et al.*, 1989, 52) but more generally, Leaders may be acquiring the status of 'Local Prime Ministers'.

Local Minister's Initiative

Another significant factor in the political leadership is the local minister⁴. The 'straw man' view of pluralism has been challenged notably by Weberian (Weber, 1947) managerialist views⁵.

Following the managerial views, the roles played by the local minister are decisively important in local policy-making. His office is the focal point of political organisations which are expected to fulfil the management of local affairs and administrative accountability within local authorities. Needless to say, a key mechanism for the local minister in accomplishing these goals is the expenditure process. The decisions that emerge from the expenditure process constitute a plan of action distributing the public benefits and allowing the departments to proceed along the lines laid down, up to the limits prescribed.

The best known propagator of this view of public policy-making is Downs (1957). Downs' model describes the determination of political orientation in the public sector with an economic market analogy. Basically Downs focuses on the politician's personal interests in maximizing social support in elections. Downs argues that politicians exercise their leadership in a way which gains the most votes and loses the fewest (Downs, 1957, 52 and 69). In practice, the scope of the local minister's activities is far beyond the reflection of social demands through elections. Election itself cannot specify anything like a price a citizen wishes to pay. Voters are allowed to make a decision to choose a single *issue*, mostly a person, every four or five years. It is usually

4. The term local minister is a direct translation of a Korean word referring to the head of local administration. It is difficult to choose an English word to refer to the head of local administration since the practices of local government systems differ from country to country. In Britain, the head of local government is just a figurehead in most cases, compared with the American mayor, the French maire or the German Burgmeister (Jones, 1978, 27; Hambleton, 1978; Clements, 1978, 321).

5. Saunders (1980, 166) argues that this perspective derives mainly from that of Weber, and in particular it reflects the two key principles in Weber's political sociology: that there is no necessary relationship between economic classes and politics and that the mode of political domination in modern societies is increasingly and necessarily bureaucratic. Ham and Hill (1984, 15) remind us that political leaders can create conditions for their own action by imposing their own definitions of problems.

a matter of simply 'buying' or 'not buying' large packages, much of which one does not want (Burnheim, 1985, 83). Much of the discretion is delegated for the political leadership to use in the *process* of management. Clearly policy-making is not an event but a process which lasts for a long time.

In the case of managerial accountability within local authorities (Gyford *et al.*, 1989, 151), the local minister is the organised centre of power among the local departments and the administrative pyramid leads up to a narrow apex of his position. Jones (1978, 27) suggests that leaders in local government may perform the following four roles: 1) maintaining the unity of the organisation; 2) representing, defending and gaining support for the organization in the outside world; 3) developing the tasks of the organization; and 4) directing it to achieve its goals. These roles give the local minister power and formal authority in policy-making. This suggests that particular emphasis should be placed on the roles played by the local minister when investigating the service distribution in local government in Korea. The local minister has the political responsibility of meeting the social demands arising from the civil society. He has formal authority to frame the distribution of public benefits by asking all local departments to reduce or increase their draft estimates.

Several studies have implied that more discretion is given to the local minister by 'rational choice' approaches such as PPBS and ZBB, whereby participants list and evaluate goal priorities (Midwinter, 1984, 473). Greenwood (1979, 90) characterises this trend as corporate policy-making for two reasons. First, the analysis covers the entire scope of the authority's services (that is, it is not concerned with a single department), and second, it is frequently carried out by inter-departmental corporate groups. The thrust of corporate analysis is to provide explicit information on what is being achieved by existing expenditure, what 'needs' are still unmet, what the scope is for alternative action, and what the consequences are of making economies in one area

rather than another⁶. For this reason, the local minister is often considered analogous to an economic entrepreneur (McLean, 1987, 28).

Administrative Process within Government

Organisational Sources of Administrative Politics

The real decisions on governmental service distribution can be undermined by the administrative process. It has long been pointed out that bureaucracy becomes a system of governance, and the locus of power has shifted to the hands of bureaucrats. This convention is largely based on the assumption that professional expertise is vital to policy-making given the imperatives of functional efficiency in the modern state (O'Leary, 1987, 370). This may be called 'non-political politics' in policy-making.

Indictment of the bureaucracy for assuming an excessive and aggrandizing role in policy-making is not new although the view that policy-making is the prerogative of the officials rather than of the elected members of representative bodies is alarmist. Analysts have found that governmental organisations⁷ pursue their own motives such as salary, promotion, and prestige (Niskanen, 1973; Breton, 1974, 161; Benson, 1975, 229; Booth, 1988, 43; Dunleavy, 1991, 200). These motives of bureaucrats are not mutually

6. Cawson (1985a, 131) argues that this corporate management should not be confused with corporatism. Corporate management refers to the ideology, and to some extent the administrative practice, which sees the local authority as a single corporate entity that can be more rationally integrated through a holistic and synoptic approach to policy-making. Neither the theory nor the practice of corporate management necessarily involves the incorporation of interest groups into the making or implementation of policy.

7. In particular, the relative importance of administrative politics has been accelerated by the expansion of the executive branch in the modern state (Parkinson, 1965; Cawson, 1978, 182; Ham and Hill, 1984; Gamble, 1989, 17).

exclusive and are therefore often discussed under the heading 'budget-maximisation' (Booth, 1988, 43). Recently a staff-maximisation hypothesis was put forward by Boyne (1991, 556) and mission-orientation was suggested by Stoker (1988). All these motives are sometimes seen as serving 'organisational interests' such as survival, autonomy and growth (Leach, 1980, 288).

The principle of political impartiality (Byrne, 1990, 191) does not necessarily mean that civil servants are unaware of the political implications of their work (Etzioni-Halevy, 1979, 127). And the government bureaucracy cannot be seen as an 'essential unity' (Allison, 1971; Cawson, 1985c, 224), nor simply as a disinterested servant of the public⁸. Any explanation which depicts government organisations as unitary actors blindly following the policies determined by the political leadership is likely to be unsatisfactory. Such an approach neglects the diversity of perception, resources and interests within the public authorities. Different organisations carry out different missions interacting with different social environments in a variety of different ways. Each organisation's policy network (McInnes, 1991; Marsh and Rhodes, 1992) may affect the allocation of resources through multiple stages of policy-making such as the filtration of information, the definition of problems, and the choice of criteria. Ham and Hill (1984) make the point that the development of these administrative networks can lead to the development of interests which in turn can influence policy. Such a dimension needs to be acknowledged as a source of administrative politics in governmental policy-making (Gray and Jenkins, 1985; Piskotin, 1988, 14). In this sense, two themes emerge here for the analysis of local service distributions at the level of administrative process. They include the power balance between local departments and the central-local relationship⁹.

8. In particular, the public choice school has applied the methods of economic analysis to the behaviour of agents in the public sector. They start with the assumption that politicians and bureaucrats have their own interests which they pursue with the utmost vigour.

9. The central-local relationship is discussed within the field of administrative process in this study. More than anything else, it is because the starting assumption of this study is to see local government as a body. Secondly, when the central government takes measures to influence local policy-making, the channel of influence is mainly the administrative part of local government. It is in this case that the agency view might be

Power Balance between Local Departments

Just as with any other social groups (Piskotin, 1988, 14) local departments have their own specific missions and interests, and they engineer situations in which their policy preferences will prevail. They often conduct their missions in a fragmented way under conflict. Booth (1982, 203) points to the plurality of local authorities.

Interdepartmental collaboration is the exception rather than the rule, so that in making and implementing policies departments still act for most purposes in isolation from each other. Much the same is true also of local government where the committee and departmental structure, with its traditions, loyalties and rivalries tends to foster among members and officers alike a view of the authority as, in the words of one Chief Officer, a grouping of 'separate firms operated by a parent company' (Booth, 1982, 203).

Until recently, when the administrative politics of local expenditure decisions came under examination, academic concern had largely centred on the officer-councillor relationship. An underlying assumption was that policy is formulated by councillors and administered by officials. This assumption has been challenged by the results of empirical studies. Officials have been shown to dominate the political leadership initiated by the council in the local policy process. For example, Alexander (1982, 82) argues that councillors accept or reject policy alternatives put to them by officials. Although councillors can develop specific ideas, professionals shape the choices and councillors take them (Midwinter, 1984, 475; Gyford *et al.*, 1989, 96). These observations point to the significant impact of administrative politics on local policy-making.

However, this dispute throws light exclusively on the councillor-officer relationship in local authorities. The multitude of relationships between local departments cannot be simplified into a councillor-officer dichotomy. Hill (1986, 71)

appropriate. Thirdly, the influence of central intervention affects all of the policy actors in local government. There is no exception from this influence and this fact cannot demolish the features of local policy-making explained in the three dimensional framework.

makes the point that the 'politics' are organisational rather than public, and many of the key conflicts are between departments particularly in local government.

In fact, inter-departmental conflicts can appear for various reasons. The bureaucratic motives of self-interest were mentioned in the introductory part of this section (Breton, 1974, 161; Benson, 1975, 229; Booth, 1988, 43; Boyne, 1991, 556). Needless to say, these are potential sources of organisational inertia with which the bureaucrats protect their status-quo and expand their influence. The mission-oriented feature of departments (Goodin, 1982) - though its content is very different from the motivation of self-interest - can also yield the same result in inter-departmental relationships. Departments' commitment to a certain policy unavoidably competes with the commitments of other departments to their own missions. Inter-departmental tension arises from the different priority given to different policies. Departmentalism (Booth, 1988, 37) is also one consequence of these conflicts. This can best be described as the existence of a great number of fragmented centres of power, only partly linked to each other.

Several studies have shown that an underlying competition and conflict between departments can result in substantial changes in local policy making. Lambert *et al.* (1978) illustrate how inter-departmental conflicts contributed to the collapse of a phased housing redevelopment programme. Davies (1981) explains the Wandsworth case in which the estates department ignored the political leadership of the local council. Stoker (1985) gives a Manchester example in which the involvement of various departments resulted in slow progress in housing improvement.

In general, the conflicts between departments are liable to come to the surface when the budget is under consideration. Departments prepare their estimates containing their demands before the coming financial year, and mobilise to ensure their influence¹⁰. This is so especially when *a change* is proposed which threatens existing

10. At the budget time departmental performances in attaining their targets are likely to be reviewed by the budget bureau. The budget bureau is described by many writers as a necessary evil (Wildavsky, 1964, 38) which is basically negative towards departments asking for what they can get rather than for what they actually need (Wildavsky, 1964, 25). For their purposes, departments adopt budgetary strategies to keep their bases and

relationships (Midwinter, 1984, 475). For instance, it occurs when a department is damaged by cuts or when it intends to add an extra item of policy to the existing ones. Usually a department follows one of the following strategies (Wildavsky, 1964, 102-123): 1) defending the base: guarding against cuts in the old programmes; 2) increasing the base: inching ahead with existing programmes; 3) expanding the base: adding new programmes.

To conclude, in most local authorities the power balance between and within local departments (Stewart, 1983; Elcock, 1987, 253) has a notable influence on budgeting. Since the budgetary process is a lengthy procedure each department may be subject to changing contingencies over the whole fiscal year. Nonetheless, each department tends to show different perceptions of policy priorities and to play a part in a division of labour. This functions as a calculation mechanism, in addition to the political leadership explained above and the input politics which will be described later.

Central-Local Relationships

The central-local relationship is another crucial factor which influences local policy-making¹¹. It demands a balance of control and independence, a balance of

to increase the financial resources available to them. They include mobilizing client groups, approaching the local minister and disseminating information to the press.

11. There have been five ways of looking at the central-local relationships: the agency model, the partnership model, the resource dependency model (Rhodes, 1986, 17), the local state view (Cockburn, 1977, 46-7) and the dual state model (Cawson and Saunders, 1983). While the first sees local administration as merely the implementation of central policies, the second gives more attention to the independent process in local expenditure decisions (Dearlove, 1973, 208). The third, the resource dependence model, is presented by Rhodes (1986) who rejects both the agency and partnership models as oversimple. He stresses the resources owned by central and local government, arguing that local authorities possess political legitimacy and professional knowledge whereas central government has statutory and financial resources. Fourthly, the local state view has a conception of a unitary state in which local government is just another part of the overall state apparatus. Finally, Saunders dual state model (Saunders, 1985, 30) suggests that while the central government is primarily concerned

partnership and separation. However, local authorities are inevitably subject to the intervention of the centre. The various mechanisms of central intervention on local authorities have been well-documented by Foster *et al.* (1980, 35) and by Glennerster (1985, 40).

In general, the orthodox treatment of central intervention divides it into three sectors: Parliamentary, Administrative and Judiciary interventions (Richards, 1980, 76). This classification seems to fit the traditional tripartite division of political institutions into the legislature, the executive and the judiciary. Of these mechanisms of central intervention, the judicial control might be prevailing before the second half of the nineteenth century rather than today. Therefore, the term central intervention is used mostly to denote the administrative measures and the Parliamentary legislation. It is extremely difficult to differentiate one from the other in this case.

Six measures of central intervention appear to deserve mentioning here: (1) Inspection: the use of inspection is one of the oldest forms of central supervision. An inspector usually conduct his duties in the aspects of efficient management of local authorities; (2) Ministerial approval: ministerial approval is also a powerful ministerial resource for central government since various actions of local authorities require it. Ministers are often entrusted by Parliament with a broad oversight of a particular local government function; (3) Guidance: general guidance from departments to local authorities comes through a variety of documents and personal contact.

The remaining types of central intervention are all related to finance: (4) Audit: auditors are normally concerned with ensuring that the accounts of a locality are an accurate record of its financial position and that employers or directors have not been absconding with the funds (Glennerster, 1985, 42); (5) Capital bids: when a locality wishes to construct a capital asset by spreading the cost of the asset, it needs to obtain loan sanction. Under the loan sanction procedure local authorities are subject to fairly

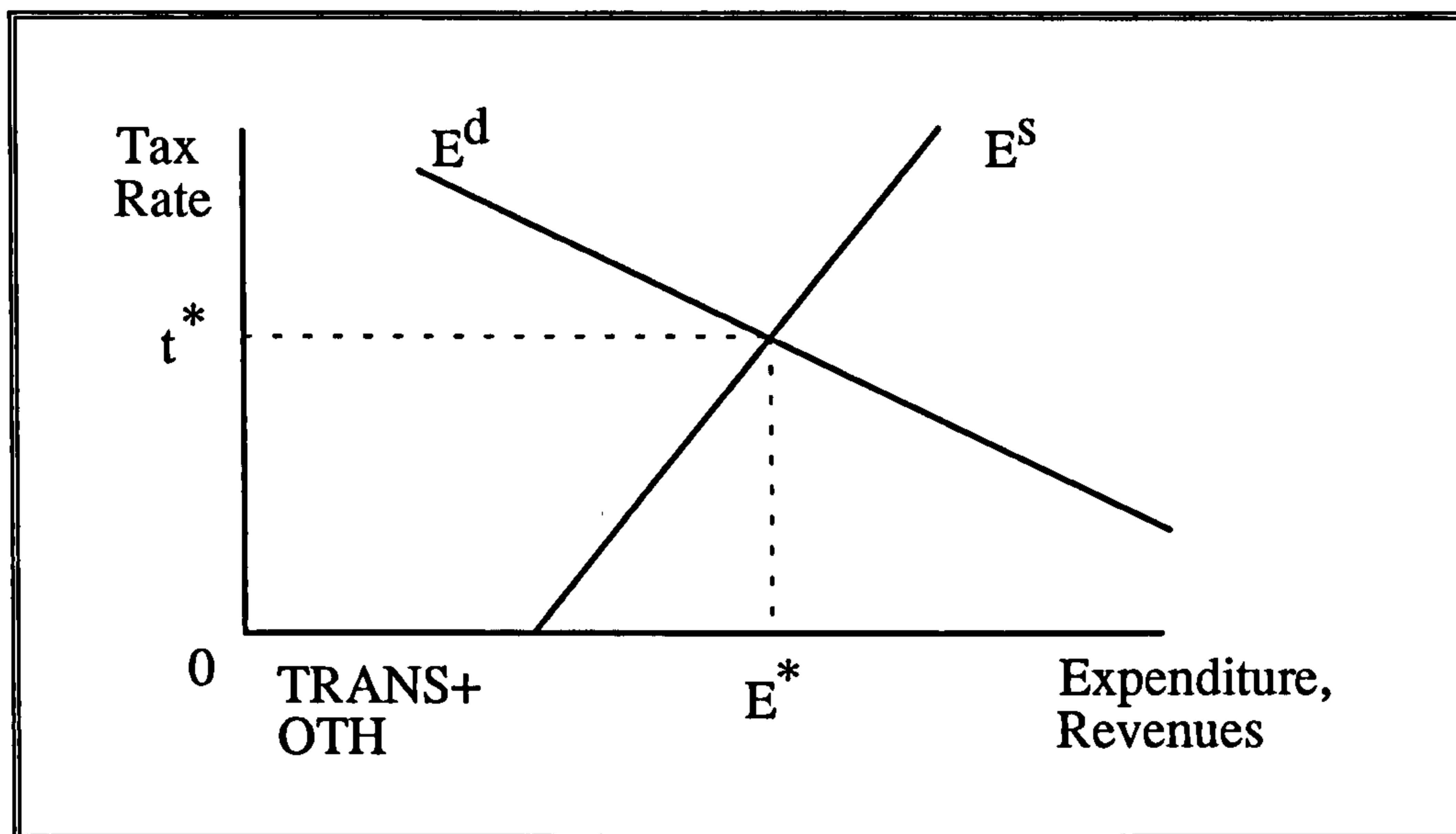
with social production and adopts a more corporate approach to policy-making, local government concerns itself with social consumption and follows a more pluralist approach to policy-making.

tight central intervention on their capital spending. The Treasury often gives permission for a council's total capital expenditure on individual projects; (6) The grant structure: specific grants are distributed for services which the central department wishes to control (Glennister, 1985, 45). The main purpose is to produce incentives for authorities to keep within government spending limits. Where a grant is made for expenditure on a specific service, the way in which that service is developed can be greatly influenced by an alteration in the amount of the grant or by a change in the rules regarding the eligibility for grants (Richards, 1980, 82)

Since there is a growing reliance of local authorities on central finance (Foster *et al.*, 1980, 35), the part played by the central government¹² has mostly been discussed in terms of financial measures¹³. Various forms of financial equations have been presented including equations using central finance as a significant determinant of local policy-making (Stewart, 1980, 12; 1983, 198; Holtz-Eakin, 1992, 20). Among these Ashford's equation in particular is worth quoting because it is very clear and informative. It is shown graphically in the figure as expenditure level E^* and tax rate t^* .

12. Many studies have investigated the diversity of local expenditure in an attempt to identify some indications of local autonomy (Davies *et al.*, 1986, 208; Boyne, 1989, 124). Their main question has been whether increasing central financing has led to an increase in central control and a weakening of local autonomy (Boyne, 1990, 207). The 'conventional wisdom' (Rhodes, 1985; Davies *et al.*, 1986, 213) was that the larger the share that central government has in the local budget, the stronger will be the influence exercised by the central government. Using variations in local expenditure decisions as evidence of local discretion these analysts found the grant scale approach to have no effect on the diversity of local expenditure.

13. Davies and his colleagues (1986, 214) present some reasons why the scale of the central grant cannot be ignored. Firstly the scale of grant overall could have an effect through the attitudes of politicians and officers in central government in legitimating and encouraging intervention in the affairs of local government. Secondly, for the vast majority of authorities, the degree of variation was not sufficiently great for that effect to be significant. Nonetheless, it seems questionable to take the variations in local expenditure as evidence of local autonomy (Page, 1980; Davies, E.M. *et al.*, 1986; Boyne, 1989). The point is that it is not in all policy areas that the central government tries to ensure uniformity of local services. Local authorities, therefore, can show a range of variation regardless of the extent of central intervention.

<Figure 4-1> An Equilibrium Condition where $E^d = E^s$ 

Where;

E^s is the supply of expenditure
 E^d is the demand of expenditure
 TRANS is transfers
 OTH is others

However, central-local relationships in a country may vary a lot from one policy area to another. (Page and Goldsmith, 1987; Elander *et al.*, 1990, 165). They vary greatly from function to function and between different parts of the same function. For instance, central authorities may be deeply involved in certain policies such as education and police while giving less attention to public libraries and recreational facilities (Richards, 1980, 78). In addition, British experience shows how an unchanged constitution can accommodate great variations in the relative authority of central and local government (Foster *et al.*, 1980, 21).

Inputs from Social Action Units

Policy-making in local government can be seen as a response by local authorities to the wishes and activities of the social environment. Local government is expected to test public aspirations and needs in the round. Its ability to examine the public's needs and demands is crucial for its existence. This is a central idea of pluralist assumptions on public policy-making (Jordan and Richardson, 1987; Hoggart, 1989, 20).

The pluralist model gives paramount concern to elections (Tiebout, 1956; Downs, 1957). Elections have often been quoted not only because they contain a normative tinge but also because they incorporate the economic analogy into the explanation of public policy-making. However, these models tend to be based on pure assumptions (Sharpe and Newton, 1984, 63) that exaggerate the position of an individual citizen (Hampton, 1970, 214). In fact, an individual voter is neither equipped with full knowledge (Keating, 1991, 136) nor is fully mobile to vote with his feet¹⁴. Their methodological individualism also fails to catch the increasingly important roles played by bureaucracies and organised groups in the policy process. There are some sorts of social action units through which people interact with the policy-making mechanism and via which public benefits are distributed. Individuals are able to make their voices heard through these action units in policy-making. Newton (1976) argues that participation in modern politics means organised and collective actions and, thus, political power means joining organisations. These organisations have come between the elector and the elected representative, presenting the views of the organised few as the voice of the inarticulate majority (Hampton, 1970, 214).

14. The intervention of social variables such as economic externalities and free-rider problems is another problem (Rose-Ackerman, 1983, 57). What is more, some strong scepticism is raised about the nature of elections (Newton, 1976, 12; Gamble, 1988). It is pointed out that the general public decide who decides their policies. Even the chances of election come every three or four years while many important policies are made everyday.

Social Action Units

A relevant measure of social action units in the environment¹⁵ is not easy to define. Different views are presented by different writers on what constitutes the social action unit functioning in local policy-making. Those who see the political mechanism as susceptible to organised interests¹⁶ suggest various linkages between the two: pressure groups (Villadsen, 1986, 261), regionalities (Warde, 1986, 33; Stoker, 1988; Keating, 1991, 135), consumption areas (Cawson, 1985b, 13), ethnicity (Keating, 1991, 135) and classes (George and Wilding, 1972, 245; O'Leary, 1987, 375; Lee and Raban, 1988, 201).

It seems that the pressure group is cited most often as a social action unit functioning in local policy-making (Danziger, 1983, 67; Hampton, 1987, 129)¹⁷. Newton (Newton, 1976, 32) surveyed Birmingham and identified about 4264 local groups including 2,144 sports organisations, about 666 social welfare groups, 388 cultural groups and 176 trade associations. The most active, according to Newton (1976, 38), are usually the social welfare, health and trade union groups. A study of 40 Danish local authorities is presented by Villadsen (1986, 259) using postal questionnaires and interviews with leading local councillors and officials. The results show that typical participants in local politics include trade unions, tenants, house

15. The influence of the environment has long been dealt with under the theme of public participation over the last two decades. Participation was often taken as a panacea for all the problems for a long time. The notion itself had undeniably normative and emotional overtones. However, overuse of the term 'public participation' has resulted, not in a total but a partial abandonment of the practical usefulness of the term. Participation is a chimeric word, capable of meaning many things to many people (Boaden *et al.*, 1982, 11).

16. From this viewpoint, the state is not a competitive market place for all individuals, but a structured battlefield where some groups are strategically placed while others are located far from the real centres of power (Friedland, 1982: 211-212).

17. The definition of pressure group varies on account of the different interests of analysts. In this study, the term pressure group is used to mean a voluntary association in the local environment which seeks certain influence on local expenditure decisions without attempting to infiltrate that process to the point where its activities adopt formal governmental roles. Therefore, so called public pressure groups formed within governmental bodies are not included in the concept of pressure group. However, the term pressure group is used interchangeably with interest group, although the former is a wider concept involving 'cause group'.

owners. However, not all local groups are equally well placed to influence local policy-making according to Dearlove's study of Kensington and Chelsea (1973), Newton's survey on Birmingham (1976) and Saunders' study of Croydon (1980).

Stoker (1988, 107-108) proposes a distinction between four types of interest group by stressing their roles in making demands on local authority policy. The first category is producer or economic groups. It includes businesses, trade unions and professional associations. The second comprises community groups which draw on a distinct social base for their support. The main thrust of their activity is towards influencing policy-making and local state policy-making. A third type of interest group increasingly active at the local level is the 'cause' group, concerned with promoting a particular set of ideas and beliefs rather than their immediate material interests. A fourth category is the voluntary sector. Organisations in this category are established to meet a perceived need in the community on a non-commercial, non-statutory basis. Likewise, Parry *et al.* (1992, 390) has more recently suggested four categories of groups which may be found in the local environment: social groups (such as sports, hobby and recreational clubs), sectional or interest groups, community and welfare organisations, and political groups.

However, as can be seen above, even pressure group is defined in differing ways. It is felt that the concept needs to be specified and refined into a series of specific procedures and practices relating to particular services. The present study needs to focus on the procedures of policy-making in the social policy area.

Target Groups

What is meant by target group is the user groups of each social policy sector. Such a group is seen to have 'the right to be consulted' (Hampton, 1970, 216; Boaden *et al.*, 1982, 1) by public authorities on matters that affect them. Quite often it is the needy

people who are provoked by governmental stances and refer themselves (Packman, 1986, 71). Such groups are of importance in that their views ought to be taken into account in the policy-making process. Not every group appears in all policy-makings in local authorities. Local expenditure decisions are usually experienced differently by different groups (Hampton, 1987, 130).

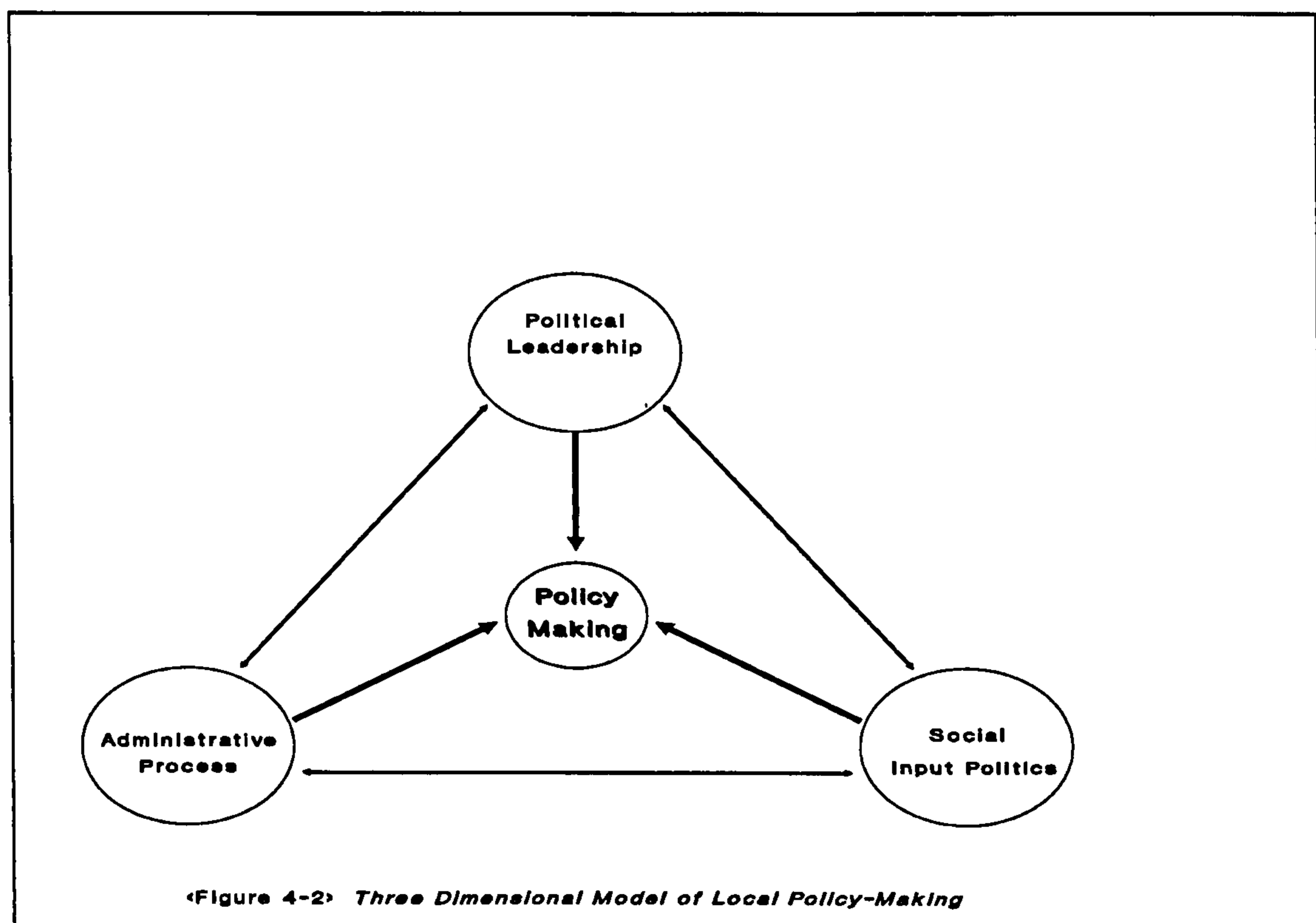
When efficiency and effectiveness are considered in practice, what is meant by the public is usually the users of services. The guiding principle of Sheffield City Council's policy statement *Improving Service Delivery*, published in 1986, is a good example here.

.....'the user should be at the centre of our thinking.....'. What this might mean in practice can be seen from a check-list of possible council actions in *Closer to the Public*, including regular surveys to establish customer reaction to proposed changes in services; reviewing promises and reception areas for ease of access; ensuring that senior management visit customers and that chief officers spend some time on reception duties; inviting suggestions for service improvement; and ensuring that council committees regularly review service quality in the light of experience (Gyford *et al.*, 1989, 265).

The idea of target groups fits into the picture of policy-making in the social policy area. Boaden *et al.* (1982, 14) point out that the users of services are particularly important in the social policy category. Wildavsky (1986, 380) also stresses the importance of target group approach in explaining why spending does not decline, once it has reached a certain level. For if there were a general disposition to hold the line, higher spending for some would lead to lower spending for others. The beneficiaries of the status quo pay close attention to their own share of services. They can exert influence on policy decisions that affect themselves in some way or another. They are likely to turn to the department when they wish to make an enquiry. They also vote in elections, contact councillors, write to newspapers and pay taxes. It is this that constitutes the notion of social inputs in the empirical investigation of this volume.

4.3. RELATIONSHIP BETWEEN DIMENSIONS

The three dimensions - political leadership, administrative process and social inputs - are not necessarily incompatible with one another but each has its own distinct features. Figure 4-2 summarises the fundamental idea of the framework described above and provides a basis upon which to explore the local policy process in this study. The lines between the dimensions denote the interplay between competing forces. The relationships are explained further in the rest of this chapter.



Political Leadership and Administrative Process

The expected role of bureaucratic organisations is to carry out the commitments of the political leadership (Byrne, 1990, 191). This is still seen as the role of the management team in connection with its responsibility for 'the efficient and effective implementation of the Council's programmes and policies' (Gyford *et al.*, 1989, 114). Officials have a duty to provide assistance to members, and administrative organisations are expected to follow the policy priorities set by the political representatives. In this respect, the political leadership is in a position to instruct (Hill, 1986) the administrative organisation with the formal authority of personnel and financial management.

However, there is certainly interdependence between the two dimensions (Gyford, *et al.*, 1989, 131-60). The mobilisation of administrative actors is crucial for the political leadership to put policies into effect in local government. Usually it is the case that political values are taken into account rather than professional rationality by the political leadership (Laffin and Young 1985, 42). These political values should be matched with technical rationality responding to functional imperatives (O'Leary, 1987, 370) during the administrative process¹⁸.

It is a well-known fact that administrative actors - particularly top civil servants and council chief officers (Burch and Wood, 1990, 38) - affect the political leadership through their interactions. O'Leary (1987, 383) gives an example of the bureaucratic politics appearing in the organisation of education in London. Lobbying of an administrative network crossing local government decisively undermined the declared party-political rationale behind the two-tier metropolitan system. The main resources of administrative actors, in this case, include professional expertise (Jones and Stewart, 1982, 75; Chandler, 1988, 54) and information (Goodin, 1982; Gray and Jenkins, 1985,

18. Laffin and Young conducted interviews with a range of chief officers in a number of authorities. They concluded that the principle of mutuality between the political leadership and administrative actors could be disrupted by political partisanship, financial restraint and member assertiveness (Laffin and Young, 1985, 42).

68). Possession of technical knowledge and information gives discretionary power to the officials. Officials can shape the policy choices so that councillors may take them (Midwinter, 1984, 475).

While the political actors are sensitive to values and interests, the administrative actors are expected to pursue rational efficiency in the policy process. For example, the administrative actors are interested in the feasibility of programmes including economic and administrative rationality. They also ensure the continuity of administration despite the oscillations of political leadership.

Particularly in non-partisan local authorities, public officials are likely to control policy-making. This means the political leadership is weak or cannot show a specific policy priority on a service. A good example is the hung-council where no single party is dominant (Hill, 1972). Laffin and Young (1985, 52) present empirical evidence that chief officers working for hung-councils find themselves almost inevitably drawn into the political process. Chief officers find themselves involved in giving advice on political tactics.

Finally, the relationship between the two dimensions can be affected by the level of central influence¹⁹. The administrative branches are the major channel through which the central government exerts influence on local policies. The more influence the centre exerts on the locality, the more the administrative actors are likely to have relative discretion in relation to the political leadership within local authorities. Needless to say, personalities can also bring differences to the relationship between the two dimensions.

19. From a longitudinal perspective, the economic situation can have considerable implications for the member-officer relationship. Laffin and Young (1985, 42) show that budgeting choices become much tougher under conditions of constraint. The opportunity costs of any new service provision have to be confronted in the form of competing priorities. The zero-sum conditions of standstill make it difficult to adjust to making trade-offs in service expenditure.

Social Inputs and Political Leadership

It is a normative requirement that policies be decided by the social needs of the society (Boyne, 1989, 127). Local authorities must ensure public support from the community by meeting these social demands if they are to survive. First and foremost, the government's political leadership is largely formulated on the basis of the political commitments manifested through the electoral system. Secondly, it may be forced to take action by pressure groups (Chandler, 1988, 97) in policy-making.

However, it would be naive to assume that the political leadership merely responds to the social inputs from the local environment. Political leaders themselves can take initiatives and function as change-agents as well. They can dominate the general public, claiming a mandate from the electorate as justification for attempting to carry out their own programmes (Burch and Wood, 1989, 37). Therefore, in theory, a conflict exists between the discretion desired by political leadership and the requirement of democratic responsiveness to social environments.

The points of contact between the political leadership and the society are manifold and inter-linked. The lines of issue politics are crossed by those of group politics. As an example, area-based territory (Warde, 1986, 33) which is another important unit for the political leadership (Stoker and Wilson, 1986, 292; Stoker, 1988) is crossed by the pressure to be in ideological line. According to Green, nonetheless, ward councillors are much better informed about policies affecting their wards (Green 1981, 159).

Administrative Process and Social Inputs

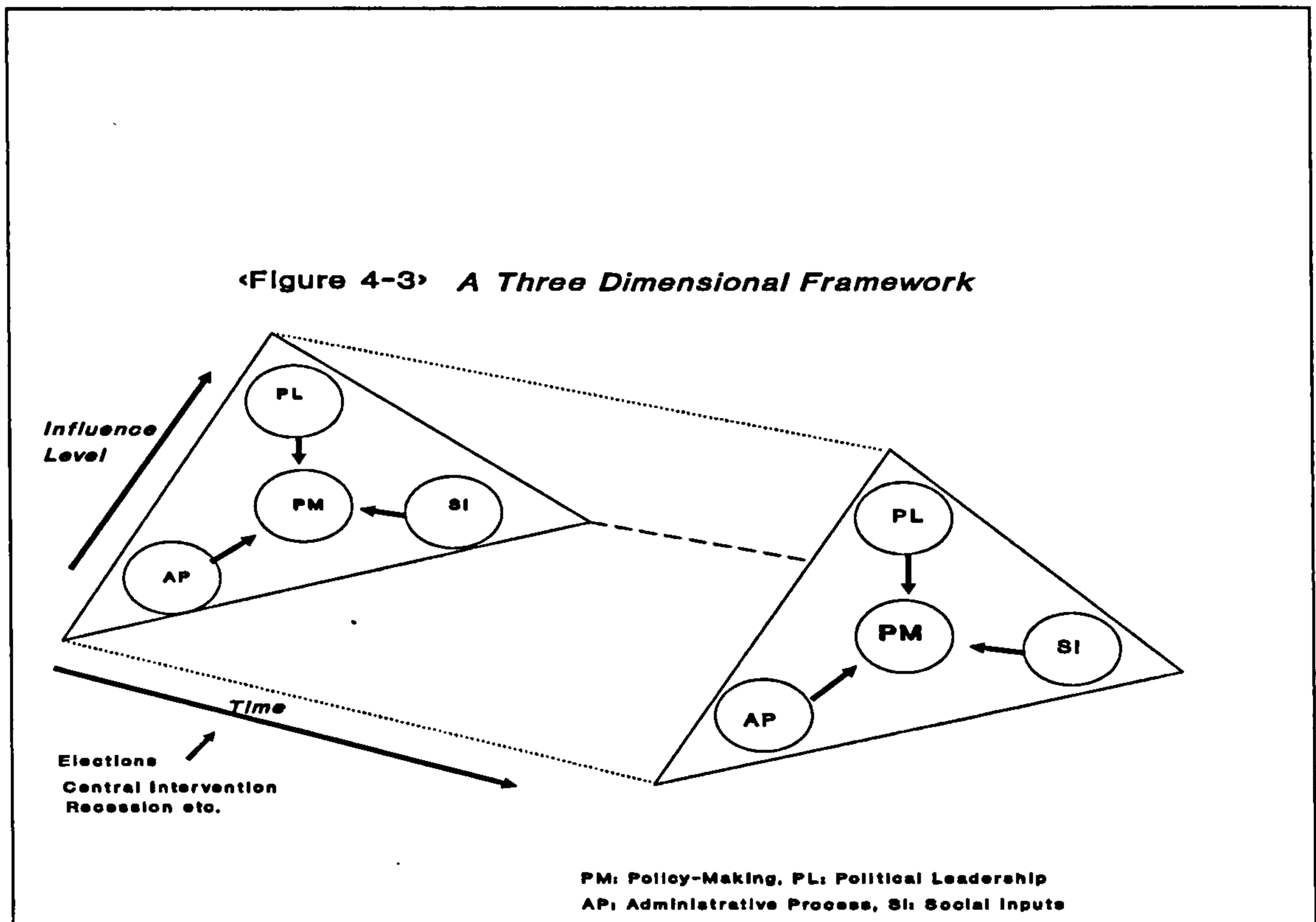
Most policies involve a lengthy period of interaction between the administrative agencies and the target groups. The goals of policies are interpreted and are put into effect by administrative actors. Analysts say that filtering of social inputs is commonly made by the administrative actors during this process.

Inevitably, target groups have frequent contacts with administrative actors. Particularly in the case of divisible social policy, an individual's first line of approach is likely to be the administrative branch of local authorities. In Hampton's survey (1970, 139), 64 per cent of the Sheffield respondents mentioned the administration as their first line of approach; but if disappointed, either by the administration or elsewhere, then 42 per cent would approach their political representative. The NOP/ Widdicombe survey also reports that roughly 50 percent of respondents had been in touch with their council offices while about 25 percent had contacted councillors (Gyford *et al.*, 1989, 244). It may be that an individual has not enough resources to mobilise the political leadership and that policies are put into effect mostly by administrative actors in the policy process.

In the case of indivisible social policies, there are likely to be more organised interests (Gamble, 1988, 17). The target groups are often well-organised with a certain amount of resources. As a result, local departments keep multiple networks (Knoke and Kuklinski, 1982; Scott, 1991) of relationships with the users of services. Each part can mobilise the others to pursue their own goals. However, there are inequalities in the resources and access opportunities between target groups: every target group does not exercise the same level of power in local policy-making.

Turning to the relationship between administrative process and target groups, in principle, the administrative actors are expected to respond to the social demands. This is why any administrative discretion is often discussed in an alarmist manner. Public scepticism arises to administrative actors particularly when there is a growing gap

between the societal problems which professionals are expected to deal with, and their perceived capacity for dealing with them.



4.4. CONCLUSION

The purpose of this chapter has been to develop understanding of the significant dimensions of local policy-making and to establish a general model to be employed for empirical analysis in this study. The underlying intention was to display methodological issues in analysing policy variation in local government. The greater part of this chapter has focused on the development of a theoretical model for empirical study in the next chapters. Based upon British literature, the model was developed into a general one which is applicable to public policy-making in Korean local government. It consists of three dimensions: political leadership, administrative process and social inputs.

The relationships between these dimensions are not fixed but are vulnerable to influences such as elections, central intervention, contingencies, personalities and so on. This means that the relative level of influence of each dimension is affected by the environment. When this point is taken into account, a more precise representation of the model presented in Figure 4-2 is given in Figure 4-3. It would be dogmatic to argue that policy-making in local government fits exclusively a certain dimension of the framework. Rather, the framework will provide insights into competing forces in policy-making in local government. This explanatory framework will be applied empirically in the following chapters. The next chapter will present a methodology for the empirical analysis of local government of Korea.

CHAPTER FIVE: DESIGN OF THE EMPIRICAL RESEARCH

5.1. INTRODUCTION

This chapter sets out the methodological framework of the empirical analysis. It describes general characteristics of process and output approaches in analysing policy variation in local governments. Afterwards, this chapter develops a research strategy for reconciling the output and process approaches. Full details of the research methods which will be used for the empirical work of this research project are explained throughout this chapter. The research design includes data collection, the method of the output analysis part and the instrumentation of the process approach part. Before proceeding to the details of empirical survey, the chapter starts by outlining an important methodological issue in policy studies.

5.2. RECONCILING THE OUTPUT AND PROCESS APPROACHES

Theories of social policy expenditure in local government can be almost as numerous as there are writers. As shown in chapters Three and Four, this study examines the various explanations with the output and process schema. Most previous

studies, in fact, can be classified into one or other of these two approaches, although explicit concern has rarely been drawn to this schema by the writers.

In general, output analysis (Alt, 1971; Hoggart, 1989; Boyne 1989) develops reasoning from the end points of the policy process. Just as the name 'output' itself suggests, it focuses on the later stage of the policy process while the process approach (Stewart, 1983; Newton and Karran, 1985; Elcock *et al.*, 1989; Stoker, 1988) gives more attention to the dynamics of the conversion process. This fact gives the two policy research traditions many different features. They have existed largely in isolation from one another and have competed for support among policy researchers.

Output analysis tends to focus on the identification of association of policy outputs or policy outcomes with the socioeconomic constraints upon policy-making. In their distinction between policy output and the socioeconomic environment, output studies rely heavily upon the viewpoints of systems theory. Policy researchers in this tradition are keen to associate a given policy output with certain environmental factors within the context of available information. Macro-level comparisons of a large number of localities, mostly with quantitative data, are often made to produce the evidence of underlying relationships. This output analysis provides objective and observable information on the inter-variable relationships. This feature often enables the output analysis to be adopted in current hypothesis-testing studies (Glaser and Strauss, 1967).

However, output analysis can be criticised from various points of view. Its shortcomings are found just where its strengths are observed. More than anything else, macro-level comparison of a large number of localities gives only a superficial picture of the research question. In other words, the generalisability of research findings is ensured at the cost of a lack of detailed information. Secondly, statistical inference is over-stressed at the cost of logical inference. The main defence of the statistical technique is that it is very much objective and systematic. However, statistical association does not necessarily mean that there is a cause and effect relationship between the variables (Hill and Bramley, 1986, 154). Rather, there seems to be a danger that the existence of certain policy phenomena is denied by output analysts if

those phenomena are difficult to quantify. For example, adequate attention is not drawn to the exercise of power - for instance, non-decision making (Bachrach and Baratz, 1963) - which is a concept central to the study of politics. Thirdly, it is not easy to get any specific solution to the problems found in the researches because of their concern with end-products rather than with the procedural elements in policy-making. In any case, statistical associations do not *explain* HOW the black box works lying between socioeconomic inputs and policy outputs. Lieberman (1985, 115) makes the point that explanation of a variable's variation should not be confused with an explanation of the process itself. Contrary to the assumption commonly made in policy research, according to Lieberman, 'we cannot learn the fundamental cause of an event by studying the factors affecting its variation'.

In contrast, process approach, which relies mostly on a micro-level case study¹, assumes the primacy of political process in local policy-making. Newton and Karran (1985) summarise this point briefly by saying that local spending does not rise automatically in response to changing population patterns. For this thing to happen political decisions must be taken, political policies and priorities must be adopted, and political issues about budgets have to be resolved (Newton and Karran, 1985, 67). Newton and Karran go on to say that increases in local spending are not simply an involuntary response to changing social and economic circumstances. Social and economic changes can have no implication for local budgets unless and until politicians recognise them and act accordingly. Stoker and Wilson (1986) put this idea again in the following way:

1. A definition that fits the notion of case study as used in this research is by Bennett (1983, 93) who defines the concept as referring to a fairly intensive examination of a single unit. This case study is a useful method for exploring processes in organisations with exploratory purposes (Gummesson, 1991, 75). Yin (1984, 13) distinguishes three types of uses of case study research: exploratory, descriptive and explanatory. The exploratory case study refers to a pilot study that can form a basis for formulating more precise questions or testable hypotheses for further studies. The descriptive case study limits its scope merely to description whilst the explanatory case study extends it to explanation. However, it is extremely difficult to find three types in isolation (Gummesson, 1991, 76)

.....it would seem that the administrative routines, power structures and conflicts of interest within local authorities can affect policy processes by modifying and mediating external influences.....In short, the internal politics of local authorities reflect not only an ability to make choices in the context of external influences, but also a facility for taking initiatives and independent action (Stoker and Wilson, 1986, 285-286).

However, this emphasis on process approach is often inadequate because of the lack of comparative information in a wider context. Exclusive focus on a single case decontextualises the case which is in question. Secondly, process approach gives inadequate attention to the ultimate effects of procedural factors on policy outputs. At best, the process approach tends to exaggerate the influence of certain procedural variables on policy-making without any objective evidences. It lacks concern about the ultimate effects of selected variables on policy outputs. Finally, it is plagued by a perennial measurement problem. As generally recognised, the process approach has a tendency towards impressionistic interpretation of the data in a non-standardized way. Its 'isolated, episodic description' has been subject to criticisms in the study of policy-making (Heclo, 1972, 90; Ribbins and Brown, 1979, 189). In addition to these, the case study deals with only a few cases - notably a single and atypical case² - which appear to be exceptional in their nature. All of these are crucial flaws of the process approach significantly limiting the generalisability of its findings.

A brief comparison of the two approaches is illustrated in Table 5-1. It illustrates the features of the two research methods in policy analysis. Different conceptions of each method probably account for the vehemence with which they are either attacked or defended. It has hardly been recognised that certain aspects are better examined by means of output analysis whilst others are better tackled by the process approach.

2. There are three kinds of cases: the typical, the deviant and the extreme types (Sjoberg and Nett, 1968, 144).

<Table 5-1> *A Comparison of Process and Output Approaches*

	Process Approach	Output Analysis
1. Focus of Research	Conversion Process	Policy Outputs or Policy Outcomes
2. Research Concern	Explanation of Political Dynamics within the Black Box	Identification of Policy Variation in Relation to Environments
3. Types of Research	Generating a Theory or Insights	Testing a Set of Hypotheses
4. Number of Cases	Very Limited (Mostly One or Two Cases)	Many Cases (Cross-Sectional or Time-Series)
5. Main Value	Intensive Understanding	Generalisation of Research Findings
6. Kind of Information-	Tends to be Qualitative (Can be Quantitative)	Mostly Quantitative
7. Patterns of Inference	Logical Inference	Statistical Inference
8. Handling of Data	Subjective & Impressionistic	Objective & Systematic
9. Selection of Cases	Non-probability Sampling	Random or Non-random Sampling (A Case is Selected because it is of Importance and of Interest)

As an attempt to bridge the two methods, this study employs two main stages of empirical research. The first approach focuses on the end-product distribution of the local budget. The main issue is how much do budgetary decisions differ between localities and what implications do socio-economic factors have in this context. This issue is to be examined by the statistical analysis of budgetary outputs. This involves computation of the expenditure variations in local social policies, the impact of socio-economic factors and the effects of urban hierarchy. In order to ensure the practical value of this research, 1992 budgetary data (estimates of 1992 budget to be more precise) are to be used in this study. This will reflect the effects of policy activities played by the local council which was newly established in early 1991.

At the second stage, based on the analysis of the first stage, efforts are made to explore which procedural factors determine the variations in the local budgetary outcomes, to what extent and in which way. The main focus is on the comparison of two extreme case localities. The framework for analysing local expenditure decisions has already been established in the earlier chapters and consists of three dimensions: the ideological dimension of political leadership, the administrative dimension of organisations and the environmental dimension of social input politics.

5.3. OUTPUT ANALYSIS METHOD

The Level and Unit of Analysis

The significance of the level of analysis should be borne in mind in any methodological discussion. It would be potentially fallacious to assume that the linkages at one level need occur at another level (Lieberson, 1985, 107). Lieberson (1985, 117) argues that a theory must indicate the appropriate level of analysis, and this must be made explicit because there is otherwise a danger of leaping to the wrong level. Although some empirical evidences obtained at a *lower* level can be relevant for determining the validity of a theory for higher level of analysis in policy process, the higher level of analysis is not simply a function of the summation of the subunits but deserves a separate investigation.

In this study, two tiers of local government are available for empirical research in Korea (see Figure 6-5 in chapter Six). The first tier comprises the metropolitan government, which is equivalent to the previous metropolitan counties of England, and includes 1 special city (Seoul), 5 direct control cities and 9 provinces. The special city, Seoul, is under the control of the Prime Minister whereas the five direct control cities and nine provinces are answerable to the Ministry of Home Affairs.

This study examines the larger of the two local government tiers in Korea. There are two practical reasons for this choice. First of all, the basic tier governments have been extremely limited in their policy autonomy. They are directly answerable to the large tier local authorities which exist under the central government. This hierarchical structure of the unitary local system leaves the basic tier local authorities little room for manoeuvre in terms of expenditure decisions. Secondly, the councillors in the basic tier localities are not entitled to have party membership. They are expected to manage local affairs as administrators rather than as political decision-makers. This

means that it is difficult to measure any party effects on policy-making in the basic tier localities. As a consequence, despite the fact that the basic tier localities are more accessible for data collection, they have been excluded. The large tier of the local government system remains the most suitable level in this cross-sectional analysis of *'local'* policy-making.

The choice of level of analysis has direct implications for the unit of analysis in this study. In theory, various targets can be the unit of analysis to which case study methods are applied. They range widely from single human beings to a locality, policy area and even country. In this study, however, where the main research question concerns the distribution of public expenditure by each local authority, local government is the unit of analysis. Accordingly the 15 metropolitan authorities become the units of analysis in this study.

Data Sources and Collection

Research data for the output analysis in this part come mostly from the official government publications, in particular, the Statistical Year-books of the Ministry of Home Affairs and the Regional Statistics of Seoul Special City and the Kyonggi local governments.

It should be mentioned that the data collection for the output analysis was extremely difficult. The need for the 1992 statistics was the main source of the difficulties. Since the previous data had been made without considering the policy activities of the newly-established local councils, a more appropriate analysis needed to acquire the 1992 data to reflect the changed local environment. Fortunately, a personal route to the Ministry of Home Affairs was found and the related data were released for this research before being officially distributed by the Ministry.

Technique of Analysis

An approach to the summation of quantitative data is comparison of OLS regression coefficients. The regression technique is a flexible statistical method employed to identify the relationship between a dependent variable and a set of independent variables. This technique is useful in the analysis of the direction of relationships between the variables.

The use of regression techniques in policy studies has been subjected to various criticisms (Lewis-Beck, 1977, 563; Foster *et al.*, 1980, 423; Midwinter *et al.*, 1987, 37). Most of the criticisms are basically either about the prerequisites of precise regression analysis or about the construction of a valid causal structure between variables. The omission of indirect effects of socio-economic variables is pointed out by Lewis-Beck (1977) while the underlying assumptions made when using the regression technique are challenged by Foster *et al.* (1980). The problem of collinearity in the assessment of local expenditure needs is pointed out by Midwinter and his colleagues (1987).

However, the regression technique is employed here to assess the direction of statistical relationships between the same kinds of quantitative variables which do not need to be standardized. This is to say that two fundamental problems are not meaningful in this study. Special efforts are made to refine and reclassify the existing sets of independent variables here. Independent variables are categorised in this study based on the nature of variables throughout the literature review. In addition, adequate attention is paid to the problem of indirect effects between variables. As a consequence, this study avoids the difficulty of unstandardized coefficients and the problem of indirect effects which exists in the 'orthodox' study on the relative importance between socioeconomic and political variables.

5.4. PROCESS APPROACH METHOD

The research adopts a case study approach for the exploration of local policy-making processes. As a matter of fact, the process approach itself is taken as a synonym for the case study method by most policy researchers. This is mainly because process studies need an in-depth explanation of a limited number of research targets. Because the general nature of the case study method was examined above, the following section describes only the empirical details of this research.

The Selection of Cases

The exploration of the procedural factors in this study is based on case studies of two local authorities. The major difficulties in the design of the empirical research were encountered at the stage of case selection. Several points of a theoretical and practical nature need mentioning.

From a theoretical point of view, the case study is one of the research methods which have scarcely been discussed whilst being frequently employed for policy studies in practice. It is often confused with the burgeoning use of qualitative³ research (Yin, 1984, 25; Bryman, 1990, 87) but, in fact, the concept of a case study itself is a non-specified one like a comparative study and a statistical technique. It refers neither to any particular approach to policy research nor to any particular feature of the data. The only thing that is meant by a case study is an intensive exploration of the limited number - mostly one - of samples⁴. Almost four decades ago, Goode and Hatt (1952,

3. Qualitative measurement has to do with *the kinds of data* or information that are collected (Patton, 1980, 22). In contrast, what is meant by the term 'case study' is that the number of cases is extremely limited to ensure the 'depth and details' of data collected.

4. Charles Ragin (Ragin, 1989, 57) describes the frequency distribution showing the number of empirical studies conducted in the last quarter century plotted by sample size. He argues that the U-shaped plot shows much concentration of studies. There is a

339) made the point that the case study is essentially a means of organising data rather than a technique for gathering it⁵. It can incorporate a number of separate techniques, each of which illuminates certain aspects of a situation.

In this study, the selection of cases raised several theoretical questions during the process of research design. Firstly, the question of case selection was raised, as in any other case study. Which localities are to be selected and for what reasons?⁶ It is a well-known fact that most case studies have devoted insufficient attention to the conceptual and theoretical underpinning of their case selections. Their illogical jump into practical manageability largely erodes the theoretical implications of those studies, and the adequacy of the case study method itself, although excuses for case selection are usually presented. It seems that methodological adequacy is seriously threatened by the practical and personal factors in Booth's continuum (Booth, 1988, 1990).

In this research, two case localities were selected for empirical study in an attempt to maximise the theoretical implications of the case study method. Two localities which deserve more detailed exploration were chosen after output analysis. Of special note is that two *extreme* cases were selected out of 15 units of analysis, of which one shows the highest and the other the lowest level of expenditure in the social policy area. The comparison of the two extreme cases is expected to sharpen the contrast between the procedural features which otherwise might easily be obscured.

sharp drop-off in the number of studies with sample sizes in the middle range - from five or so to about thirty cases- and then, at about forty or fifty cases, the number of studies increases with increasing sample size.

5. The case study method used to be employed in policy research for a variety of reasons: when events need to be approached in a detailed way with actors' own perceptions (Booth, 1981, 28); when a given phenomenon needs to be tackled from a variety of angles (Glennister *et al.*, 1983, 7); and where the data being sought is relatively difficult to obtain for large number of cases *etc.* Under those needs, types of topics to which case studies are applied range widely from a single person to a locality and a policy area. Many potential cases usually come to be included in a single case study. In this situation, the judgement of what is the case depends purely on the theoretical construction of the preliminary study.

6. Those writers who employ a case study method have devoted insufficient attention to the conceptual and theoretical underpinnings of their selection of cases. Accordingly their theoretical implications are restricted by atheoretical leap into certain cases although there are usually several justifications suggested in practical terms. The theoretical conclusions in those studies are seriously threatened by omitting theoretical logics in selecting research targets.

The second question raised in the research design was more specific and practical. What is meant by policy variations? The picture of policy variations appears different under different criteria. Traditionally, adequate attention has not been given in either Korea or Britain to the question of different dimensions of policy variation⁷. At least four different criteria were identified in analysing the expenditure variations in social policies of Korean local government. These include:

- A. Proportion of social policy expenditure in local budget
- B. Per capita social policy expenditure
- C. Number of recipients of public services in the field of social policies
- D. Amount of redistributive benefits per recipient

Conventionally, there have been two methods of standardisation for expenditure figures. One is to focus on the aspect of target groups which benefit from social policies (Hoggart, 1989, 35) as in C and D. The other is to use the figures of total population as in B, which has been most frequently adopted in the output analyses⁸. Of course, each of the two criteria illuminates different spheres of expenditure variation in

7. Output studies which employ either the cross-sectional or time-series methods rarely base their analysis on absolute expenditure figures (Hoggart, 1989, 35). To do so would lead to the simplistic conclusion that local expenditure is decided by the size of governments. Hoggart insists that the effects of size should be 'removed' to make useful comparisons.

8. Criterion B might be the best measure with which the output analysts infer a direct interlink between the socioeconomic variables and the governmental policy outcomes. Hoggart raises scepticism against this most common criterion.

..... expenditure levels are not simply determined by current decisions, but carry within them past policy commitments (most visibly seen in debt repayments). Hence, cities which have lost population have to carry costs from earlier days when the population they served was larger. It therefore comes as no surprise to find that older, declining cities have higher expenditure levels than those with more stable populations (Listokin and Beaton, 1983; Dye, 1984) (Hoggart, 1989, 36).

social policies. For example, C and D can highlight the distribution of divisible (individual) services, whilst B can illuminate the indivisible (collective) and divisible (individual) services together. There appear to be pay-off relationships when these criteria are employed to explain policy variations between local authorities. For one thing, criterion D can measure the extent of social policy benefits and criterion C shows the relative width of spread in social policy benefits. In this case, criterion D leaves the range of redistributive benefits unexplained whilst C does not give attention to the adequacy of service provision. Criterion B, which has been most frequently adopted in existing studies, measures the magnitude of social policy benefits distributed to the individual resident. However, in this case, criterion B can give some distorted data by not distinguishing indivisible services from divisible services.

In this study, criterion A is employed to explore the variations in social policies between local governments in Korea. It should be borne in mind that this study basically aims to measure the relative welfare efforts of the local government. Criterion A suits this purpose and it does provide the best measure of expenditure standardisation about the willingness of a local government. The selection of criterion A needs further analytical clarification. More than anything else, social policy as defined in this study ranges from individual to collective services. This range of services covered by the concept of social policy excludes consideration of the last two criteria C and D. Criteria C and D do not encompass indivisible (collective) services such as fire, police and environment services. At the same time, this study aims to measure the relative welfare efforts of local government and to explore the determining factors yielding those varying efforts. It is not aimed at evaluating the ultimate effects or magnitude of social policy benefits distributed to the individual resident. Consequently, for these reasons, the criterion A appears well-suited to this research.

Table 5-2 illustrates those variations in social policy expenditure across the localities in Korea. Only a glance at the table is needed to see how total and social policy expenditure vary between localities in Korea. Seoul and Kyonggi are the highest

and lowest spenders respectively as measured by the percentage of social policy expenditure in the total local budget. Consequently these two extreme cases are selected for the process approach in this study. Seoul, the province with the highest level of social policy expenditure, spent 11.37 percent more than Kyonggi in 1992.

<Table 5-2> *Variations of Local Expenditure on Social Policies (LESP)*

Locality	A/B (%)	LESP ¹⁾ (A)	TOEX ²⁾ (B)
1. Seoul	28.16	890,819	3,163,140
2. Pusan	25.69	231,105	899,564
3. Taegu	19.56	137,442	702,800
4. Inchon	26.22	122,773	468,262
5. Kwangju	24.29	84,080	346,080
6. Taejon	27.61	90,578	328,081
7. Kyonggi	16.79	163,227	972,272
8. Kangwon	20.34	62,510	307,286
9. Chungbuk	24.49	61,027	249,215
10. Chungnam	22.43	79,350	353,751
11. Chonbuk	26.03	99,906	383,826
12. Chonnam	23.35	103,517	443,288
13. Kyogbuk	18.93	111,579	589,373
14. Kyognam	17.58	110,847	630,425
15. Cheju	24.81	31,467	126,834

Note 1) 1) and 2) Million Won.

Note 2) LESP: Local Expenditure on Social Policies, TOEX: Total Expenditure.

Note 3) LESP includes education, fire, sports and culture.

Source: *Chibang Yesan Kaeyo* (Summary of Local Government Budgets), Ministry of Home Affairs, 1992.

Table 5-3 provides an overall comparison of the two localities. Seoul is the largest city in South Korea, consisting of 22 wards (*Gu*) employing 73,135 on full-time basis as of 1991 (*Seoul Statistical Year Book*, 1991, 426). Its population size is 10,628,790 and this population amounts to 25 per cent of the total population in South Korea. Kyonggi is located adjacent to the city of Seoul. The province has experienced a rapid increase in population growth mainly because of immigration from other

localities between 1970 and 1980. The rate of population expansion in Kyonggi has far exceeded the average for the country. Both Seoul and Kyonggi enjoy relatively high levels of financial autonomy with their own sources of local finance. Seoul and Kyonggi show 83.3 per cent and 66.2 per cent respectively whereas the national average was 54.5 per cent in 1990 (National Bureau of Statistics, 1991, 28).

<Table 5-3> *General Indicators of Two Case Areas*

	Seoul	Kyonggi
Size	605 km ² (0.6 %)	10,773 km ² (10.9 %)
Population (person)	10,627,790	6,154,000
Employment Structure (person)		
Agriculture/ Fishery	18,000	494,000
Manufacture/ Mining	1,223,000	707,000
Construction	356,000	143,000
Commerce, Food & Lodging	1,150,000	457,000
Service overhead		
Capital	608,000	259,000
Government Employees	1,932	1,576

Source: *Chiyok Tongkye Yonbo* (Regional Statistical Year Book), National Bureau of Statistics, 1991.

Instrumentation: Questionnaire Survey

The main aim of the process approach is to identify the factors determining social policy expenditure. A comparison of these two extreme cases is expected to give relatively clear information about these determining factors. Of the selected case localities, in this study, the public officials were chosen for the empirical survey. This

choice was not made because they were independent policy actors who single-handedly framed the local policies. Rather it was made because they were working at the centre of the local policy process through which expenditure decisions are made. They were in a better position than anyone else to assess all the related policy actors.

The information on the policy-making process of the two selected case areas was collected mainly by questionnaire survey. According to Bailey (1987), the chief goal of questionnaire survey is to construct an instrument that will not only minimize non-response, but will also ensure that the information collected was complete, valid and reliable. Particularly in a structured questionnaire the respondent is clearer about what is asked and therefore time can be saved. Uniformity of data collected through a structured questionnaire also makes it easier to code and to make comparison of the respondents' answers.

Basically, in this research, the construction of the survey questionnaire was determined by the conceptual model developed in the theoretical chapters. The three dimensions of the conceptual model were incorporated into the questionnaire items focusing on the 1992 local budgetary decision making process. These draft survey questions were checked in pilot interviews with local officials who were attending the Graduate School of Public Administration in Yonsei University in November 1991. These pilot interviews were helpful in reducing the risk of pre-judging the related variables.

In the end, the survey questionnaire consisted of 24 questions which could be categorised into four main parts; 1) measurement of each policy actors' influence level 2) assessment of policy actor's interest mediation 3) policy resources and strategies employed by each policy actor and 4) others, including incrementalist mode of policy-making. All the detailed survey questions are presented in Appendix 6. As shown in Appendix 6, respondents were asked to assess each policy actor on a five point scale ranging from 1 to 5 in most survey questions. Additionally, an open-ended item was added to the survey questionnaire in an attempt to overcome the practical limitations of

the structured questionnaire⁹. Since the question was open-ended in that responses were neither categorised nor specified, respondents could think up their own answers (de Vaus, 1991, 86). It is generally recognised that the major advantages of open-ended questions are their flexibility and depth (Berger and Patchner, 1988, 20). The respondent is free to respond his or her own words in open-ended questions since the question supplies a frame of reference but puts a minimum of restraint on the respondents' answer. In this study, some statements were provided on the open-ended question which were difficult to get with the structured questions. For example, as explained in chapter Six, fifteen kinds of different responses were provided to the question 'What would you think of the local government reforms? What do you think is the most notable change during the last year?'

During the conduct of the empirical survey, when necessary, unstructured interviews were undertaken with a very limited number of key public officials like the Director of Local Tax, Ministry of Home Affairs. This strategy was helpful for supplementing the data from the structured survey questionnaire (Glennerster *et al.*, 1983, 254).

Sampling and Survey Implementation

Sampling is considered crucial in ensuring generalisability of the survey findings. In this study, survey population (that is, public officials in Seoul and Kyonggi local authorities) was limited so deciding the sample size was not a matter of statistical

9. In a structured questionnaire, the appropriate category for answer may not be provided. More important is the possibility that significant questions may not be included in the survey questionnaire. Finally, a structured questionnaire has the danger of guiding the answers of respondents.

justification. Rather it was a matter of feasibility considering the difficulties in approaching public officials who are known to like the notice 'Keep Out Please'.

Table 5-4 summarises the sampling distribution of this survey. Based on the conceptual model, the sampling should be made to reflect both cross-sectional and inter-policy area characteristics. Therefore, firstly, the sample size of 250 was equally distributed between Seoul (125) and Kyonggi localities (125). This was so because the size of the population in each strata was not notably different and the same size samples helped in making comparison between the two different groups. Secondly, the same distribution was made between the social policy (63) and the economic policy area (62) in each local government. In the case of the social policy area, a stratified sampling method was partly adopted. The total sample of 63 in Seoul and 62 in Kyonggi was distributed to the strata proportional to its representation in the population.

<Table 5-4> *Sample Size and Distribution (person)*

Name of Bureau	Sample Size	TNPE
Seoul		
Health & Social Welfare Bureau	42	115
Family Welfare Bureau	21	58
Industry & Economic Affairs Bureau	62	124
Kyonggi		
Health & Social Welfare Bureau	46	101
Family Welfare Bureau	16	34
Regional Economic Division	63	95
Total	250	527

Note) TNPE: Total Number of Public Employees in the Bureau.

Source: *Seoul Statistical Year Book*, Seoul City Government, 1991 and *Statistical Year Book of Kyonggi*, Kyonggi Local Government, 1991.

The survey was conducted by the researcher during the months of December 1991 and January 1992. The British Council provided the financial support for the implementation of this field survey.

The survey relied mainly on the self-administration method. This process depended heavily on two advisers: a University professor and the Director of Local Tax, Ministry of Home Affairs. These two advisers have considerable experience of administering survey questionnaires not only in theory but also in practice. By the help of these two advisers, prior briefings about the content of the questionnaire could be made for the respondents to ensure adequate understanding of the survey questions. The respondents were told that participation was voluntary and that their responses would remain confidential. In the end, the survey questionnaires were delivered to 250 public officials in Seoul and Kyonggi at the same time in December 1991. Of the 250 surveyed, 222 returned a completed questionnaire, giving a response rate of 88 percent. This unusually high response rate was firstly due to the carefully planning and design of the questionnaire. The high response rate can also be attributed to the fact that the two established advisers helped the whole process of survey administration.

Validity and Reliability

Validity refers to the success of the instrument in measuring what it sets out to estimate. This validity of a measurement determines the plausibility of one ever-present rival explanation of research findings (Dooley, 1990, 94). Therefore, when the validity of an instrument is satisfactory, differences between individuals' scores can be taken as representing true differences in the characteristics under study (Moser and Kalton, 1985, 355). There are three main ways of assessing validity (Wilkin and Thompson, 1989, 9): content validity, criterion validity and construct validity. Content validity is the simplest of these, where the emphasis is placed on ensuring that the measure apparently

reflects the content of the concept in question (Bryman and Cramer, 1990, 72). Criterion validity is based upon comparisons between the results obtained using the measure in question and some alternative measure, either of the same concept or of outcomes which might be expected to reflect results obtained using the measure (Wilkin and Thompson, 1989, 9). Finally, construct validity involves looking at whether the results support the hypotheses that were used to construct the measure in the first place.

Despite these various approaches to measuring the validity of measures, the notion of validity is of little practical use in questionnaire surveys. The most serious problem of validity lies in the lack of empirical methods to test or ensure it. In the case of criterion validity, of course, the validity coefficient is suggested by several advocates like Dooley (1990, 95). A criterion, in this case, is an existing measure that is accepted as an adequate indicator of the characteristic of interest. Criterion validation consists of correlating the criterion with the new measure that is being assessed for validity. The correlation of the new measure with the criterion measure is the criterion validity coefficient. However, it is highly questionable whether every researcher has an existing criterion that is explicitly defined and accepted as an adequate indicator of the characteristic of interest.

As an attempt to test for the construct validity of the questions, in this study, the survey questions which had been deduced from related theories were submitted for critical appraisal by two advisers from the academic and practical field of local government. The relevance of and understandability were increased through discussions with the advisers. Also, a pre-test was conducted prior to December 1991. Fifteen questionnaires were administered to public officials of Seoul local government for this pre-test.

As a result, considerable changes were made to the questionnaire before being set out. Public officials in local governments were found to be able to understand most technical terms appearing in the questionnaire. The results of the pilot study indicated that almost all of the respondents were university-educated and were usually involved

with such terms. However, two kinds of major amendment were suggested by the results of the pre-test. Firstly, a main amendment resulting from the pre-test was a change in the wording of several questions which did not appear to mean the same thing to the respondents as to the researcher. For one thing the term 'government authorities' in the questionnaire was always interpreted as central authorities by respondents. A much more severe problem was found in the number of survey questions. It was suggested that the number of survey questions should be reduced greatly. It consisted of 38 questions before the pre-test. Five out of 13 collected questionnaires were left unanswered in their latter half. It seemed that an excessive list of survey questions might lead respondents to refuse to answer or to give distorted answers. The inference was that the low response rate might indicate problems not only of validity but also of reliability.

The notion of reliability is concerned with the consistency of measures (Wilkin and Thompson, 1989, 11). Unlike in validity, three types of reliability measures are often used in empirical studies: test-retest reliability, split-half reliability and *Cronbach alpha*. The correlation of scores from two administrations of the same test estimates test-retest reliability. This is a method which has ideally been suggested to test external reliability¹⁰. The split-half method splits the test into two parts (either randomly or on an odd-even basis) and correlates one half with the other half. A coefficient is calculated, ranging from 0 to 1, and interpreted in the same way as Pearson's correlation coefficient (Bryman and Cramer, 1990, 71). The *Cronbach's alpha* which is widely used at present generates the average of all possible split-half reliability coefficients. Again, the result varies between 0 and 1 and the nearer the result is to 1 - preferably at or over 0.8 - the more internally reliable is the scale. In this study, *Cronbach's alpha* is employed to test the reliability of the survey results. A reliability of 0.82 was produced by the *Cronbach's alpha* method.

10. External reliability refers to the extent of consistency of a measure over time while internal reliability means the degree of consistency between item scales in a single survey at any one time.

5.5. CONCLUSION

The methodological framework has been explained in this chapter. Firstly, this chapter examined the methodological issues in analysing policy variation in local governments from the point of view of process and output approaches. Secondly, a reconciliation of the output and process approaches was proposed and a two-stage strategy was developed for the empirical survey of this research. The next stage of the study is to conduct an empirical analysis. Following this chapter is a series of empirical analyses of expenditure decisions on local social policies in Korea. First, though, chapter Six describes the context of the Korean local government system particularly concerning recent decentralisation in 1991.

CHAPTER SIX: THE CONTEXT OF LOCAL GOVERNMENT REFORM

6.1. INTRODUCTION

The purpose of this chapter is to depict what changes have been made by the recent reforms in Korean local government and how these changes are related to the social and political contexts. Particular concern will be given to examining the background of the local government reforms for decentralisation in 1991. This will provide informative accounts of local policy-making in Korea.

The chapter consists of two parts. The first section depicts the social and political environment which has accelerated decentralisation over the period of the last three decades. As in any country, it is essential to understand Korean local government in the context of the society in which it operates. The significance of this historical trend will be traced back to the government's role in the 'development era' during the last three decades. The second part of this chapter reviews the 1991 local government reforms in terms of the process of decentralisation, the main issues of the reforms and the changes and continuities after the reforms. Finally, an effort will be made to evaluate the consequences of the 1991 reforms.

6.2. GOVERNMENT'S ROLE AND LOCAL GOVERNMENT

The past three decades are often labelled as the period of economic development and industrialisation in Korea. The growth of per capita GNP (expressed in current prices) provides a ready indication of the rate of economic change during this period, increasing from \$80 in 1960 to \$6,200 in 1990 (\$ refers to US dollars in this paper). Over the years from 1961 to 1970, GNP growth averaged 8.5 percent, compared to 3.7 percent between 1953 and 1960 (EPB, 1985, 1990). Although industrialisation was spurred by foreign investment in its early stage, Korea is now being geared towards technology-intensive industries. Rapid development has made her a competitor in the world market.

Many factors have contributed to these changes. Some writers point to leadership factors (Lee, 1982, 293; Cotton, 1991), others to cultural tradition¹ (Song, 1990; Foster-Carter, 1992, 28) and others to international environments (Choi, 1976, 157-161; Lee, 1982, 293; Lim, 1986). Foster-Carter (1987, 252-253; 1992 19) lists over 20 factors which different authorities have pin-pointed as significant in this context. Of these variables², this study is concerned with the part played by the government. Korea's recent industrialisation cannot be fully understood without a careful examination of the influence exerted by the government. As a matter of fact, considerable agreement exists among writers exploring the Korean development about the pervasive influence of the government. The seeds of recent decentralisation can be found in the government's role in the development era. The basic contours of the 1991

1. In particular, Confucianism is said to contribute to industrialisation with its emphasis on learning and meritocratic bureaucracy which is useful for mobilizing the skilled man-power required for industrialisation.

2. The development experience of South Korea offers an outstanding case example for comparative analysis of differing development approaches. See James Cotton (1992) "Understanding the State in South Korea: bureaucratic-authoritarian or state autonomy theory?", *Comparative Political Studies*, 24, pp 19-35. Of course, there is no single unifying theme to an explanation of the Korean development. Nonetheless, it is not difficult to summarise the features of the processes: 1) an outward-looking development strategy; 2) human resource-based strategies in its initial stage 3) government-led policies in the major areas.

reforms began to evolve into their current form before the changes in laws and institutions took effect in 1991.

Government's Role in the Development Era

In general, the government has various means of public intervention in almost every social sphere. Accordingly, the role of the government appears to be different in respect of different theoretical perspectives³. However, the real magnitude of the government's roles and functions is hardly captured by an impressionistic theory. A more analytical approach is desperately needed in order to grasp the actual degree of governmental intervention in any country. The explanation of the role played by the Korean government is no exception here. It is necessary to conceptualise governmental activities in a more systematic way on more specified fields (Raggin, 1989). This study traces the pervasive roles played by the government in Korea under four different functions: government budget, public corporation, fiscal and monetary inducement and regulatory policies.

Government Budget

In the industrial democracies, the first instrument which governments use to achieve their socio-political objectives is the national budget. Because nearly all policies involve spending (Booth, 1979), the national budget comes to play a crucial role in the modern state. During the process of budget-making (resource mobilisation)

3. Chapter Two examined how different views were presented of local government in the field of state theory.

and of its distribution (resource allocation) the government plays the decisive role in allocating social benefits.

The national budget, in this vein, is the window through which a synopsis of the national policy priorities can be observed. Table 6-1 shows a relative comparison of governmental consumption among selected countries. The table shows that the relative size of the Korean government's consumption is much smaller than that of the other selected countries, except Japan. The government's consumption in Korea has hovered around 10 percent of GDP during the past three decades.

<Table 6-1> *Comparison of Government Consumption in Selected Five Countries, 1962-1990 (Percentage of GDP)*

Year	U.K.	France	Germany	Japan	Korea
1962	17.0	13.5	15.0	8.7	14.4
1966	17.2	13.3	15.7	9.6	10.3
1970	18.1	12.4	15.9	8.2	14.8
1972	19.0	12.3	17.7	9.1	11.3
1976	21.5	14.9	20.2	9.8	11.2
1980	21.3	15.5	20.1	9.8	11.2
1982	21.9	16.5	20.4	9.9	11.5
1986	20.7	19.2	19.9	9.7	10.1
1990	19.9	18.3	18.4	9.1	10.9

Source: calculated from the data in *International Financial Statistics*, IMF, 1968, 1974, 1980, 1986, 1992.

The immediate inference is that the national budget has not been the sole measure of government intervention in Korea. As can be seen in the international comparison, the national budget accounts for a much smaller part of the governmental activities than expected. Its relative size is not commensurate with the pervasive roles of the government in Korea. It seems that other measures have been used as a more

important instrument through which governmental intervention is conducted in Korea. This is amply illustrated in Table 6-2 showing the sectoral share of the gross domestic capital formation (GDCF). Another plausible explanation may be that the government places its priority mostly on the development-related policies and therefore the sheer size of the national budget reflects mostly development-related activities. Even in 1992, almost 50 percent of the national budget is to be distributed to economy-related policies (Ministry of Home Affairs, 1992, 48).

Public Corporation

The public ownership of economic activities is the next means of government intervention. Public corporations in Korea perform very comprehensive functions. Some operate like their equivalents in other countries in managing certain essential industries and ensuring the infrastructure for resource mobilisation. But other public corporations are used strongly to promote development purposes through public enterprise. These public corporations usually help declining sectors of the economy, aid infant industries, and support export-related companies (EPB, 1988, 65). For instance KOTRA, one of the public corporations instituted in June 1962, has aimed to help the export industries compete in international markets.

Table 6-2 provides a comparison of the public corporations between Korea and Britain. It shows how far the Korean government has intervened in economic activities through the public corporations. The extent of the public corporations appears to be strikingly high in Korea. It accounted for up to 33.2 percent of the Gross Domestic Capital Formation (GDCF) (1975) in Korea as against 4.6 percent (1985) in Britain. According to the data from the Economic Planning Board in Korea, public corporations in Korea had accounted for 30 per cent of the GDCF during the last 25 years (EPB,

1988, 83). This fact is partly evidenced by the increase in the number of public corporations -from 52 in 1963 to 221 in 1986 (EPB, 1988, 81) - during the period of economic development. This has also been accompanied by an expansion of their service areas (Jones, 1975, 56).

<Table 6-2> *Gross Domestic fixed Capital Formation in Comparison (%)*

Item\ Year		'66	'70	'75	'80	'85
GDFC		100	100	100	100	100
General Gov't	U.K.	24.6	26.1	24.4	13.2	10.9
	Korea	9.5 ¹⁾	19.1	11.6	7.0	*
Public Corp.	U.K.	21.3	17.6	19.1	16.0	9.4
	Korea	31.7 ¹⁾	18.9	33.2	27.6	15.6 ²⁾
Private Sector	U.K.	54.0	56.3	56.5	70.8	79.7
	Korea	58.8 ¹⁾	62	54.2	65.4	*

Note) 1) refers to the statistical data for 1963 and 2) refers to the statistical data for 1986.

Source: Central Statistical Office, *Monthly Digest of Statistics*, (London: Her Majesty's Stationary Office), 1973, 1978, 1982, 1985, 1992 and Song (1985), p. 15.

Fiscal and Monetary Incentives

The list of policy instruments through which the government pursued its objectives goes beyond the national budget and the public corporations. Fiscal and monetary inducements are another crucial mechanism of governmental intervention in the modern state. They have taken various forms in Korea.

Fiscal inducement was made most effective through the tax system in Korea. The relative reliance on indirect taxes is an indication of the government's efforts to

pursue the aims of economic growth even at the cost of redistributive effects. Tax relief or suspension is another fiscal policy measure adopted for resource mobilisation by the Korean government. It is intended to promote exports, foster technological development and rationalise the industrial structure. On the other hand, the monetary measures include long-term low-interest funds and subsidies supplied to designated industries. These policy measures have been particularly supportive of the export-related⁴ industries. The government has stimulated the supply of intermediate inputs and the stock of productive industrial capital; factors which in turn have been intimately tied to the patterns of foreign trade and the policies affecting foreign trade (Cole and Lyman, 1971, 153).

Regulatory Measures

The concept of regulation adopted in this study refers to the administrative control over the private sectors⁵. Traditionally the authoritarian statism in Korea has left a regulationist legacy to the government (Amsden, 1989). The government has been ready to take regulationist stances in order to ensure a relative stability in politics and a comparative advantage in terms of 'getting the prices right' (Foster-Carter, 1992, 21) in the economy. As far as the economic activities are concerned, the government's extensive licensing and approval system functioned as a strict means of regulation. The government had the right to give licenses granting permission to open a business, to approve rates to be charged, and to audit specially selected companies (Mason *et al.*,

4. Outward-looking strategies were unavoidable in Korea because of its very limited endowment of natural resources (Cole and Lyman, 1971, 137).

5. In the case of the expenditure process the term *rationing* is used by Booth (1979) to refer to a similar aspect. His *rationing* is 'by limiting through direct controls the demand for services and benefits'.

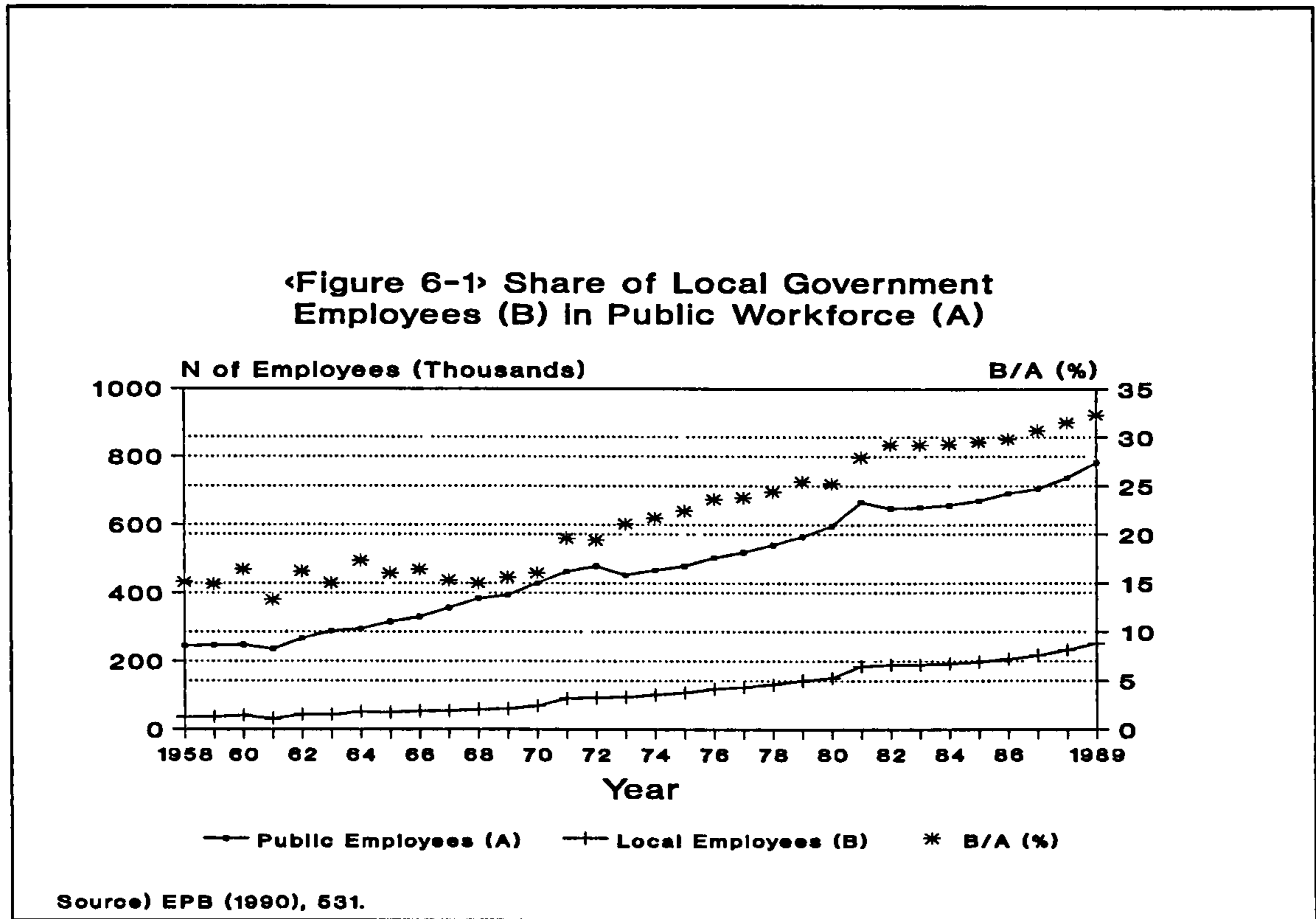
1980, 263). At the same time, the government has exercised its discretionary power to discourage consumption of luxury commodities, to restrict imports and to control credit.

It is conventional to argue that regulatory policies can make for welfare losses in the long-term. The pulls of short-term comparative advantage had the potential to be converted into long-term disadvantage both in domestic and international markets for Korea. However, the Korean government appears to have selected certain industries with a potential long-term comparative advantage and vigorously promoted them through and beyond the infant industry state (Toye, 1989, 88). By the help of this strategy, regulatory measures have proved effective in maximising economic efficiency.

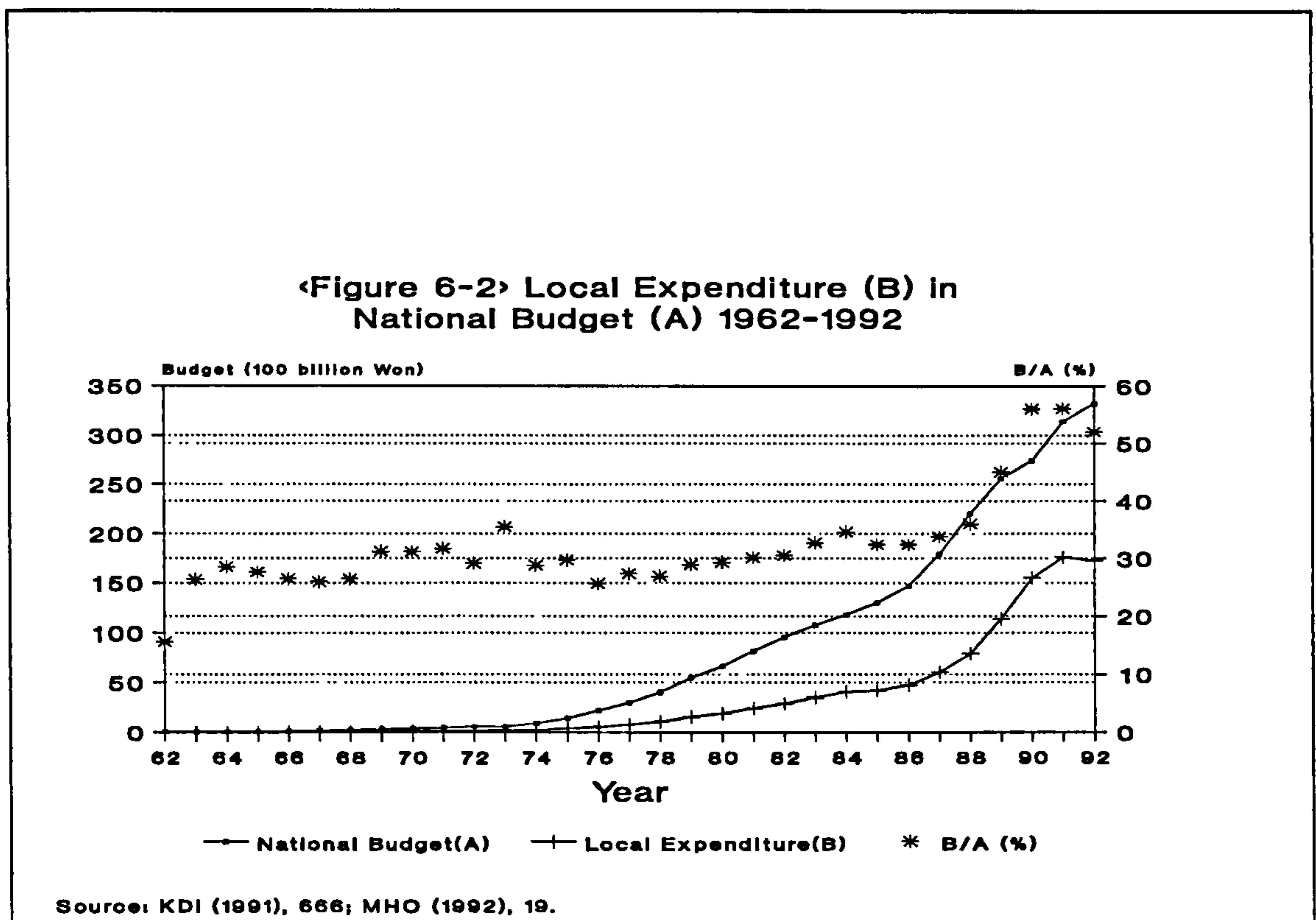
Expanding Functions of Local Government

As in other countries, local government has been an important part of the system of government in Korea. Central government has pursued many of its strategic objectives through local authorities over the last three decades. The changes in local government's roles in that period can be examined in terms of its spending and its employees. As can be seen in the two figures below, local government has acquired increasing functions over the last three decades.

Firstly, the expanding role of local government is reflected in a growing number of local authority employees. Korean local authorities currently employed about 252,123 persons in 1989 (EPB, 1990) or 32.2 per cent of the total government workforce in Korea. Figure 6-1 depicts the changes in the number of local government employees between 1958 and 1989.



The figure shows that there was an increase of more than 500 per cent in the number of full-time employees of local authorities between 1958 and 1989. This rapid increase is apparent in the doubling of the ratio of local government employees to total government employees during the same period (from 15.1 % in 1958 to 32.2 % in 1989). This rate of growth is also reflected in its share of public spending. Local authorities spent approximately 6,042,100 million Won in 1987 or 33.8 per cent of all public expenditure (KDI, 1991, 666). The share of Gross National Product accounted for by local expenditure is 6.8 per cent (KDI, 1991, 23). Figure 6-2 demonstrates the steady expansion of local authority's roles in Korea.



However, its expanding function was not an indication of decentralisation in the name of local autonomy. 'Efficient implementation' has been a slogan which for the past twenty years has been accompanied by a considerable amount of rhetoric which ignores of the political context of locality. The central authorities still had most of the administrative and financial mechanisms in their control. Only since the mid-eighties have social and political moves been formulated to erode the conventional administrative system.

6.3. BACKGROUND OF DECENTRALISATION

As pointed out above, Korea has experienced a legacy of statism while maintaining an extremely centralised administrative system until the mid-1980s. The prime concern of Korean society was the mobilisation of national resources for rapid economic growth. This has been the main reason for the neglect of the case for decentralisation.

During the development era, local government was considered primarily as an instrument of policy implementation. Therefore, a plethora of local authorities was seen to be inimical to the purpose of rapid development in the national interest. This negative image of local autonomy was amplified by a rigidly defined concept of national security⁶. 'Local' meant parochial and inefficient for economic purposes, and 'decentralisation' referred to disintegration from a security point of view. From a more critical angle, Cotton (1989) describes the conventional administration in Korea as 'non-democratic'. He suggests several reasons:

Its non-democratic past is best seen as a response to specific factors, including Korea's position in the prevailing world system, the absence of countervailing elites as a result of war and rapid social transformation and the development of a strong and relatively independent state (Cotton, 1989, 244).

Cotton (1989, 244) rightly goes on to say that 'the recent domestic and international impact of modernization has been to reverse the influence of these factors'. As diagnosed by Cotton, the 1980s witnessed a sweeping challenge to the traditional roles and functions of the state. This included the devolution of central power and the expansion of local power at the same time. The next step is to describe

6. The partition of the Korean peninsula has led to confrontation with communism. Political elites in Korea have been worried about the polarised political attitudes.

the background of the emergence of decentralisation as a response to the past forms of centralised administration of the conventional government in Korea.

Social Impetus for Democratisation

The rapid economic development since the 1960s has brought about a remarkable impact on Korean society. It is beyond the scope of this volume to examine the full extent of the impact. This study is concerned mainly with the background of decentralisation movements. First of all, popular aspiration for democracy became extremely strong (Kihl, 1990, 67) as living standards increased and the by-products of rapid development remained unsolved until the 1980s. On the one hand, increased numbers of the middle class (mostly educated urban dwellers) started to exert pressures to reform the governmental structure of the development era. Social moves to democratise politics were strongly backed by the middle class in order to give '*Botong Saram*' (ordinary people) a larger share in their affairs. More participative and responsive government was required by these people.

On the other hand, a radical thrust for drastic reform and revolution arose (Kihl, 1990, 67) among disadvantaged groups⁷. Many of the political roots of social problems were unveiled, and the uneven development⁸ was attributed to the development policies of authoritarian governments. These moves served to radicalise groups which might

7. Income distribution improved in the 1960s but deteriorated in the 1970s (Lim, 1986, 123). Even in the 1980s there was little evidence to show that the benefits of economic growth were shared by the low and middle classes.

8. Local inequalities of wealth and power were a crucial background of popular militancy for local government reform. The concentration of political and economic power in government meant the centralisation of opportunities exclusively in Seoul. The physical size of Seoul is only 0.63 percent of the land mass but around a quarter of the whole population (24.4%) live in Seoul. This is further demonstrated by the fact that in 1990 44.2% of banks, 33.3% of museums, 36.9% of the property tax, 27.4% of service industries, 42.6% of motor vehicles, 28.1% of large hospitals, 34.8% of medical personnels and 29.6% of universities were concentrated in Seoul. *Chiyok Tongkye Yonbo* (Regional Statistics), Bureau of Statistics, Korea, 1991.

otherwise have evolved as interest or pressure groups working through parliamentary institutions (Cotton, 1989, 250). Radical challenges have taken many different forms. Violent protest reached its apogee in June 10, 1987 (Han, 1988, 54) and labour organisations proliferated after 1987⁹. Though differing ideologies were presented by these disadvantaged groups, all their political demands seemed to be backed by the slogan of *democratisation*. This movement culminated in the political conflicts over the period of 1987 and 1988¹⁰.

These 'atmospheric' threats by various groups led political leaders¹¹ to recognise the fact that the authoritarian and centralised administration was out of favour and had led to severe public censure. The main party seemed to recognise that the 'system which they have led and presumably benefited from no longer meets their needs or those of their society' (Huntington, 1984, 213). For opposition parties, these circumstances were expected to be a platform of challenge to the ruling party. They wished to use locality as an avenue to start 'from the bottom' on the road to political power.

Bringing the State Back In

As indicated above, the state in Korea, particularly the executive branch, has dominated the whole societal process in the development period. It has exercised exclusive influence not only on the conversion process of administration but also on the general input mechanism of national politics. The government elite, particularly non-

9. Asian Monitor Resource Centre, *Min-ju No-jo*, (Democratic Unions): South Korea's New Trade Unions, Hong Kong: Asia Monitor resource Centre, 1988.

10. Warning bells had begun to sound in 1987 when opposition groups took to the streets over the issue of constitutional reform.

11. Traditional respect for political authority was severely diminished by these social conflicts mentioned above (Lee, 1989). Until recently Korea did not seem an exception to the rule that elites in hierarchical systems do not value political participation as a goal in itself. Public participation, in fact, can undermine their power.

elected bureaucrats, have performed multifunctional roles controlling the private sector such as industries and financial markets for many years. Their discretion in policy-making was rarely subject to any form of public accountability.

These excesses of the statist era have faced serious challenges since 1980. A wave of changes has emerged since the replacement of President Park in 1979 who had led the economic development for eighteen years. The people started to show distrust of the policies and the rhetoric (such as 'government-led', 'export-oriented' and 'human resource-based') which had characterised the past decades. Government was often said to be over-loaded (Cotton, 1991, Foster-Carter, 1992), and thus not able to deal with administrative and economic affairs efficiently. While the private sector had introduced innovations in its management styles as a response to the changing environment, the government had lost its relative superiority of managerial competence. Government elites came to be regarded as inferior to those of the private firms both in ability and in motivation. The diverse demands of society could not be met by the traditional administration and this failure largely eroded government authority. Many alternative measures were suggested for reform. The suggestions included privatisation (EPB, 1988, 66), cut-back management of public budget (KDI, 1991, 20) and the introduction of a local self-government system. Particularly, the ideal of 'self-government' in local affairs was expected to provide a comprehensive solution to the existing problems. It was given the first priority amid enormous public support.

Apparently, the problems of 'over-loaded' government in the administrative sphere were mixed with the rise of social militancy for more democratic participation in the political domain. The common ground between the political and administrative arguments was to bring the state back in and to put the locality forward. High expectations were held for various goals such as efficient administration, citizen involvement, further economic growth and, ultimately, unification. In a sense, the democratic values of local government seemed to be exaggerated, and social demands for change were channelled towards decentralisation by the opposition party and intellectuals. A variety of problems found in Korean society were thought to be best

cured by the adoption of local self-government practices. As a consequence, decentralisation became a major target of oppositions and intellectuals in an era which elsewhere saw the rise of a new centralism¹².

6.4. PROCESS OF 1991 LOCAL GOVERNMENT REFORM

Process of the 1991 Local Government Reforms

As noted above, opposition parties recognised that decentralisation would be a way of breaking up the centralised power. Decentralisation was expected to provide another strategy for at least sharing political power. Opposition groups have since adopted local government reforms as one of their main strategies in their attempt to 'start from the bottom'.

12. To be more precise, no single trend can be found in Western local governments although a universal language of reform does seem to recur in all the countries (emphasising efficiency, choice, responsiveness and accessibility). A radical centralisation in Britain was explained in chapter Two of this volume, and a relative centralism can be identified in Japan as well (Elliott, 1989, 75). On the other hand, reforms favour decentralisation in the centralised states which had only one direction to go like Portugal, Spain and perhaps France (Batley and Stoker, 1991, 210). Current reforms in Germany, the Netherlands and Italy are more narrowly directed to new forms of service delivery often in response to financial cuts. Batley notes that the search for a new relationships between citizens and central governments is widespread though usually less urgently pursued than in Britain.

Nonetheless, a dominant theme in the administrative field is that many modern industrial democracies are subject to the trend of 'new centralisation'. The trend of new centralisation seems to be accelerated mainly by the press of managerialist needs supported by advances in technology. The necessity for administrative coordination in politics has come to be met by technological developments such as computers, communication facilities and so on (Crouch and Marquand, 1989). As Smith (1985, 193) states, it is a ubiquitous feature of contemporary states.

Facing die-hard pressure from the opposition parties, the government party occasionally admitted the necessity of decentralisation. In the early part of 1987, the main party and government could not help promising to introduce more local autonomy. Reforms were agreed by the government as the price for securing political stability. In April 1987 President Chun Doo Hwan instructed the cabinet to work out ways to implement a system of local autonomy¹³. In June of the same year, Chairman Roh Tae-woo of the ruling Democratic Justice Party proposed to reform the Constitution and to institute local autonomy¹⁴. For the protagonists of reform, these pledges represented a big leap toward designing a more responsive government.

In reality, however, the main party retained a deep emotional objection both to the 'disintegration' of the country and to the diffusion of political power. The underlying intention of the government towards decentralisation was hostile, and decentralisation was taken by them to mean further delegation of administrative affairs from the centre to locality. Little had been done for decentralisation under the Fifth Republic (1980-February, 1988) in terms of political power. Kihl (1990) makes the point that:

Determined to contain this political force that openly advocated an overturning of the system, the Roh government walked a tight rope between upholding law and order and encouraging democratic reform (Kihl, 1990, 67-68).

A new momentum to decentralisation was given by the National Assembly election of April 26, 1988. A total of 19,853,890 out of 26,198,205 eligible voters, or 75.8 % cast their ballots. The results stunned many who had predicted the government party's victory. *Yoso Yadae* (small government party and large opposition) phenomenon appeared in this election. Contrary to predictions, the government party (DJP), for the first time since 1950, failed to capture an overall majority of seats in the Assembly (Kim, 1989, 480). As the voters handed the DJP a serious set-back, the two

13. *The Korea Herald*, April 15, 1987.

14. *The Korea Herald*, June 29, 1987.

major opposition parties, the Party for Peace and Democracy (PPD) and the Reunification and Democracy Party (RDP) came to control a large number of constituencies. While the DJP won 87 seats of the nation's 224 constituencies, PPD won 54 seats and RDP won 46 seats¹⁵.

This *Yoso Yadae* led to the wholesale acceptance by the government party of the oppositions' demands. In March 1989¹⁶ an amendment was made to the Law on Local Autonomy, under opposition sponsorship, to elect local councillors in 1989. This amendment bill was vetoed by the President two weeks later and in May of the same year the opposition parties initiated an attempt to introduce an amendment bill again. The initiative of opposition groups was succinctly described by *The Korea Times* in May 25, 1989.

The rival political parties yesterday neared an agreement to fully implement local autonomy across the nation by 1991...The opposing camps came to terms during the conference of the senior politicians from the four major parties...the opposition camp proposed the two-stage plan to win the broad agreement of the ruling party¹⁷.

In the end, local elections took place for basic-tier councils in March 1991 and the large-tier election followed in June of the same year. In the basic-tier election, 55 per cent of the 28 million eligible voters cast ballots in the polls. The turn out was slightly higher than this in the June election to inaugurate councils in the large-tier local authorities (58.9 %). Average turn-out ranged from 74.7 in Cheju to 52.4 in Seoul. As in many other countries, this turn-out was lower than at national elections.

Surprisingly enough, the ruling Democratic Liberal Party (DLP) clinched victory in the large-tier local council elections¹⁸ in which candidates could have party membership. The DLP gained 83% of the seats while the main opposition New

15. NDRP won 27 seats and Independents won nine seats (Kim, 1989, 486). Several explanations can be offered for the DJP's set-back including the single-member district system (*Yomiuri Shimbun*, April 28, 1988).

16. *The Korea Times*, March 25, 1989.

17. *The Korea Times*, May 25, 1989.

18. *Korea Newsreview*, June 29, 1991.

Democratic Party (NDP) won only 19 per cent - leaving the rest to other small parties. Official results showed that the government party gained 564 of the 866 seats nationwide and the main opposition NDP won 165 seats. The ruling party led in almost all parts of the country, by winning a comfortable majority of seats in 11 of the 15 newly formed local councils, except the south-western Cholla areas. The NDP led by Kim Dae-jung secured most of the seats in its stronghold of Kwangju and adjacent Cholla provinces, but fared poorly in most other areas. Independents, who amounted to one-third of the total candidates, fared unexpectedly well, and garnered 115 seats.

The main reason why the result was an apparent victory for the ruling party may be found in the changes of political parties. There was a inter-party coalition between the previous ruling party DJP and two opposition parties, RDP and NDRP, during the process of reforms. These three parties were united into a single ruling party (DLP) in January 1990. As a result, inter-party boundaries have largely changed since January 1990. Also, what emerged in the end was heavily influenced by party political considerations and other vested interests of advantaged groups. The general public seemed to be fed-up with the political bargaining and recognised the limits of 'local' reforms from their point of view.

Main Issues in the Local Government Reform

In general, decentralisation has conventionally been taken as a matter of administration in many textbooks. However, in Korea, the decisions that needed to be made about decentralisation were political rather than technical. As Smith (1985, 201) has put it, decentralisation was rather the result of political forces in conflict, particularly between the major political parties. In the following section the detailed issues which were in dispute during the reforms will be considered.

At least in principle, given such a consensus, the protagonists of reform did not face any fundamental resistance either from the public or from the government party. No social and political group could deny the necessity of decentralisation, albeit with varying degrees of enthusiasm. But serious difficulties arose when detailed measures were chosen to implement decentralisation. It seemed that rhetoric provided momentum but failed to give detailed alternatives for reform. The debate over reform was moving away from rhetoric alone to a fuller appreciation of the political and administrative implications of the reforms.

During the period of debate, local government had been assailed by a variety of suggestions. A source of models was sought from the experiences of Britain, France, U.S. and Japan. What was often discussed were the powers granted to local authorities, functions to be delegated and working mechanisms within local authorities. Many competing options had been suggested by political parties, academics and senior bureaucrats. All in all, the debate has centred around the following four issues:

- 1) The number of tiers in local authorities;
- 2) Financing service provision in local government;
- 3) Popular vote versus the central government;
appointment methods for local Vice-Chiefs
- 4) The range of party membership permitted to
local councillors.

The very nature of the first two issues was administrative and technical and, in fact, these issues were discussed mainly among academics and bureaucrats. The rationale for each argument revolved around the principle of managerial competence and administrative efficiency. For one thing, the debate between advocates of single-tier and two-tier local government was conducted within an atmosphere in which the relative merits of the different systems are stressed for their value of administrative efficiency. The advocates of the single-tier system viewed the existing multiple tiers

the local hierarchy as overlapping and wasteful. It was argued that local government would be able to relate all its policies to coherent objectives in its area considered as a whole. The single-tier system was admired as being the simplest and most economic form by its advocates. However, the moves towards a single-tier structure were accompanied by considerable controversy as the costs of such a system were pointed out by the advocates of the two-tier system. They stressed the needs of major metropolitan areas for overall planning agencies. As a result, the traditional two-tier system remained as a creature of tradition in the end. In this debate, the academic specialists played a vocal part by stressing the significance of administrative efficiency in the reforms. Armed with pluralist rationales for decentralisation, they argued for economic rationality in the dispute surrounding the reforms.

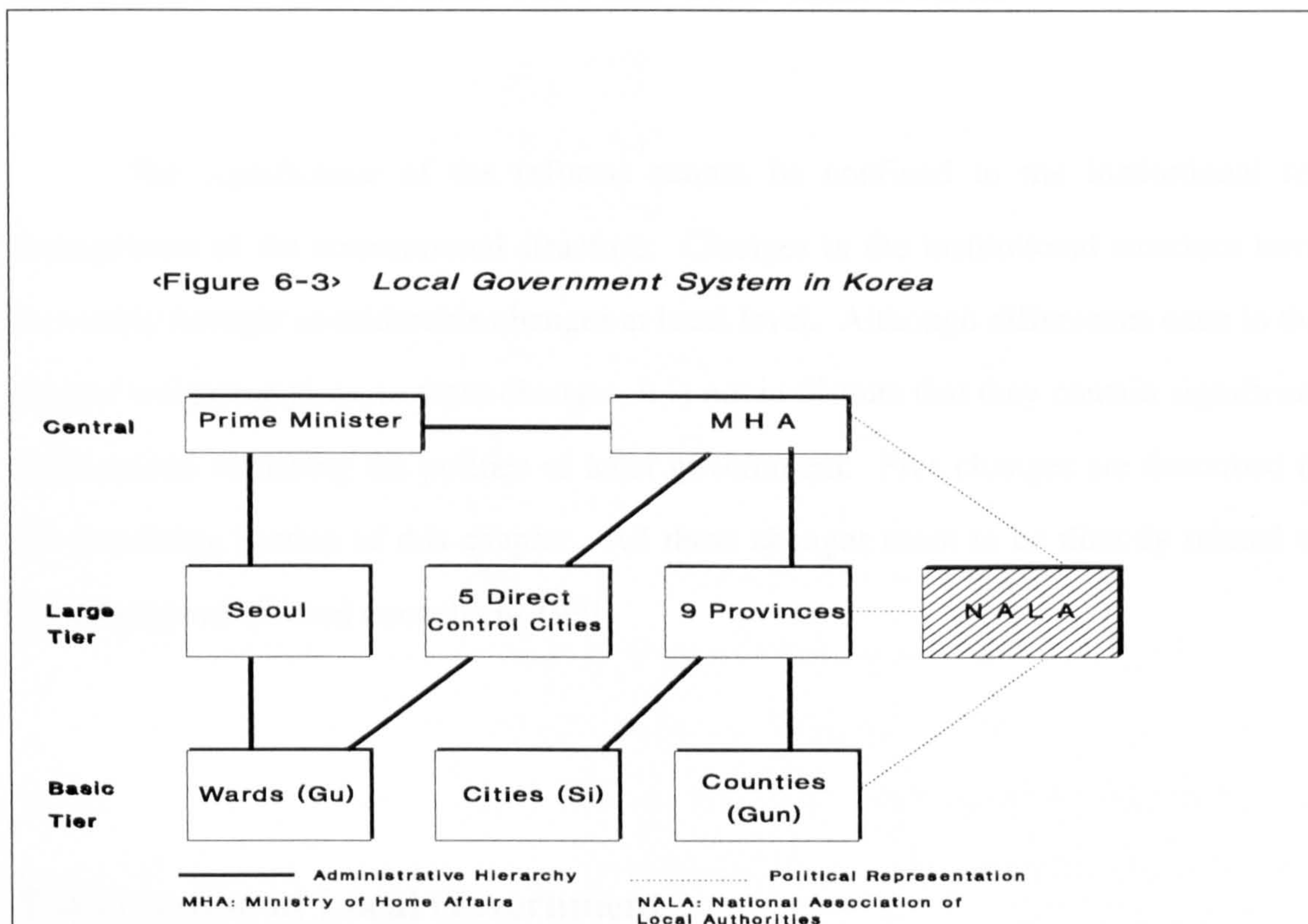
In contrast, the political parties adhered to the politics of decentralisation. They were interested solely in the political rewards which could be derived from the reformed system. Of the four main issues listed above, the political parties gave most weight to 3) and 4). Opposition parties applauded the popular vote method for local Vice-Chiefs and party membership for all local councillors. On the other side of the divide were the government and the main party in office who worried about the possibility of the politicisation of local government eroding their authority in several localities.

Interestingly, the fidelity of the opposition parties became very much weakened in negotiations. Since MPs were afraid that their authority would be eroded by the establishment of representative bodies through direct election at local levels, they were not anxious to speed up the negotiations. After drawn-out proceedings, a compromise was made to allow party membership only to large-tier councillors, and decisions on the local Vice-Chiefs were postponed. As a result, the only notable reform was confined to the establishment of local councils which were directly elected by the people both at basic- and large-tier local authorities.

Structure and Function of Local Government

The local government system in Korea has been affected by various experiments in constitutional development. Different names have even been given to localities at times. Nonetheless, the fundamental framework of the contemporary system had not changed during the six Republics before the 1991 reforms. Figure 6-3 gives a general picture of the contemporary local government system in Korea. The figure includes the changes made by the reforms in 1991. A major change which has resulted from the 1991 reforms is the emergence of local councils. Except for local councils, the present local government system is similar to the traditional structure. Basically the local government system in Korea is characterised as a unitary system, in which the political and administrative functions are highly concentrated in central government.

The organisational arrangement of local government can be described as a two-tier structure. The large tier consists of one special city (Seoul), five direct control cities and nine provinces. Whereas Seoul is under the control of the Prime Minister, the five direct control cities and nine provinces are answerable to the Ministry of Home Affairs (MHA). But because administrative power is concentrated in central government, all these authorities have administrative responsibilities, directly and indirectly, not only to MHA but also to every department of each ministry in the centre. This central power is checked and balanced by the National Association of Local Authorities (NALA). NALA was organised by the Chairmen of Local Councils after the 1991 reforms and represents local authorities' interests in the political sphere.



The prime functions of each tier of the local hierarchy can be identified in the provision of goods and services. As in other countries, the functions of local authorities are far-reaching. For instance, large tier local authorities are responsible for regional development, highways, primary and secondary education, housing, and environmental health. Personal social service, refuse collection are functions of small-tier local authorities. The provision of libraries, museums, art galleries and parks depends on local arrangements and can be administered either at large- or small-tier level.

6.5. MAJOR CHANGES AFTER THE REFORMS

The significance of the reforms cannot be confined to the institutional re-arrangement of the conventional structure. Changes in the institutional structure have inevitably brought considerable changes at local level. Although differences exist in the precise weighting given to these changes, it is not in dispute that they contain significant implications regarding the politics of local government. Five changes are described in the remaining section of this chapter. All these changes seem to be directly related to the emergence of local councils in 1991.

Politicisation of Local Government

Prior to the launch of the new local government system in 1991, policy-making powers were mostly in the hands of central government. As explained above, the central authorities exercised final authority in regulating the conditions of local government. An analysis of academic research shows that concern had been given mostly to the compliance of local authorities in the implementation of central policies until 1991 <see Appendix 4>.

However, local government is being highly politicised under the new system. What is denoted by the term politicisation here is three-fold: de-bureaucratisation of local policy-making, increasing competition between political parties surrounding local affairs and polarisation between policy actors. First, decisions on local affairs are becoming more and more open to the public and elected members. This means that local policy-making is increasingly susceptible to the influence of bodies other than professional officials, such as local groups, constituencies and councillors. Second, local affairs attract increasing concern from major political parties. The major political

parties contest local elections on party lines and local government is coloured to a great extent by party-directed patronage. Political parties are also deeply involved in the management of local authorities through the formation of party groups for the predetermination of local issues. An increasing number of local authorities are expected to be organised on party political lines in the near future. Finally, as a consequence of party politics, polarisation becomes apparent in the management of local authorities. Polarisation refers here to an extremity of political and administrative stances in which politicians conduct themselves, excluding minority groups from the opportunity to influence decisions. This often results in remarkable tensions surrounding policy-making, and local decisions therefore become time-consuming and less effective.

To a certain extent, politicisation of local government is welcomed by commentators since local policy-making becomes more open to the public and increasingly democratic. However, it is deplored by the general public in many cases. The general public has emotional antipathy towards politicisation since they believe that public affairs should not be put at risk by an increasingly intense political style. It is criticised on the ground that local authority management deteriorates under the impact of party politics.

Increasing Concern about Social Policies

Another consequence of the reforms is the increasing concern about social policies directly related to the local residents' well-being. Compared to the previous system, local authorities are giving much more attention to resident-related policies such as cleaning, road works and water supply. This change seems to be a reflection of the political orientation of elected members. The results of empirical surveys show that councillors are apparently oriented towards social policies in local government. Their priority is more skewed towards the social policy area than any other main policy actor.

This feature seems to originate from the fact that councillors are directly elected by the local residents. Close contact with the public is also likely to affect councillors' roles in local policy-making. This point is discussed in more detail in chapter Eight.

Tension between Local Executive and Councillors and between Local and Central Governments

Another notable change, which is only just emerging, is the increasing tension between the local executive and the local council, and between the local council and central authorities. This is a consequence of the diffusion of political power since the 1991 reforms.

As noted above, the diffusion of power has contributed to the opening and democratising of local authorities in practice. On the other hand, it has adverse effects on the relations between councillors and officials, and between the local councils and central authorities. Increased tension often leads to a culmination of conflicts surrounding the management of local government. For one thing, most local authorities have experienced tension and conflict between the Local Minister and the local council since the emergence of local councils in 1991. 32 cases of conflict have been reported over the period from March 1991 to October 1992¹⁹. This is partly because there are no rules or traditions which regulate the responsibilities and rights of councillors. The lack of pre-existing traditions and experience causes serious confusion over role expectations between policy actors. An interviewee in Kyonggi (December 19, 1991) made the point, and his view seemed to be shared by many other officials:

There are, I suppose, certain difficult questions to ask about councillor's roles. Their legal rights and responsibilities are not clear... Sometimes they put the case for policies which are questionable from our perspectives. I am not denying they have political right to make certain decisions, in fact mostly from

19. *Chosun Ilbo*, October 30, 1992.

resident-related programmes. But it is unrealistic to expect that we should comply with all the policies pursued by members.

Another reason may be that officials adhere to their vested interests and mistrust councillors' competence in the management of local affairs. This view is supported by a case which was sent to the court in September 1992²⁰. In Chongju local government, the local council requested a release of administrative information and was refused by the executive branch. After more than two months of dispute, the case was sent to court by councillors. This Chongju case was a typical example in which officials show mistrust of the unpaid 'amateur' politicians adhering to their traditional inertia. As generally acknowledged, it is difficult for amateur politicians to meet the professional expert on anything like equal terms: knowledge of particular areas, length of service and so on. They are unable to grasp much of the complexity of local business, and inescapably rely on officials' advice to a great extent.

A more recent development is the increasing tension between local councils and central authorities. In August 1991 a national association of chairmen of local councils was constructed. This association has frequently been mobilised to confront central intervention since that time. Quite recently, the members of this association had an emergency rally and agreed to refuse the annual inspection by the National Assembly²¹. This decision had serious implications since the National Assembly conventionally had the power to inspect local authorities every year. During the 1992 inspection period, notable conflict took place in many localities. The strategy of councillors was to pre-occupy inspection sites and to convene related officials for advice. Councillors' arguments were that 'local administration should be responsible to the locally elected bodies'.

20. *Chosun Ilbo*, September 30, 1992.

21. *Chosun Ilbo*, October 17 and 18, 1992.

'An Admission Valve' for the Local Elite

It was the local elites who were most interested in local elections throughout the process of reform. Though the interest of the general public decreased during the inter-party bargaining process (55 per cent turn-out in the basic-tier and 58.9 per cent in the large-tier elections), considerable interest had been shown by the local elites who basically wished to participate in the management of public affairs. In particular, those who were willing to enter national politics but did not have enough resources became the candidates in local elections. Table 6-3 lists the occupational background of local councillors elected for large-tier authorities in June 1991. The table indicates that local councillors are mostly from an upper class background and that the local councils are composed largely of local business interests. Apparently, the interests of *Botong Saram* (ordinary people) are under-represented in the composition of local councils. In this vein, commentators argue that the future of the reforms is partly clouded by the interests of local bourgeois, and *Botong Saram* seem to be estranged from the councillors they voted.

<Table 6-3> *Occupational Backgrounds of Elected Members*

Rank	Category	N	Percentage
1.	Commercial Business	151	17.4
2.	Agriculture	108	12.5
3.	Construction Industries	107	12.4
4.	Manufacturing Industries	74	8.5
5.	Politicians	67	7.7
6.	Transport Companies	42	4.9
7.	Salariat	27	3.1
8.	Fisheries and Marine Product Industries	20	2.3
9.	Mining Industries	9	1.0
10.	Education	6	0.7
11.	Non-Profit Corporation	6	0.7
12.	Lawyer	4	0.5
13.	Publishing Companies	3	0.4
14.	Others	169	19.5
	Total	866	100

Source) Central Election Management Committee, *Election Management*, vol 37, 1991, p. 69.

Local Officials' Assessment

Finally, what follows is local officials' assessment of the 1992 reforms. The intention is to evaluate the changes taking place in local authorities through the eyes of policy actors who are working at the cross-roads of policy-making. This would be another vantage point from which to assess the working practices of local authorities after the reforms. During the empirical survey period for this study, an open-ended question was given to 235 local officials asking their opinion on the 1991 reforms. An open-ended item is one to which the respondent is free to respond in his or her own words (de Vaus, 1991, 87). The question supplies a frame of reference but puts a minimum of restraint on the respondent's answer. The point of this open-ended question method is its flexibility. The respondents can present their views as they emerge without being constrained by the need to adhere rigidly to previously set items and scales.

Understandably, in this study, the response rate to the open-ended question was much lower than to closed questions. 56.2 per cent of respondents (132 out of 235) gave their views on the changes resulting from the reforms. Table 6-4 summarises the responses given by the local officials. From their views it is possible to see what consequences the reforms have had for local government.

The table seems to encompass a wide range of opinions. There is an interesting pattern to be seen in the responses of local officials. It seems that slightly more than half of the respondents (79) regard recent changes as desirable and 53 lament the by-products of the reforms as they appear in practice. Positive responses are made by the officials who have political values foremost in their mind and negative assessments are given by the officials who stick to the questions of practicality. First, a lot of officials call attention to the fact that the local reforms have positive implications for political values such as democratic control and responsiveness. For instance, "citizens' voices are heard in the budgetary process", "more concern is given to the regional affairs" "higher priority is drawn to welfare issues" and "increasing significance of policy

effectiveness is recognised". Even when the respondents say that "unnecessary spending is prevented and rationality increased", the term rationality is used to refer to political rationality rather than cost-effect rationality.

<Table 6-4> *Responses to Open-Ended Question*

Rank Order	Responses	N
1.	Expenditure process complicated and more work burden	26
2.	Citizens' voices heard in the budgetary process	19
3.	More prudence in budget-making	12
4.	Increasing concern on the effectiveness of policy	10
5.	Higher priority on welfare policies	9
6.	Harmony between administrative professionalism and political control	9
7.	Equal distribution of resources between regions	8
8.	Increasing difficulty because of councillors' insufficient competence	8
9.	Unnecessary spending prevented and rationality enhanced	7
10.	More time-consuming	5
11.	More consideration of the local circumstances	5
12.	Councillors' wishes to be a privileged class	4
13.	Budget cutting by the councillors regardless of the policy goal and size	4
14.	No councillors' activity found outside the council meetings	4
15.	No change found	2
Total		132

On the contrary, almost all the negative evaluations made by officials are concerned directly with either their increased work burden or with the councillors' activities. It may be that the officials' lamentation on their increased work burden is closely related to their criticisms of councillors. More than anything else, councillors come under criticism for their alleged inefficiency and profligacy. Councillors exert pressure on the departments by asking for "unnecessary advice" and "cutting the necessary budget of departments" "without professional knowledge of policy goals and size". The same kinds of thought are put forward by interviewees, which will be discussed in chapter Eight. Last, some scepticism is voiced by respondents about councillors' self-interested activities. For example, "no individual roles are found outside the council meetings" while "only wishing to be a privileged class" in the local community.

6.6. CONCLUSION

The aim of this chapter was to depict the background of the 1991 local government reforms in Korea. The social and political context of decentralisation was explained and several changes which resulted from the reforms have been examined. The chapter consisted of two parts. The first section described the general environment which had accelerated decentralisation during the period of the last three decades. Korean local government was placed within the context of the society in which it operates. The historical seeds of decentralisation were traced back to the 'development era' and more details were examined from the viewpoint of political democratisation movements and administrative overload. The second part of the chapter reviewed the 1991 local government reforms in terms of the process of decentralisation, main issues of the reforms and the changes and continuities after the reforms. Finally efforts were made to evaluate the consequences of the 1991 reforms through the eyes of local

government officials. Overall, there is an interesting pattern to be seen in the evaluation of recent changes by local officials. The changes resulting from decentralisation seemed to be admired in political terms but partly criticised in terms of their effect on administrative practices. Tensions appeared in the ambiguity of local councillors' roles and responsibilities. However, the main source of problems may be a result of the lack of pre-existing traditions and experiences. Therefore, local authorities in Korea are likely to serve better not only political democratisation but also administrative efficiency in the future. Local policy-making will be explored in more detail in the following chapters by analysing policy variations between localities.

CHAPTER SEVEN: OUTPUT ANALYSIS OF SOCIAL POLICIES IN LOCAL GOVERNMENT

7.1. INTRODUCTION

Chapter Five has already developed a two-stage approach to analysing local service distribution. This chapter, as the first part of the two-stage approach, aims to analyse the outputs of Korean local expenditure decisions, particularly concerning social policies. It provides an analysis aimed at identifying how the outputs of local service distributions vary. This output analysis is of importance for several reasons. It will not only provide comparable information on the variation of service distribution between local authorities but will also clarify the ultimate effects of procedural factors on policy outputs. In addition, in this study, the output analysis will be used to select two local authorities which will go forward for intensive study at the second stage. The output analysis, therefore, can be the starting point of a cross-sectional analysis of local service distribution.

Before proceeding to the determinants of local service variation, it is necessary to identify the general extent of variations of local expenditure. Table 7-1 illustrates some basic statistics for spending variations across the localities in 1992. Only a glance at the table is sufficient to show how total and social expenditure vary between different localities in Korea. Since the absolute amount of total and social spending is not very helpful for comparison (Hoggart, 1989, 35), total and social expenditure is presented as a percentage of the local budget. There are noticeable variations from locality to locality, for instance, with a variation coefficient of 2.909 in environment. The figures for the coefficient of variation (c.v.) in the first column show the extent to which social

expenditure clusters around the same level between localities. C.V. is S (s.d.) divided by \bar{x} . So the lowest value of c.v. is 0 and thereafter a lower c.v. indicates greater similarity in social spending.

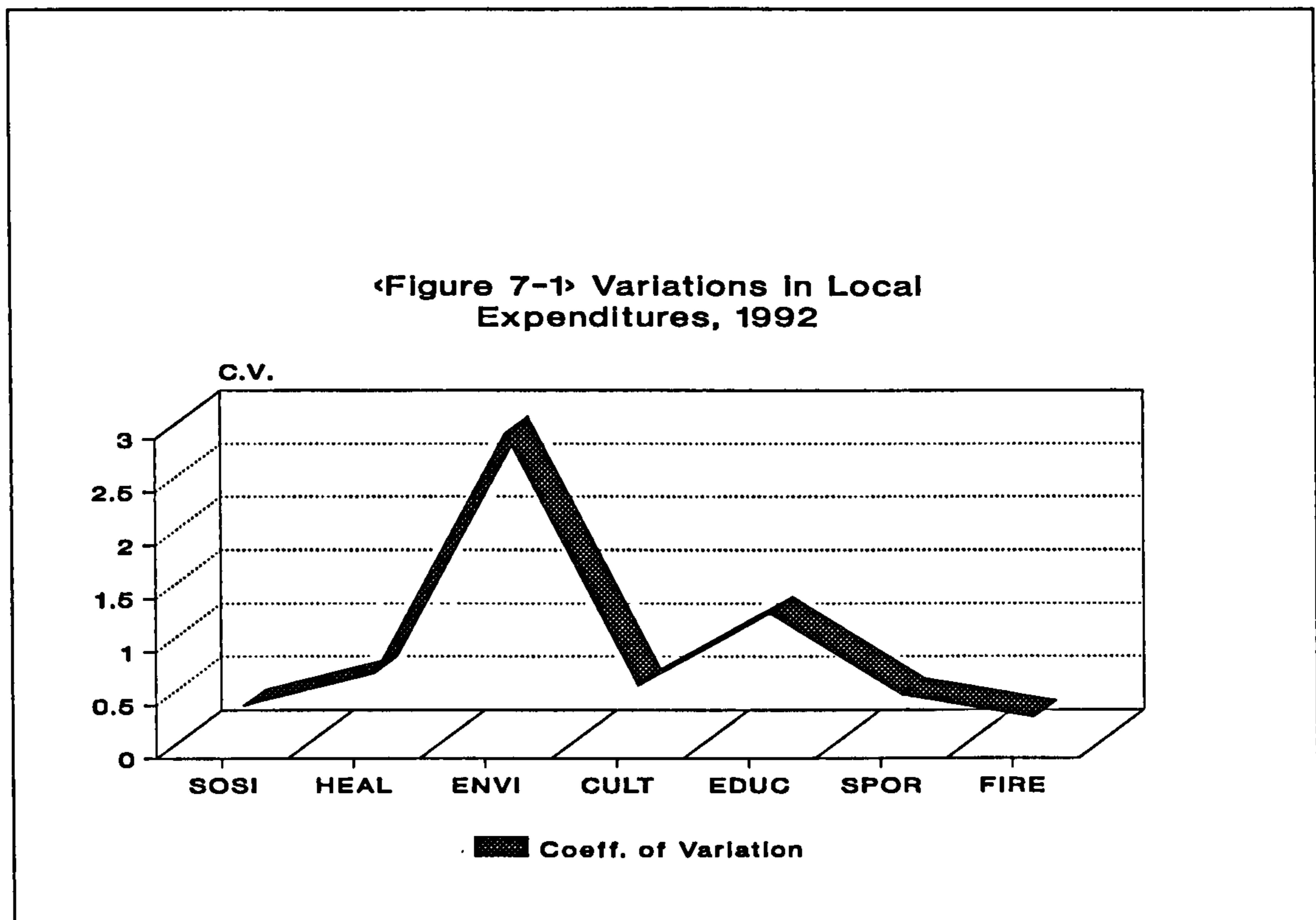
As can be seen in Table 7-1, variations in the social policy area between localities in 1992 are larger than in other policy areas. Four distinctive trends emerge from the table. First, variations in the social policy area range from 0.237 to 2.909. Apparently this spread is wider than those of other policy areas such as regional development and general administration expenditure. This indicates that social policy expenditure is decided with more diversity between local authorities.

<Table 7-1> *Variations in Local Expenditures (%)¹, 1992*

	C.V.	StdDev	Mean	S.E. Mean
DIVI SOPO				
SOCI	0.348	3.582	10.302	0.925
INDI SOPO				
HEAL	0.652	1.941	2.977	0.501
ENVI	2.909	1.696	0.583	0.438
CULT	0.536	1.188	2.217	0.307
EDUC	1.215	3.125	2.573	0.807
SPOR	0.450	0.648	1.297	0.167
FIRE	0.237	0.704	2.975	0.182
COUN	0.472	2.079	4.407	0.537
GENE	0.473	4.254	8.997	1.098
INDU	0.662	13.405	20.253	3.461
REGI	0.305	7.876	25.844	2.033
OTHE	0.451	9.645	21.383	2.490

Note) DIVI SOPO: Divisible Social Policy, INDI SOPO: Indivisible Social Policy, SOCI: Social Service, HEAL: Health, ENVI: Environment, CULT: Culture, SPORT: Sports, EDUC: Education, COUN: Local Council, GENE: General Administration, INDU: Industrial & Economy, REGI: Regional Development, OTHE: Others.
Source: MHA, 1992.

1. Policy areas are basically categorised upon the official classification of Korean government. In terms of expenditure, which is the focal point of this study, local policies are officially categorised into six groups in Korea: Local Council Expenditure, General Administration Expenditure, Social Welfare Expenditure (including Culture, Sports and Fire Expenditure in this study), Industrial and Economic Expenditure, Regional Development Expenditure, and Others.



Second, within the social policy area, the variations in divisible service² (social service) are far narrower than in indivisible social policy sectors. The c.v. in social service which is the single divisible social policy is 0.348. This c.v. is second only to the fire service (0.237) within the whole social policy area. This implies that all the local authorities spend a similar percentage of their budgets on divisible social policy. The reason may possibly be that the central government influences the distribution of divisible social services by imposing general standards of provision. This result could mean that the overall variations in local policy areas cannot be seen as evidence of local autonomy³.

2. The distinction between divisible and indivisible services was discussed in chapter Four. Indivisible services refer to the collective services whose costs and benefits are city-wide, and available to any person or resident who wishes to make use of them. In this study, what are termed indivisible services include education, environment, fire, parks, library services.

3. It is a specific policy sector, for example social service within the social policy area in the case of Korea, that the central government attempts to ensure certain standards of service provision in local authorities. Therefore, the overall extent of service variation says little about the extent of central intervention.

Third, a huge difference is found between the highest and the lowest spenders within the indivisible social policy area. Environment records the largest variance in local budgets at 2.909 and education the second largest at 1.215. The high c.v. in these two services indicates more diversity in the provision of these two services between local authorities. In other words, environment and education are less standardised than any other social policy sector which is publicly provided by local authorities in 1992. At the other end of the scale is the fire service among indivisible social policies. It follows that the fire service has the strongest tendency to cluster around the average level with the smallest inter-local disparities.

Fourth, the mean score appears highest in the social services sector within the social policy area accounting for more than 10 percent of the local budget on average. Nearly half of the social policy budget goes on the social services which are basically provided for people in extremely difficult physical and financial situations. In contrast, only 0.583 percent of the local budget is distributed to environmental services including parks and green space.

The following section of this chapter examines the sources of variation in policy outputs in Korean local government. Basically, the political process is left for the process approach of the next chapter, and the independent variables are categorised into four groups here for the output analysis: financial sources, socioeconomic variables, urban hierarchy theory and incrementalism.

7.2. EFFECTS OF FINANCIAL SOURCES

Variations in Financial Sources

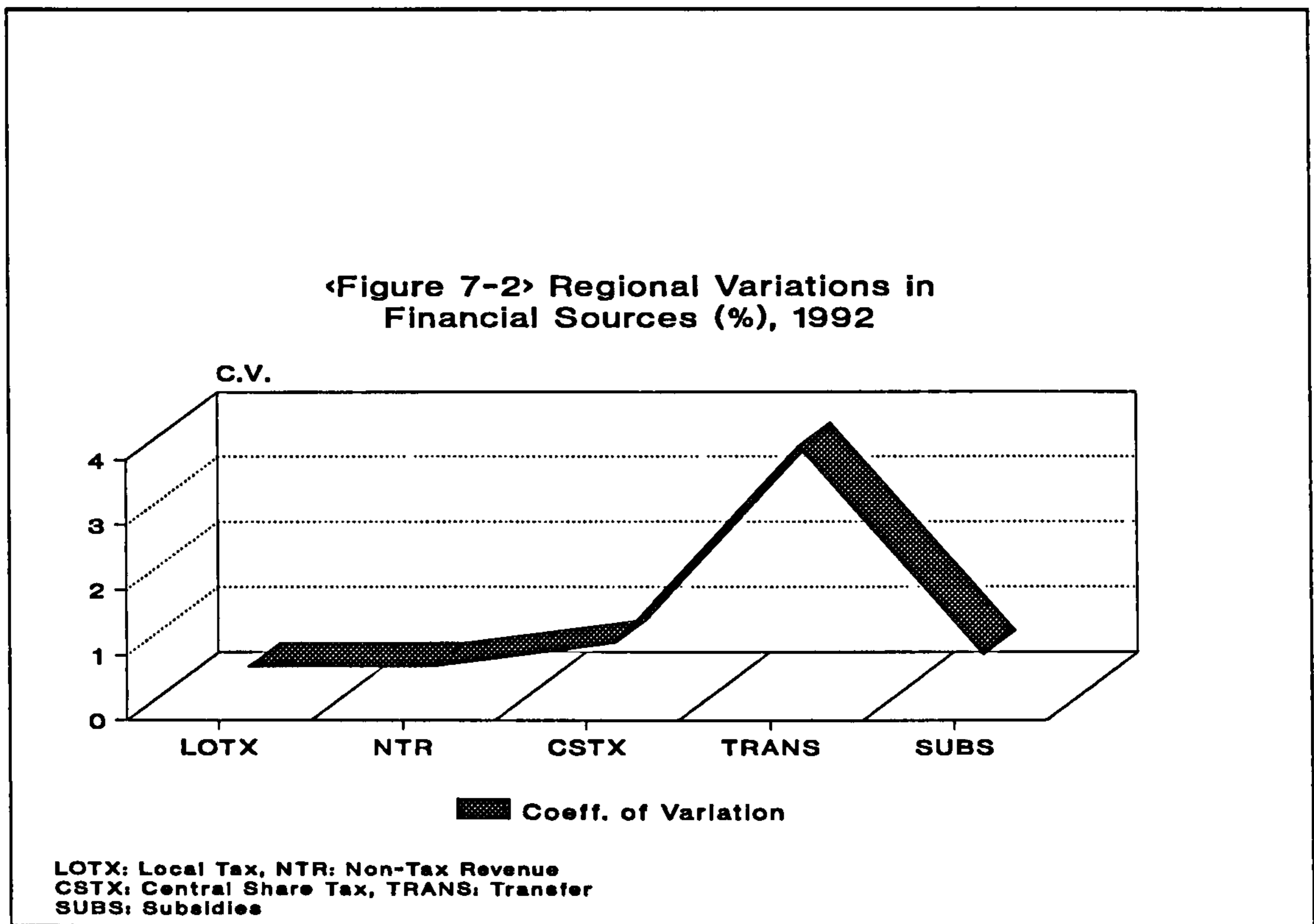
The source of finance usually examined in output analysis has been central grants. Research in this area has investigated the inter-relationships between local

expenditure variations and the central grant (Gibson, 1982, 17; Boyne, 1990, 218). Changes in central grant are assumed to create corresponding changes in local autonomy. More specifically, it has been argued that the central grant is the main mechanism of central intervention and, therefore, variations in local expenditure could be evidence to prove the absence of central control and vice versa. Based on this assumption, there have been a lot of pro- and counter-arguments in the tradition of the agent-partnership debate. However, the conventional wisdom of this debate has merely produced a conventional critique failing to go beyond the rather limited parameters of agency and partnership (Duncan and Goodwin, 1988, 31). The myth of central grant has masked not only the impact of other financial sources but also different spheres of central-local relationship such as constitutional, legal and political initiatives. The assumption that the variations in local spending can be taken as evidence of the absence of central control itself seems also highly questionable.

Basically, the financial resources which local governments allocate for their policies come from five sources in Korea: local tax, non-tax revenue, central grant, transfers and subsidies. As in Britain, the local tax and non-tax revenue are locally raised finance whereas the central grant and subsidies are both provided by the central government. In this case, the only difference between the last two is that while the grant is included in the general accounts the subsidies are classified as special accounts which are designated for specific policy objectives.

Table 7-2 summarises the regional variations (coefficient of variation) in financial sources as of 1992. Coefficient of variance indicates standard deviation divided by the mean and thus a lower c.v. indicates greater similarity in expenditure patterns on social policies. The standard deviation in the table is calculated from the s.d. $(S) = \sqrt{\text{Variance}} (S^2)$ indicating the range of dispersion between localities. The mean score refers to the average percentage of each financial source in the local budget. As can be seen, the largest part of the local budget comes from local tax which accounts for 41.925 percent of the total local budget on average. The non-tax revenue is second only to the local tax showing a mean score of 20.393 percent. The subsidies which are specified for a certain policy

programme by central government rank as the third most important financial source for local government (19.911 %). However, in the case of cross-regional variation, transfer payments record the highest c.v. at 3.874 implying that the ratio of transfers is widely different from locality to locality at its face value. The c.v. of transfers seem to be exaggerated because they only account for an extremely small portion of the local budget, as indicated by the mean score of 0.388 percent. An extravagant difference (20.720 %) is identified in local tax albeit it has low c.v. at 0.494 percent.



<Table 7-2> Regional Variations in Financial Sources (%), 1992

	C.V.	StdDev	Mean	S.E. Mean
Local Tax	0.494	20.720	41.925	5.350
Non-tax Rev	0.487	9.930	20.393	2.564
Cent Share Tax	0.848	15.290	18.029	3.945
Transfer	3.874	1.503	0.388	0.388
Subsidies	0.670	13.928	19.911	3.596

Source: 1992 Chibang Chachi Tanche Yesan Kaeyo (Summary of the 1992 Local Government Budget), Ministry of Home Affairs, Korea, 1992.

The next table, Table 7-3, illustrates the correlations⁴ between financial sources and social policy spending. Divisible social policy is positively correlated with subsidies and central share tax. The table shows correlation coefficients of .8375 with subsidies and .7412 with central share tax respectively. Divisible service is notably associated with the financial sources provided by the central government in Korea. This result seems to be in line with the previous result on the small variation in the divisible social policy sector. This evidence supports an extended interpretation that divisible social policy is fairly dominated by central standards and financed mainly by central government. On the contrary, a negative relationship with divisible social policy is found in relation to local tax. Table 7-3 shows a correlation coefficient of -.8365 between the two. There is an exactly reverse relationship between the local tax, and the subsidies and central share tax <see Table 11-7 in Appendix 1>. This implies that those local authorities which do not have enough financial sources are supported by the central budget to meet the minimum standard on divisible service provision.

<Table 7-3> Pearson Correlation Coefficients between Social Policy Expenditures and Financial Sources, 1992

	LOTX	NTR	CSTX	TRAN	SUBS
DIVI SOPO					
SOCI	-.8365**	-.5755	.7412**	-.1670	.8375**
INDI SOPO					
HEAL	.5998*	.0363	-.3978	.1244	-.5248
ENVI	.2689	.3817	-.2369	-.0951	-.2863
CULT	-.2841	.1133	.3071	-.4578	.0746
EDUC	.8759**	.4617	-.7740**	.4786	-.7942**
SPOR	.1687	.7570**	-.3212	-.2296	-.4093
FIRE	-.1380	-.3517	.3421	-.2102	.1011

Note 1) NTR: Non-Tax Revenue, CSTX: Central Share Tax, TRANS: Transfer, SUBS: Subsidies.

Note 2) 1-tailed Signif: * indicates significance at .01 and ** at .001.

Source: MHA, 1992.

4. Pearson correlation is a typical technique which is used to identify the strength of relationship among parametric data (Selkirk, 1979). Like the concept of association, correlation involves both a relationship and the concept of quantification of the *strength* of relationship (Graft, 1985, 75).

In the case of indivisible social policy, education and health show highly positive associations with local tax. Education spending has a correlation coefficient of .8759 and health has that of .5998 in relation to local tax. This means that decision-making in education and health is strongly affected by the local tax in Korean local governments.

On the other hand, negative correlations with education are found in relation to subsidies (-.7942) and central share tax (-.7740). It constantly appears that the local tax is closely related where the subsidies and central share tax say little about service variation.

OLS Regression Analysis

The effects of financial sources on local spending are now examined by stepwise OLS regression analysis. Regression analysis makes it possible to identify the relative explanatory power of a set of dependent variables on a single independent variable. It quantifies the *direction of causality* (Graft, 1985, 75; de Vaus, 1991, 184) between related factors⁵. Table 7-4 lists the results of regressing the financial sources on the seven social policy areas. What the raw figures (regression coefficients R^2) mean here in the following table is the percentage of the variance in social expenditure explained by each financial source. Comparisons are made between divisible and indivisible social policies. For the purpose of extended comparison, regression is also conducted on the other five policy areas: council expenditure, general expenditure, economic and industrial expenditure, regional development expenditure and other spending.

First of all, within the social policy area, the expenditure variations in divisible social policy are explained slightly better than indivisible social policies by the variation

5. Regression can be used when both the independent and dependent variables are interval measurements. It should be borne in mind that it cannot be used to measure the strength of a relationship.

in financial sources. The results of regression analysis suggest that financial sources explain around 70 percent of the variations in social services and from 35.9 up to 76.7 percent in indivisible social policies. More detailed observation indicates that the explanatory power of financial sources comes mainly from the effects of subsidies in the case of divisible social policy sectors. Central share tax, which appeared to be important in the previous correlation analysis, is excluded here because of the problem of multicollinearity⁶. Within the field of indivisible social policy sectors, the expenditure variations in education are highly influenced by variation in financial sources. Education is the social policy sector whose variation can best be explained by financial sources in local government. R^2 records .76723 in education indicating that around 77 percent of variances are explained by the financial sources in that policy area. The variable which is included in the equation <see Appendix 3> is the local tax. This confirms again what emerged from the previous correlation analysis. Both results imply that the main financial source for education spending is local tax.

Secondly, no statistical correlation is found between expenditure and source of finance in three services: fire, environment and culture. The variability in these three services is not linked to the differential incidence of the financial sources. One plausible explanation is that fire, environment and culture are very much standardised across the localities and provided by public authorities regardless of the different composition of financial sources. Table 7-1 supports this explanation by showing little variance between different localities in the case of fire (c.v. 0.237) and culture (c.v. 0.536). These C.V.s are much lower than those of education (c.v. 1.215) and environment (c.v. 2.909). Expenditure variations in these policy areas must be explained by factors other than financial sources in local environments.

Thirdly, compared with the industrial-economic policies, the variation in social policy spending appears to be less influenced by financial sources in local government.

6. Multicollinearity exists where a subset of the independent variables is almost linearly dependent. Its main effects are a) a loss of precision in the estimates b) sensitivity to particular sets of observations- a little more information might lead to a dramatic change in the value of the coefficient (Reason, 1983, 50).

Table 7-4 displays the percentages of variation in industrial-economic policies which can be explained by financial sources. The strongest impact of financial sources is found in the industrial-economic policy (with the regression R^2 of .91957). More than 90 percent of variation in industrial-economic spending is accounted for by financial sources. The average variation in spending on social policies explained by financial sources generally remains far lower than this. For example, education which records the highest R^2 (.76723) in the field of social policies, is explained by the financial sources 15.2 percent less than in industrial-economic policies. It follows that policy variations in the social policy area are less influenced by financial sources than those in the industrial-economic policy area.

<Table 7-4> Results of OLS Regression: Percentage of the Variance (R^2) in Social Policies explained by Financial Sources, 1992

Expenditure Area	Multiple Regression R^2
DIVI SOPO Social Service	.70149 (.0001)
INDI SOPO	
Health	.35973 (.0181)
Environment	* (p>.05)
Culture	* (p>.05)
Education	.76723 (.0000)
Sports	.57305 (.0011)
Fire	* (p>.05)
COUN	.63463 (.0004)
GENE	* (p>.05)
INDU	.91957 (.0000)
REGI	.56516 (.0012)
OTHE	.50706 (.0029)

Note) * refers to the cases in which PIN reached 0.050 limits in stepwise regression. For the variables in the equation, see Appendix 3.

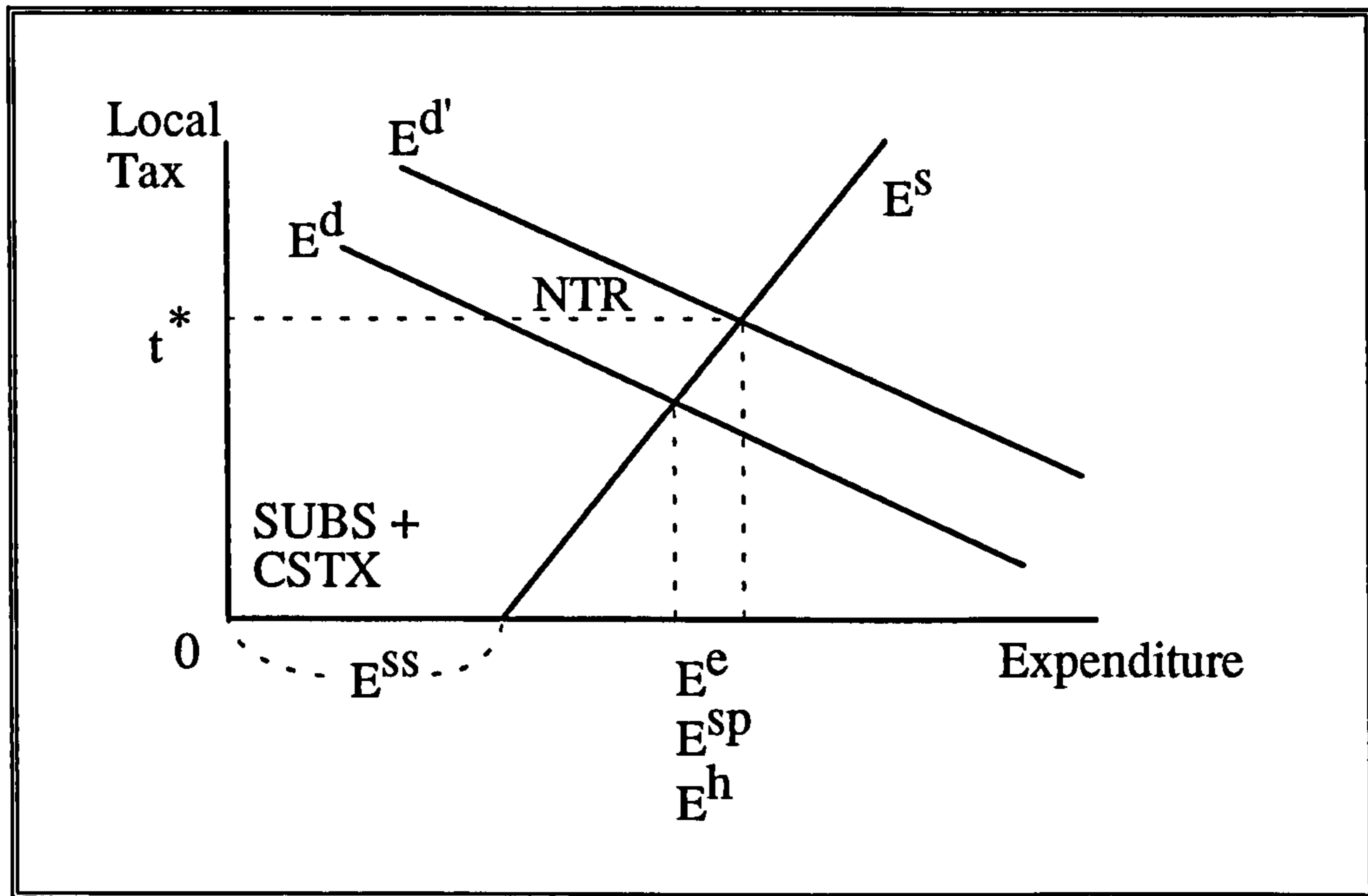
Nevertheless, it can be concluded that the effects of financial sources are apparent on social policies in Korean local government. In particular, subsidies have a noticeable influence on social services, which is the only divisible social policy, and

local tax on education which is an indivisible social policy in Korean local government. In addition, spending on sports is closely related with non-tax revenue, and health expenditure is slightly correlated with non-tax revenue. The local social policies whose expenditures are not associated with financial sources are fire, culture and environment. In the case of fire, the level of service provision is more or less standardised (c.v. 0.237) regardless of financial sources. However, despite the huge variation between localities, environment does not show any notable relationships with financial sources. It seems that environmental policy is more strongly influenced by other variables in Korean local authorities.

Finally, the major findings outlined above can be illustrated graphically here. In chapter Four, a hypothetical model was introduced (Figure 4-1). It will be useful to use this model to explain the major findings of this empirical analysis. Figure 4-1 should be amended and extended to incorporate the linkages between financial sources and expenditure area in Korean local government. Figure 7-3 below shows the linkages which emerged from the analysis of relationships between financial sources and spending areas. In the figure the vertical axis is allocated to the local tax element since the local tax is often taken as the most serious element in local financing-spending decisions, especially when local government is treated as a corporate entity like in this study.

In Figure 7-3, the demand for expenditure (E^d) illustrates the inverse relationship between central subsidies and local tax. This indicates that central subsidies are mostly distributed to the localities which do not have financial resources for nationally imposed policy programmes. On line E^s NTR is a locally raised finance which differentiates the gap between the line E^d and $E^{d'}$ in the figure. An increase of NTR leads to an increase of service provision with a same level of local tax t . The figure demonstrates some relationships between financial source and local service provision in Korea. An increase of SUBS and/or CSTX is positively related to the increase of social service expenditure. Similar relationships are presented by the figure between NTR and E^{SP} and between local tax t and E^e and E^h .

<Figure 7-3> An Extended Model on Financing-Spending Relationships in Local Government of Korea



Where;

NTR non-tax revenue

SUBS Subsidies

E^S the supply of expenditure

E^e expenditure on education

E^h expenditure on health

CSTX central share tax

TRANS transfers

E^d the demand of expenditure

E^{SP} expenditure on sports

E^{SS} expenditure on social service

7.3. IMPACTS OF SOCIOECONOMIC VARIABLES

Socioeconomic Variables

In this study, nine socioeconomic variables are selected. The explanatory power of these nine variables is examined in the output analysis of local service distribution in Korea. All these variables are found most often in the output analysis of local service

distributions as listed in chapter Three. They are typical examples of the socioeconomic variables most commonly employed in the socioeconomic analysis of local service distributions. The following table shows the independent variables which are used to explain budgetary decision-makings in this study. First of all, nine variables are illustrated with their regional variations. Again the coefficient of variation (c.v.) indicates the extent to which social expenditure clusters around the same level between localities. A lower c.v. implies greater similarity in a given socioeconomic variable and vice versa. Population density shows the highest level of variation from locality to locality (c.v. 1.681). The second largest variation is found in Democratic Party control (1.543) and the third in Independent Party control (c.v. 0.862). The c.v. of saving is 0.850 and that of Democratic Liberal Party (DLP) control is 0.554 respectively. On the other hand, regional variations are extremely small in the case of school-aged population (c.v. 0.064) and turnout in election (c.v. 0.113) indicating few differences between localities in these variables.

<Table 7-5> *Regional Variations in selected Variables, 1992*

	C.V	SteDev	Mean	S.E. Mean
Pop Density	1.681	4699	2795	1213.392
% Elderly	0.288	3.470	12.601	0.896
% School-aged Pop	0.064	1.872	29.067	0.483
% Car Ownership	0.480	11.351	23.651	3.423
Saving ¹	0.850	3618	4254	934.277
Turnout	0.113	6.977	61.840	1.801
% DLP	0.554	33.534	60.520	8.658
% DP	1.543	35.571	23.053	9.184
% INDP	0.862	14.075	16.327	3.634

Note 1) Korean *Won* (Thousand).

Note 2) Pop: Population, DLP: Democratic Liberal Party, DP: Democratic Party, INDP: Independent Party.

Source: *Chiyok Tongkye Yonbo* (Regional Statistics Year-book 1992), Bureau of Statistics, Korea, 1992; *Management of Election*, Central Council of Election Management, Korea, 1991.

The next step is to correlate the selected socioeconomic variables with the sub-areas in social policy⁷. Table 7-6 contains twenty seven correlation coefficients between the socioeconomic variables and social policy sectors. The first feature of Table 7-6 to be noted is that expenditure variations in social services are negatively correlated with three variables; the percentage of car-ownership, the population density and the relative proportion of council seats occupied by DLP. This comes, more than anything else, from the fact that social services in Korean local government are mainly divisible services provided for those in difficulty. Therefore, social services are less needed in better-off localities and in highly populated areas which have benefited from urbanisation in Korea. This inference is again supported by the fact that a highly positive correlation appears between social services and the proportion of elderly people. Elderly people are the main beneficiaries of the divisible social services in local authorities of Korea. Secondly, health and environment spending similarly exhibits positive correlations with the population density, the per capita saving and the proportion of car-ownership. This means that the more affluent the residents of an authority, the more likely they are to spend on such things as health and environment. Needless to say, health and environmental services are indivisible services provided collectively by local government. Thirdly, education seems to be positively correlated with saving and the proportion of car-ownership while having a negative relation with election turnout and the proportion of elderly people. What is meant by this is that education is given a higher priority in more affluent localities. This result is in line with

7. Correlations between these socioeconomic variables are presented in Appendix 1 (Table 11-8). Eight correlations appear significant in the table. The variable 'saving' shows positive correlations at extremely high levels in relation to 'population density' (.9372) and 'car ownership' (.8051). (There is the problem of multicollinearity in multiple regression analysis between those variables.) Those localities which are highly populated seem to be economically prosperous, and the variable of car ownership can be taken as a good indicator of the living standard. Another positive correlation is found between 'turnout' and 'proportion of elderly people' and between 'control of independent' and 'turnout'. These results are in line with the negative correlations appearing between 'car ownership' and 'proportion of elderly people' and between 'turnout' and 'car ownership'. Car ownership was mentioned above as a good indicator of the living standard. Therefore, it follows that those localities which have a high percentage of elderly people are economically worse-off but politically participant at least in electoral events. The wealthier a locality is, the less interests the residents of the locality have in local elections.

the analysis of financial sources where education spending was closely associated with locally-raised revenues. Fourthly, culture and sports are the policy sectors in social policy which do not show a relationship with the selected socioeconomic variables in Table 7-6.

Three main points emerge from these results. Not surprisingly, population density shows an extremely high correlation with health and environment expenditures. As can be seen in the table, the correlation coefficients are .9666 and .8711 respectively. Secondly, of much greater significance, is the fact that political party control appears to emerge as being a weak variable. This feature contrasts sharply with the British evidence which shows that party politics makes a difference to local spending (Alt, 1971; Hoggart, 1987; 1989). Almost all studies of budgetary outputs in the U.K. have found local expenditure on service provision to be related to party control. For instance, the strength of relationship obtained by Hoggart was always a strong one (R^2 coefficients were almost invariably over 0.90). Alt (1971) also concludes that Labour authorities spend more than Conservative ones in such areas as housing, education, and health and less on the police service. In Korea, party control does not show any systematic effects. This may be because parties offer no channel through which social groups can organise their political demands. Bureaucrats are instead likely to play the role of interest articulation on behalf of political parties.

Thirdly, the only correlation is found between DLP and social services. The presence of DLP is accompanied by a decrease of local spending on social services (-.7180). In other words, the more seats DLP has in a local council the smaller the budget likely to be allocated for social services. Here it is necessary to bear in mind that local authorities have little room for manoeuvre particularly in social services. This suggests that those localities in which DLP holds office are relatively well-off compared with other localities (See correlation matrix in Appendix 1).

<Table 7-6> Pearson Correlation Coefficients between Social Policies and selected Variables, 1992

	SOCI	HEAL	ENVI	CULT	EDUC	SPOR	FIRE
SAVING	-.5857	.9588**	.9741**	-.3768	7505*	-.1453	-.0900
% CAR	-.8305**	.8103*	.7082*	-.3464	.8320**	.3470	-.2276
% ELDER	.8100*	-.5208	-.3680	.3330	-.7765*	-.4617	.1419
% DLP	-.7180*	.2790	.1532	-.6664	.4698	.1882	-.1525
% DP	.5436	-.0444	.0345	.3815	-.1346	-.2575	-.2435
% IND	.2535	-.3953	-.3230	.4611	-.5581	.1342	.6932*
% TURN	.6842	-.5158	-.4063	.3804	-.7081*	-.4070	.5405
POPDEN	-.6962*	.9666**	.8711**	-.4471	.9228**	-.0187	-.1992
%SCHOOL	.6292	-.1879	-.1835	.1222	-.2164	-.4032	-.0328

* at .01 and ** at .001

OLS Regression Analysis

Table 7-7 lists the results of regressing the selected socioeconomic variables on each policy sector. The figures in the table are the R^2 showing the percentage of the variances explained by the selected socioeconomic variables. The table indicates that the impact of the selected socioeconomic variables is extremely high on expenditure variations in social policy. For example, more than 95 percent of variance in health, environment and education can be explained by the selected socioeconomic variables. More than 83 percent of spending variance between localities can be explained by those variables also in social services. Sports is the only social policy sector that shows no significant correlation in the social policy area. Spending on sports proved to be highly correlated with the financial source of non-tax revenue in the previous section.

<Table 7-7> *OLS Regression Results: Percentage of the Variance (R^2) in Social Policy Expenditures explained by selected Variables, 1992*

Expenditure Area	Multiple Regression R^2
DIVI SOPO Social Services	.83344 (.0008)
INDI SOPO	
Health	.98773 (.0000)
Environment	.97185 (.0000)
Education	.95905 (.0000)
Fire	.48055 (.0180)
Culture	.44409 (.0252)
Athletics	* (p >.05)
INDU	.81254 (.0012)
COUN	.71753 (.0010)
OTHE	.67814 (.0018)
GENE	.56144 (.0079)
REGI	.43583 (.0271)

Note 1) * refers to the cases in which PIN reached 0.050 limits in stepwise regression. For the variables in the equation, see Appendix 3.

In sum, four distinctive features emerge from the output analysis of local expenditure variations and socioeconomic variables in this study. First and foremost,

party control has no effects on spending variations between localities. This may be attributable to the lack of ideological differentiation between political parties. Second, living standards appear to be positively correlated with health, environment and education whilst negatively related to social services. What is meant by this is that the expenditure levels in education, health and environment continue to be higher in better-off localities. On the other hand, poorer localities are likely to concentrate their efforts on social services. Thirdly, population density shows extremely high correlations with both health and environment expenditure. Population density seems to exercise a noticeable impact on health and environment spending. Finally, it is worth noting that a high positive correlation appears between social services and the proportion of elderly people. It may be that social services are mostly distributed to the aged people in Korean local government.

To conclude, the explanatory power of the selected socioeconomic variables is higher than that of financial sources in this study. It is not surprising that most of the traditional output studies have attached more importance to socioeconomic environment rather than procedural politics within local government (Boyne, 1985b).

7.4. URBAN HIERARCHY EFFECT

Variables of Urban Hierarchy

In chapter Three, four sorts of urban hierarchy were identified in theoretical discussion. They were: 1) ecological hierarchy; 2) administrative hierarchy; 3) economic hierarchy; and 4) urbanity. Ecological hierarchy is extremely difficult to evaluate for present purposes since this study concerns a much larger locality than a single city. As explained earlier, ecological hierarchy is mainly about the hinterland

population. This concept would be appropriate when the unit of analysis is a city which has clear boundaries in relation to its hinterland. However, in this study, the unit of analysis includes several cities and this hinterland at the same time. As a result, the daily movement of people is mostly taking place within each locality except for special cases. Therefore, this study limits its scope to the other three concepts of urban hierarchy, namely administrative hierarchy, economic hierarchy and internal urbanity. Administrative hierarchy merely refers to the status of the locality (like special city, direct control city and ordinary province 'Do' in Korea). Economic hierarchy means the level of centrality in economic activities. As mentioned in chapter Three, it is based on the location of the headquarters of the largest business corporations. As of 1990, 77 percent of the 418 largest corporations in Korea had their headquarters in Seoul, 6.94 percent in Kyonggi, 5.02 percent in Pusan, 3.34 percent in Kyongnam, 2.87 percent in Inchon, 1.2 percent in Taegu and so on down the urban hierarchy⁸. The 15 localities are ranked, on the basis of economic hierarchy, according to the number of their corporation headquarters. Finally, urbanity⁹ is conceptualised mainly in terms of population density in this study. The differing notions of urbanity have created enormous difficulties of measurement. In this study, the concept of urbanity refers to 'the relative degree of *internal* service needs generated in highly *populated* cities' as mentioned in chapter Three. The other important notions of urbanity are reflected in the other concepts of urban hierarchy such as administrative hierarchy and economic hierarchy. For instance, industrial features are reflected in the notion of economic hierarchy. Thus, this study focuses on the notions of habitational characteristics, that is demographic features in the internal world of local community. Here

8. *Sanjang Hesa Survey* (Survey on Listed Companies), Daewoo Securities, Seoul, 1991.

9. Despite arbitrary definitions (Johnson, 1990, 4) the concept of urbanity has often been invoked in the area of planning. It is variously defined according to the emphasis of research. The concept includes three notions such as: (1) inhabitants (Bibby and Shepherd, 1990) (2) industrial structure (Ronnas, 1984, 9) and (3) social and cultural characteristics with an emphasis on the mode of living (Johnson, 1990, 5). For more details see Appendix.

population density is taken as an important measure of urbanity which indicates the level of internal service needs.

Table 7-8 lists the correlations between the rank-order in the urban hierarchy and the rank-order in service variation. The central concern of the table is to test the proposition that the higher the rank of the locality in the national pyramid, the greater local government expenditure is likely to be on certain services. This approach focuses on the ordinal features of service distributions found in localities. In other words, the ordinal formats of related data are more relevant to the original intentions of urban hierarchy theory than parametric formats of the data. For this purpose, the levels of service provision need to be transformed into a rank order. All the data used in this section were transformed into an ordinal scale which refers to the rank-ordering of selected localities in Korea. This ordinal feature (Graft, 1985, 90) of non-parametric data is accompanied by the use of Spearman's *rho* in analysis (Selkirk, 1981, 22; de Vaus, 1991, 187).

Turning to Table 7-8, several correlations are shown between the rank-orders of urban hierarchy and service provision. First of all, a glance at the table suggests that very constant relationships exist among the three measures of urban hierarchy. All of the social policy areas constantly show + or - correlation coefficients in relation to the three measures. This implies that there is a systematic linkage among the three measures of urban hierarchy¹⁰.

There is no discernable difference observable in the distinction between divisible and indivisible social policy sectors. The only point that is worth noting is the fact that, unexpectedly, social service uniformly shows a negative correlation in relation to all the indicators of urban hierarchy adopted in this analysis. The urban hierarchy theory basically concerns the indivisible social policy sectors. However, analysis shows that the high-ranking local governments in Korea spend less on social services which are basically divisible services for those in poverty. It may be that fewer

10. Among the three measures of urban hierarchy, each measure of urban hierarchy is strongly correlated with the others.

beneficiaries of social services live in the localities ranked high in terms of urban hierarchy. Like Western industrial countries, there is a problem of economic inequality between urban and rural areas in Korea. However, the existence of the inequality problem is usually the other way around in Korea. Urban areas have been benefited much more than rural areas from economic growth over the last decades.

<Table 7-8> Spearman's rho between Urban Hierarchy and the Percentage of Service Expenditure in Local Budget, 1991

	AD'VE HIERARCHY	NCH	URBANITY
DIVI SOPO			
Soc Service	-.77942**	-.73651**	-.81071**
INDI SOPO			
Health	.60622*	.26175	.53571*
Environment	.33605	.16516	.20423
Culture	-.27630	-.32312	-.19643
Education	.86603**	.61195*	.86429**
Sports	.28068	.03162	.20733
Fire	-.33404	-.13900	-.27500
Park	.62121*	.30986	.63271*
Museum	.45068	.04455	.23202
Library	-.56961*	-.17164	-.50402
COUN			
	-.66395**	-.68957**	-.75714**
GENE			
	-.21670	-.50048	-.33423
INDU			
	-.81119**	-.63045*	-.79212**
REGI			
	.67220**	.72567**	.77143**

Note 1) AD'VE HIERARCHY: Administrative Hierarchy, NCH: Number of Corporation Headquarters.

Note 2) ** at 0.01; * at 0.05

Among the indivisible social policies, education appears to be positively associated with all three measures of urban hierarchy. The higher a locality is in the urban hierarchy, the larger the proportion of its budget is spent on education. Parks¹¹

11. Here the use of this concept is based on the terminology adopted in the official publications. When the public authorities make a functional classification of local expenditures the parks cover a broad range of what may be called 'recreation'. In this study, the usage of the word also covers not merely the green space parks but also recreation facilities provided by the local authorities.

and health are also positively correlated with administrative hierarchy (.62121 and .60622 respectively) and internal urbanity (.63271 and .53571 respectively). The higher a locality is in the administrative hierarchy or urbanity, the larger the proportion of its budget that is distributed to parks and health. Overall, administrative hierarchy seems to explain more than economic hierarchy and internal urbanity. It is positively associated with education (.86603), health (.60622) and parks (.62121) whilst it has a negative correlation with social services (-.77942).

OLS Regression Analysis

Table 7-9 presents the percentage of spending variance in social policy sectors explained by the urban hierarchy. The table lists the results of regressing the rank-orders in the urban hierarchy on the rank-orders in the proportion of service spending in the local budget. Education (.74699) and social service (.65726) are well explained by the urban hierarchy theory. Around 74 percent of variations in education spending is explained by the urban hierarchy theory. On the other hand, no statistical significance is found in six social policy sectors (environment, fire, sports, museum, public library, and culture). In those social policy sectors, the results do not accord with the claim of urban hierarchy theory that a locality's national position affects its spending patterns, especially in what are termed indivisible services like parks, libraries, fire, police, sewage, highways, and planning. These services are named collective services by Hansen (1984, 344) because their costs and benefits are city-wide, and available to any person or resident who wishes to make use of them.

Three reasons why the urban hierarchy approach does not hold up in those social policy sectors can be suggested in this study. First of all, this may be attributable to the fact that local expenditure in each service area was based on the percentage of each sector's spending in the total local budget. The relative proportion shows relative efforts

of local authorities but may be muting the absolute size of local expenditure. If the data are based on per capita spending rather than the relative percentage in the local budget, the indicators of the urban hierarchy approach can explain more about the distribution of social services within a locality. Secondly, it may be partly due to the fact that certain services depend heavily on the private market in Korea. For instance, much of the library and museum services are provided by the private sector. The private provision of these services can distort the urban hierarchy effects reflected in the public budget.

<Table 7-9> Results of OLS Regression: Percentage of Variance (R^2) in Social Policies explained by Urban Hierarchy

Expenditure Area	Multiple Regression R^2
DIVI SOPO	
Social Service	.65726 (0002)
INDI SOPO	
Health	.38933 (.0129)
Environment	* (p>.05)
Culture	* (p>.05)
Education	.74699 (.0000)
Sports	* (p>.05)
Fire	* (p>.05)
Park	.41229 (.0099)
Museum	* (p>.05)
Public Library	* (p>.05)
COUN	.36981 (.0162)
GENE	* (p>.05)
INDU	.67228 (.0002)
REGI	.43302 (.0077)

Note 1) For the variables in the equation, see Appendix 3.

Lastly, the other possibility is that the effects of fast growing cities exceed the effects of urban hierarchy. Growing cities may have lower per capita spending than stable or declining cities if their resources lag behind the need for expenditure on urban infrastructure and if grant formulas lag behind changing circumstances (Aiken *et al.*,

1987, 351). Declining population is not necessarily accompanied by declining spending needs on infrastructure and social services¹².

7.5. INCREMENTALISM AS OUTPUTS

Magnitude of Change

Incrementalism has long been one of the familiar theories in budgetary analysis (Wildavsky, 1974; Rubin, 1989, 78). It is too often adopted in describing the politics of budgeting and sometimes in prescribing an alternative to the conflicts of the budgetary politics. Chapter Three has examined four differing definitions of incrementalism used by incrementalists. This surfeit of definitions makes incrementalism one of the most confusing themes when applied in empirical analysis. Chapter Three showed how different writers use the term to refer to different budgetary phenomena such the magnitude of budgetary change, the regularity of change, political adjustment and bounded analysis. The first two views appear in output analysis whereas the last two

12. To conclude, the empirical findings presented in this chapter suggest that the urban hierarchy approach is influenced by many factors. One of the factors may be the public/private distinction in a country. The results of this study did not accord with the claims of urban hierarchy theory in six policy sectors, such as environment, fire, sports, museum, public library and culture. Some of these services depend heavily on the private sector in Korea and this might distort the urban hierarchy effects reflected in the public budget. Second, the type of cities should also be considered influential in the provision of public services. Usually there is a kind of functional differentiation between cities within a horizontal dimension. It would not be appropriate to compare all the localities without giving consideration to their specific types. For instance, a resort place is likely to be different from an industrial city in its expenditure patterns. Third, what is more important is that urban hierarchy theory seems to be another version of output analysis on socioeconomic factors. Most variables which are considered crucial in urban hierarchy theory have been used by the socioeconomic approach in the tradition of output analysis. They include such factors as population movements, urbanisation, industrial structure and so on (see Table 3-1 in chapter Three). These socioeconomic variables are expressed as ordinal ranks in urban hierarchy theory. The concept 'urban' reflects the socioeconomic factors surrounding a certain locality and the term 'hierarchy' refers to the transformation of selected variables into rank-orders in a holistic sense. These points limit the theoretical value of the urban hierarchy approach in explaining policy variation in local government.

can be seen in the process approach. In this chapter, incrementalist features of local expenditure in the social policy area are examined in terms of 'incrementalism as output'. Incrementalism as process will be explored in the next chapter.

The data to be analysed are derived from the changes in the ratio of social policy expenditure to the total local budget. In analysing incrementalist features of policy-making, the choice of the unit of analysis is of great significance (Sharpe and Newton, 1984, 93). Smaller sub-service units are likely to experience sweeping changes and therefore incrementalism is scarcely observed. On the other hand, incrementalist features show up very well in large service units. As a hypothetical example, in this study, the choice of the whole local budget would show more incrementalist features than the budget of a sub-agency within the social policy area. This is because a large unit of analysis itself tends to obscure variations within a service category. By contrast, small agencies within a department are likely to show non-incremental changes in their budgets.

<Table 7-10> *Magnitude of Change in Social Policies*

Locality	85-86	86-87	87-88	88-89
Seoul	0.17	0.15	0.18	0.55
Pusan	0.25	0.31	0.58	0.35
Taegu	0.55	0.43	0.37	0.43
Inchon	0.70	0.21	0.47	0.43
Kwangju	*	0.43	0.71	0.57
Taejon	*	*	*	*
Kyonggi	0.40	0.41	0.28	0.15
Kangwon	0.07	0.46	0.23	0.08
Chungbuk	0.31	0.42	0.19	0.15
Chungnam	0.47	0.57	0.23	-0.14
Chonbuk	0.35	0.51	0.17	0.26
Chonnam	0.07	0.53	0.15	0.20
Kyongbuk	0.40	0.54	0.19	0.12
Kyongnam	0.35	0.65	0.27	0.19
Cheju	0.63	0.18	0.37	0.12

Note) * refers to the case wherein the administrative status of the local authorities was different.

Source: *Kyongje Tongkye Yonbo* (Economic Statistical Yearbook), EPB, Korea, 1991.

It follows that the selection of the unit of analysis is vital in the incrementalist approach. Neither total expenditure nor too small a sub-category is desirable. An extremity in the unit of analysis may lead to a pre-determined conclusion. Therefore, this study adopts an intermediate category as the unit of analysis rather than an individual social policy sector or the total local budget. The data are presented mainly for the social policy area here.

To take the magnitude of change as a starting point, Table 7-10 presents an analysis of the budgetary outputs in the social policy area. The figures presented in the table cover the period between financial years 1986 and 1989. The figures represent the magnitude of change (MC) which is the size of change (AC) in a given year's expenditure (E_t) divided by the previous year's expenditure (E_{t-1}). It goes, therefore, $MC = AC / E_{t-1} = (E_t - E_{t-1}) / E_{t-1}$. The results of analysis range from -0.14 (Chungnam in 1988-89) to 0.70 (Inchon in 1985-86) in the table. Here -0.14 means that expenditure on social policy area experienced a decrease of 14 % in a given year; 0.70 refers to an increase of 70 % in expenditure on the social policy area.

Attempting to interpret these figures again poses a fundamental problem with incrementalism: namely, the arbitrariness of deciding whether a result is incremental or non-incremental. A lot of previous studies suggest that the use of highly subjective criteria is unavoidable. This is one of the fundamental limits which have recurrently appeared in most incrementalist studies. In fact, Wildavsky (1974, 14) has set the parameter by asserting that any change is 'incremental' if it is within the range $\pm .3$ $ALLO_{t-1}$ (that is, the allocation level in year $t-1$). This was further narrowly operationalised by Danziger (1976a, 338) into three categories where 0.05 to 0.15 $ALLO_{t-1}$ is 'incremental', 0.16 to 0.30 $ALLO_{t-1}$ is 'relatively incremental' and 0.30 to 0.90 is 'non-incremental'. If we follow Danziger's operationalisation of incrementalism in this table, most changes in the social policy area fall into the classification either of 'non-incremental' or 'relatively incremental'.

Regularity of Change

Secondly, incrementalism in terms of regularity of changes can be seen again from the output analysis of local expenditure histories. Regularity of change refers to 'constant rate' of budgetary changes over the years in this study¹³. In order to compare the regularity of changes, variations of the change over years were expressed with the coefficient of variation (c.v.). C.V. is S (s.d.) divided by the mean value (\bar{x}). It is calculated from the data presented in Table 7-10. Here 0 refers to the case in which the rate of change is perfectly constant and incremental. A higher c.v. indicates greater difference in the regularity of change, and means non-incremental change in budgets. From this perspective, Table 7-11 shows that Taegu has had most incremental changes during the fiscal years from 1985 to 1989. Its c.v. records the lowest point (0.18) out of fourteen localities. Taegu is followed by Kwangju (0.25) and Pusan (0.38) in a row. At the other extreme is Kangwon Province showing the highest c.v. at 0.86. Chonnam and Seoul also show fairly high c.v. at 0.83 and at 0.73 respectively.

Table 7-11 presents a time-series analysis within each locality. In addition to this, another interpretation can be made based on the cross-sectional analysis at a given year. Table 7-12 shows the results of a cross-sectional analysis at each fiscal year from 1985 to 1989. The time-series analysis (Table 7-11) within a certain locality seems to display larger variations in c.v. than the cross-sectional analysis at a given year (Table 7-12). The cross-sectional analysis on the regularity of changes shows no single incremental case when judged by Danziger's standards. In this study, incrementalism is observed in the time-series analysis rather than in the cross-sectional analysis. This suggests that social policies of local governments may be similarly subject to 'situational contingencies' like economic growth and recession in a given year.

13. The term regularity of change is sometimes used to refer to the 'fair share' model in the empirical study of incrementalism. Its main message is that all related departments are likely to experience the same amount of increase or decrease in their budgets at a given year because of power balance and expectations. Whilst the constant rate model focuses on the time-series analysis of a departmental budget, the fair share model stresses inter-departmental comparison in a given year.

<Table 7-11> *Regularity of Change: Time Series in Each Locality*

Locality	C.V.	Std Dev	Mean	Range ¹
Seoul	0.73	0.19	0.26	0.40
Pusan	0.38	0.14	0.37	0.33
Taegu	0.18	0.08	0.45	0.18
Inchon	0.44	0.20	0.45	0.49
Kwangju	0.25	0.14	0.57	0.28
Taejon	*	*	*	*
Kyonggi	0.39	0.12	0.31	0.26
Kangwon	0.86	0.18	0.21	0.39
Chungbuk	0.44	0.12	0.27	0.27
Chungnam	0.57	0.20	0.35	0.71
Chonbuk	0.47	0.15	0.32	0.34
Chonnam	0.83	0.20	0.24	0.46
Kyongbuk	0.61	0.19	0.31	0.42
Kyongnam	0.54	0.20	0.37	0.46
Cheju	0.70	0.23	0.33	0.51

Note 1) Range is the difference between the maximum and the minimum in observed values.

Source: see Appendix 1.

<Table 7-12> *Regularity of Change: Cross-Sectional Analysis in Each Year*

	85/86	86/87	87/88	88/89
c.v.	0.58	0.37	0.54	0.63
Std Dev	18.27	15.14	16.91	16.74
Mean	31.46	41.43	31.36	26.71

The next step is an analysis on the explanatory power of the previous year's share of this year's budget. Equation 7-1 lists the results of regressing the 1991 share of the social policy budget on to that of 1992. The share of social policies is the percentage of those policies in the total local budget in a given year¹⁴. The result of analysis show R^2 at .65135 (.0003) and Beta weight at .80706. It follows, therefore,

14. However, in most empirical analyses, the budgetary data which are employed to establish the extent of incrementalism tend to be absolute budgetary figures. Such absolute figures, whether they are about the per capita expenditure or the share of a certain policy area, seem to be misleading. If this study adopts the absolute budgetary figures of social policies, the impact of the 1992 share is exaggerated a lot. A much higher effect is produced with R^2 at .99746 (.0000). In this case, the budgetary equation is $LESO_t = -7759.03 + 1.1779 * LESO_{t-1}$, where $LESO_t$ is local expenditure on social policies at year t.

that Equation 7-1 explains around 67 percent of the 1992 budget on social policies in Korean local government¹⁵.

$$\text{< Equation 7- 1> } LESO_t = 9.8183 + .68713 * LESO_{t-1}$$

where, $LESO_t$ is the percentage of social policy spending at a given year and $LESO_{t-1}$ is the percentage of social policy spending in the previous year.

7.6. CONCLUSION

An output analysis has been conducted in this chapter. The starting point for the empirical component of the chapter was an assessment of policy outputs as an explanation for inter-local variation in the social policy area. Expenditure variations in social policy sectors were examined using a more appropriate conceptual framework than is conventionally used to measure their effects on local policy variations. Four dependent variables were employed in this part including financial source, socioeconomic environment, urban hierarchy theory and incrementalism. The

15. Again, the analysis of incrementalism in this study addresses itself to two fundamental questions. The first is how incrementalism can be measured empirically. This question is about the difficulty in setting up the standards with which incrementalist features can be differentiated from non-incrementalist ones. It has been recognised as a highly subjective task by many researchers. As long as the judgement is highly subjective, any conclusion from future studies in the incrementalist tradition will unavoidably remain questionable. The second concerns the unit of categorisation in empirical analysis. Small size of service areas is subject to dramatic shifts of programme while the massive stability in large service categories obscures variations within sub-policy sectors. The choice of the size of research unit tends to have a decisive influence on the research findings. There has been differential support for the incrementalist thesis across different levels of analysis. It follows that different categorisations of service area can produce different conclusions even in a same locality.

percentages of variation in local social policies explained by each variable have been displayed in each section.

The next chapter first explores the politics of the policy process in local government. It will provide more information on the operating mechanism of local policy-making with some answers to questions of 'how' and 'why'.

CHAPTER EIGHT: A PROCESS APPROACH TO TWO EXTREME CASES

8.1. INTRODUCTION

The previous chapter conducted an output analysis of the social policies of local government in Korea. Policy variation in Korean local authorities has been analysed from the point of view of input and output relationships. After identifying expenditure variation between local governments, the previous chapter examined the socioeconomic constraints upon the local policy-making mechanism. The explanatory power of environmental variables were inferred from the end-products of expenditure decisions in local authorities. This chapter now attempts to explain the policy variation by means of a process approach. Efforts are made to explore the dynamics of policy-making giving particular emphasis to political factors. Based on the objective and comparable information produced in the previous chapter, the working mechanism of local government will be explored as a source of variation in local policy outputs.

As noted earlier in the account of the research design, two local authorities are selected for a comparative case study in this chapter. One is Seoul which is the highest spending local authority in Korea; and the other is Kyonggi which is the lowest spender in social policy area. The comparison of these two extreme cases is expected to reveal contrasting features of the policy-making process which might otherwise be obscured. Without losing sight of the results of the output analysis, this chapter will explore questions of 'how' and 'why' in the process of policy-making in Korean local authorities. Procedural variables are deduced from the theoretical framework established in chapter Four and their relevance will be discussed with the results of empirical surveys. The framework consists of three dimensions: political leadership,

administrative process and social inputs¹. Each dimension is reduced to the main policy actors who play crucial roles in social policy decisions in Korean local government.

Since the output analysis has been conducted in chapter Seven, the main effort will be put into examining the interactions between policy actors in the process of policy-making. As the main participants in policy-making, policy actors will be approached to see 'HOW do the policy variations occur?'. To answer this question it is necessary to differentiate significant loci of explanation which are often neglected in policy studies. Three different loci of explanation are useful in capturing the important phenomena of policy-making in local government such as influence level, interest mediation and policy resources²:

- Influence level refers to the amount of power exercised by a policy actor;
- Interest mediation means the policy orientation of main participants in local policy-making³;
- Policy resources refer to the means through which policy actors translate their influence into action⁴.

1. The concept of each dimension was defined in chapter Four, and operational measures which will be used for the empirical study were also explained there.

2. Policy studies mostly adopt one of these three loci of explanation : the level of influence (Cnudde and McCrone, 1969; Lewis-Beck, 1977; Schofield, 1978; Paddison, 1983; Aiken *et al.*, 1987), interest mediation or perception (Dearlove, 1973; Newton, 1976; Young 1979; Laffin and Young 1985), resources and strategy (Wildavsky 1964; Judge, 1979; Stoker and Wilson 1986; Rhodes, 1988). An adoption of a specific locus of explanation can be vital to interpreting the results of empirical surveys. This is amply exemplified in the conclusion of this study concerning the explanations of the dual state theory.

3. Interest mediation is labelled differently by different writers: Dearlove (1973, 208), for example, refers to 'disposition'. This suggests there is a perceptual screen (Dearlove, 1973, 76) which is vital to deciding what is to be done. A policy actor, whether it is a person or a governmental institution, tends to be dominated by this perceptual screen stressing certain kinds of policies while giving antipathetic consideration to others.

4. The possession of certain policy resources is closely linked to the adoption of certain strategies in policy-making. Strategy can be seen as a tactic and manner of behaviour employed by related actors who wish to increase the amount of influence on policy-making. The strategy is the link, according to Wildavsky (1974), between the intentions and perceptions of budget officials and the political system that imposes restraints and creates opportunities for them.

Unlike in output analysis, the political dynamics can be tackled only by approaching the conversion process of policy-making in local government. Since it is almost impossible to assess all the related policy actors, this study approaches the local officials who are working at the cross-road of local policy-making. Local officials' qualitative assessments are quantified using the questionnaire survey method in this chapter. This is to say that the dynamics of interaction between policy actors are detected through the eyes of local officials using of questionnaire surveys. The weakness and strength of the questionnaire survey method were examined within the context of output and process approaches earlier in the account of the research design.

Since particular emphasis was placed on the comparison of two localities, the same number of survey questionnaires were distributed to each locality; Seoul (125) and Kyonggi (125). Of these 250 surveyed, 222 returned a completed questionnaire, giving a response rate of 88 per cent. The results of the surveys were analysed using the T-Test technique in an SPSS^x computer programme. The T-test is useful for discerning the difference in means of paired samples in order to test the null hypothesis that the difference in means is zero between the two localities (Bryman and Cramer, 1990, 135). This chapter now explains the results of the T-Test analysis. It begins by outlining the overall picture of the survey results on decision-making in social policy expenditure in two local authorities. The general features are listed in Table 8-1 and 8-2 characterising each policy actor in terms of influence level, interest mediation and resources with mean scores. The mean values, together with their Standard Deviation and the number of cases, are listed. Firstly, public officials were asked to measure the relative degrees of influence exerted by each policy actor on a five-point scale ranging from 1 to 5 <Q 1,2 and 3 in Appendix 6>. The scale point 1 refers to the lowest level of influence and 5 to the highest. The standard deviation in the table indicates the extent to which responses cluster around the mean value in assessing each policy actor.

<Table 8-1> *Mean Scores and Variances*

	Mean	S.D.	Cases
A. Influence Level			
Inter-departmental competition	2.88	1.04	219
Mayor (Local Minister)	3.44	.98	220
Local Council	3.17	.98	218
Central Government	3.44	.98	221
Target Groups	2.37	.92	218
B. Interest Mediation			
My Department	3.53	1.22	218
Mayor (Local Minister)	3.11	1.07	219
Local Council	3.61	.98	217
Central Government	2.26	.91	220
Target Groups	3.65	1.13	219

Here most important to the mean score is the fact that the Mayor (Local Minister in Kyonggi) and central government are the most influential policy actors in both Seoul and Kyonggi. In Table 8-1, these two policy actors show the same degree of influence at 3.44. On the other hand, the lowest score (2.37) is assigned to the social groups which are benefited from social policies⁵, implying that they exert the lowest level of influence on local expenditure decisions. This is followed by 'inter-departmental competition' which records a mean value of 2.88.

Secondly, public officials were given a five-point scale on which to assess the interest mediation of each policy actor. The respondents were asked to assess the policy orientation of each policy actor in local policy-making <Q 4 in Appendix 6>. They were presented with a continuum on which one extreme referred to economic policy and the other to social policy. A higher score indicated that the policy actor tended to emphasise social policy rather than economic policy in local expenditure decisions and vice versa: point 3 was the mid-point at which an equal level of emphasis was placed on social and economic policies. The results shown in Table 8-1 suggest that the target

5. The beneficiaries of specific policies were defined as 'target groups' in chapter Four.

group and local council are the policy actors whose policy orientation is directed most towards social policy. Respondents assigned the highest mean value (3.65) to the target groups and the second highest mean value (3.63) to the local council. It is on this dimension of interest mediation that local government holds the primacy of democratic features as compared with central government⁶. Whilst target groups and the local council are apparently social policy oriented, central government appears to be mostly concerned with economic policy. The lowest mean score was assigned to central government implying that central authorities give more emphasis to economic policy than to social policy.

Thirdly, Table 8-2 describes the distribution of policy resources between policy actors. More than anything else, the lion's share of formal authority is possessed by the Mayor (Local Minister) while the smallest share was attributed to the target groups. Around 42.5 percent of respondents ticked Mayor (Local Minister) and 1.4 percent the target groups respectively. Not unexpectedly, the local council appears to have the smallest portion of information resource (mean score 2.6). Information resource is held by central government albeit with little primacy over the local department. Another striking point, contrary to expectations, is that central government seems to be dominant in political resource. Around half (48.4%) of the respondents believe that central government has various political means of influencing local decision-making on social policy spending. Finally, respondents seem to agree about the policy resource of professional expertise in expenditure decisions: 56.6 percent of respondents saw their own departments as being the largest share holder in professional expertise. Target group was ticked by only a few (0.9 %) respondents and local council by none (0 %).

6. The first and the second results raise a question against the conventional wisdom that local policy is made in democratic mode as assumed in many prior researches like the dual state theory. Local policy-making does not appear to be more democratic, at least in decision-making mode, when compared with the central government. In order to see more democratic features of local policy-making it is necessary to approach from the sphere of interest mediation.

<Table 8-2> *Distribution of Policy Resources (%)*

	FA	PO	FI	IN	PE
My Department	6.8	8.1	6.3	31.2	56.6
Mayor (LOMI)	42.5	19.5	17.2	7.7	2.7
Planning Board	4.5	5.0	32.6	10.1	10.4
Local Council	8.1	13.6	13.1	2.6	0.0
Target Groups	1.4	3.6	1.8	7.7	0.9
Central Government	33.9	48.4	27.1	36.2	25.3
Total	100	100	100	100	100

Note) FA: Formal Authority PO: Political Resource.
 FI: Finance IN: Information PE: Professional Expertise, LOMI: Local Minister.

These findings raise several questions for more detailed analysis. Which dimension of the policy process yields the most contrasting variation in the policy outputs between the two extreme cases? What sorts of policy orientation and resource are possessed by each policy actor? What is the role of the newly established local council in the decisions on social policies? To answer these questions, the following section of this chapter compares the survey results for Seoul and Kyonggi.

8.2. POLITICAL LEADERSHIP

When a locality is seen as a corporate political entity, its patterns of policy-making are likely to be decided by political leadership. The main factors which comprise political leadership in Korean local government are the local council and the Mayor (Local minister). Comparisons are made between Seoul and Kyonggi to see which kinds of policy variation can be attributed to these policy actors on the dimension of political leadership.

Influence Level

Local Council

The most striking change to come about from the launch of the new local government system in 1992 was the new establishment of local councils that year. It may be of importance to examine the roles and policy orientation of the newly-constructed local councils. As for influence level, Table 8-1 pictured the local council as ranking third among the five policy actors. Table 8-3 below provides a cross-sectional comparison of the degree of influence exercised by the local councils in Seoul and Kyonggi as perceived by local officials. As can be seen from the table, the local councils in Seoul and Kyonggi seem to have a similar level of influence. The *t* value is non-significant with a two-tailed *p* (0.806). The mean scores in Seoul and Kyonggi appear to be almost the same (3.19 in Seoul and 3.16 in Kyonggi). Likewise, the comparison of cross-policy areas shows no difference of influence level between social and economic policies. Table 8-3 reveals no difference in the councils' influence across localities or across policy areas⁷.

The local council was also described by respondents as not exerting a notable influence on policy-making. Two public officials interviewed in Kyonggi (Dec. 14, 1991) said, 'We understand that no strategic planning established by the executive branches of local government can be altered by councillors.' The Director General of the Local Tax, Ministry of Home Affairs, (November 17, 1991) also gave a sceptical view by saying that 'no noticeable changes have been introduced by the construction of local councils. Expenditure decisions are being made in almost the same ways as before.' More criticisms were made by other interviewees in Kyonggi (December 14, 1991). First of all, more complicated budgetary processes were lamented by public officials who came under heavier work because of the presence of councillors. A majority of respondents to the open-ended questionnaire added, 'Expenditure decisions

7. The similar level of influence, however, does not rule out the possibility that the local councils may be the source of policy variation in expenditure decisions. Their difference in policy orientation will be explored in the following section.

have become complicated to make. This is mainly because councillors require duplicated data and unnecessary documents which results in waste of time' <see Table 6-4>. In short, the local council's influence is relatively weak compared with other policy actors such as the Mayor, central government and local departments.

<Table 8-3> *T-Test Analysis for Influence Level of Local Council*
(Pooled Variance Estimate) (Separate Variance Estimate)

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value	1.10		1.59	
2-tailed Prob.	0.610 (p > 0.05)		0.016 (p < 0.05)	
T-Value	0.25		- 1.40	
2-tailed Prob.	0.806 (p > 0.05)		0.164 (p > 0.05)	
D.F.	218		193.92	
Mean	3.1930	3.1604	3.0777	3.2650
StD.	0.958	1.006	1.091	0.865
StE	0.090	0.098	0.107	0.080
N.	114	106	103	117

Mayor and Local Minister

The first feature to be noted about the Mayor and local minister is that the local minister in Kyonggi exerts a stronger influence on the decision of social policy spending than the Mayor in Seoul. A T-Test⁸ indicates that a statistically significant

8. As noted above, a T-Test technique is employed to compare two cases. T-test is used to determine if the means of two unrelated samples differ (Bryman and Cramer, 1990, 135). It does this by comparing the difference between the two means with the standard error of the difference in the means of different samples: $t = (\text{sample one mean} - \text{sample two mean}) / \text{standard error of the difference in means}$. Since we do not know what the s.e. of the difference in means is of the population in question, we have to estimate it. How this is done depends on whether the difference in the variances of the two samples is statistically significant. The information is provided by the F test.

difference exists in the influence level of the Mayor in Seoul and the local minister in Kyonggi at the probability of 0.036 ($p < 0.05$). Public officials in Kyonggi perceived their minister as having more autonomy than public officials in Seoul. The mean score of the local minister in Kyonggi is higher by 0.2779 than that of the Mayor in Seoul.

However, it seems that there is no notable difference in the Mayor and local minister's influence between policy areas. In other words, there is no significant difference between social and economic policy areas. The T-Test results apparently remain outside the critical region of distribution by showing the probability of 0.299 ($p > 0.05$)⁹ between social and economic policies. The mean scores show a negligible difference and this difference is not statistically significant when considered in relation to the standard error of the difference in means (StE).

<Table 8-4> *T-Test Analysis for Influence Level of Mayor and Local Minister (Pooled Variance Estimate)*¹⁰

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value	1.32		1.14	
2-tailed Prob.	0.145 ($p > 0.05$)		0.492 ($p > 0.05$)	
T-Value	-2.11		1.04	
2-tailed Prob.	0.036 ($p < 0.05$)		0.299 ($p > 0.05$)	
D.F.	218		218	
Mean	3.3070	3.5849	3.5146	3.3761
StD.	1.040	0.904	1.018	0.953
StE	0.097	0.088	0.100	0.088
N.	114	106	103	117

9. Conventionally 0.05 is used at the critical point. A lower significance level means that the variations between the sample means are 'real'; they are likely to occur in the population (de Vaus, 1991, 186).

10. The use of estimate method is decided by the F test. In Table 8-4, for example, since the F test is not significant (i.e. has a probability of more than 0.05), the *pooled* variance estimate is used to calculate the *t* value.

Interest Mediation

Having identified the influence level of political leadership, the process approach next explored the interest mediation of policy actors on the dimension of political leadership. Here the concept of interest mediation is used as a synonym for policy orientation. As an attempt to operationalise it, the following question was given to the respondents: 'If the functions of local government are simplified into economic and social policy, how would you say the following policy actor distributes its emphasis to both policy areas?' This question was accompanied with a five-point scale for measurement. On the continuum of scale, the top anchor (5) meant social policy, the bottom (1) economic policy, and 3 occurred in the middle. Therefore, the smaller the score assigned to a certain policy actor, the less emphasis is given to social policy by that policy actor and vice versa.

Local Council

Another T-Test is carried out to identify if significant differences exist in the policy orientation of the local councils between Seoul and Kyonggi. Table 8-5 indicates whether or not the local councils in Seoul and Kyonggi have different policy orientations. All in all, the local councils in both localities are highly committed to social policies. In this sense, the council itself can be seen as operating within a political setting that gives a high profile to social policy issues. In so far as they wish to stay in office or to be re-elected, the members of local council cannot remain insensitive to the general public. They are compelled to be malleable to the public's desires with regard to social policies.

A statistically significant difference ($p=0.000$) is found between the local councils' policy orientation in Seoul and Kyonggi. The local council in Seoul gives a higher priority to social policies than that of Kyonggi. Although the local council in Kyonggi also shows apparent inclination towards social policies (mean value 3.8509 in

Seoul and 3.3491 in Kyonggi), the local council in Seoul is clearly more willing to improve social services when compared with that of Kyonggi. However, unlike cross-sectional comparison, cross-policy comparison does not show any difference in the interest mediation of the local council between social and economic policies. Mean scores are very similar, recording 3.5728 in social policy and 3.6410 in economic policy respectively. This means the respondents, regardless of their departments, feel that councillors tend to serve social policy areas.

<Table 8-5> *T-Test Analysis for Interest Mediation of Local Council (Pooled Variance Estimate)*

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value		1.10		1.43
2-tailed Prob.		0.628		0.060
T-Value		(p > 0.05)		(p > 0.05)
		3.92		- 0.51
2-tailed Prob.		0.000		0.608
D.F.		(p < 0.05)		(p > 0.05)
		218		218
Mean	3.8509	3.3491	3.5728	3.6410
StD.	0.971	0.926	1.072	0.895
StE	0.091	0.090	0.106	0.083
N.	114	106	103	117

One thing that deserves special mention is the fact that this difference in the councils' policy orientation is not related to party control. Seoul and Kyonggi are controlled by the same party (DLP) and therefore the policy orientation cannot be traced back to political features of the parties in office. These differences in the policy orientation of the local councils, despite the same party being in office, are interesting. The output analysis (see chapter Seven) concluded that there was no ideological differentiation between political parties in Korea. However, the results of the process approach indicate that there is a differentiation in the policy orientations of the local

councils in Seoul and Kyonggi. Several responses which were given to the open-ended questionnaire concerning the roles of the newly established councils are worth quoting here. There was a consensus among interviewees that 'all the policy actors become more sensitive' not only to public opinion but also to *local* problems as a result of having a local council: 'While efficiency has been decreased democratic control was increased in expenditure decisions by the local council'. On the one hand, 'political validity of policy programmes is mostly examined, and on the other hand unnecessary budget is cut by the council'. In this procedure, 'regional representation by councillors is of great importance to local policy-making'. Similar views were also given by the respondents to the open-ended question (see Table 6-4).

Mayor and Local Minister

The results suggest that there are remarkable differences in policy orientation between the Mayor in Seoul and the local minister in Kyonggi. As a matter of fact, this differing feature of Mayor and local minister is one of the few important findings of this survey. The Mayor of Seoul shows a lot more emphasis on social policy than the local minister of Kyonggi. The Mayor of Seoul appears to have a relatively lower degree of influence in the previous analysis but he is highly committed to social policies. The results presented in Table 8-6 clearly show that the interest mediation of the Mayor and the local minister is significantly different between Seoul and Kyonggi at the probability of 0.000 ($p < 0.05$). Whereas the Mayor of Seoul is highly interested in social policies, the local minister of Kyonggi is relatively more committed to economic policies.

This difference may be explained in part by the Mayor's career. The present Mayor of Seoul had served as the Minister of Health and Social Affairs before starting his career as the Mayor of Seoul. One interviewee in Seoul (December 14, 1991) said, 'The present Mayor is very much concerned with welfare problems of the general public and had considerable knowledge about them'. The immediate inference is that

the Mayor's inclination to social policy can account in part for the higher level of social policy expenditure in Seoul.

<Table 8-6> *T-Test Analysis for Interest Mediation of Mayor and Local Minister*
(Pooled Variance Estimate) (Separate Variance Estimate)

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value		1.23		1.64
2-tailed Prob.		0.283 (p > 0.05)		0.010 (p < 0.05)
T-Value		4.46		- 3.66
2-tailed Prob.		0.000 (p < 0.05)		0.000 (p < 0.05)
D.F.		218		192.03
Mean	3.4123	2.7926	2.8350	3.3590
StD.	1.079	0.973	1.172	0.914
StE	0.101	0.095	0.116	0.085
N.	114	106	103	117

Resources and Strategy

So far as the attributes of political leadership are concerned, three significant differences have been found so far. The Mayor of Seoul is different from the Local Minister of Kyonggi in terms of influence level, and the local councils in both localities are different on the dimensions of influence level and interest mediation. As noted earlier, different policy phenomena are captured by the different research loci such as influence level and interest mediation.

This part now examines the policy resources with which each policy actor exerts influence on expenditure decisions. The policy resources may be the practical means

through which policy actors translate their influence into action. This section explains the possession of policy resources by the attributes of political leadership. Firstly, the Mayor and the local minister have the lion's share of formal authority as policy resource. As for formal authority, the majority of local public officials (42.5%) feel that it belongs to the Mayor or the local minister in regard to social policy expenditure decisions. This response appears exceptional since a notably lower proportion was attributed to the Mayor and the local minister in the case of the other policy resources such as professional expertise (2.7 %), information (7.7 %), political resource (19.5 %), and finance (17.2 %). This suggests that the main source of influence is the formal authority of the Mayor of Seoul and the local minister of Kyonggi. Unexpectedly, professional expertise is the policy resource of which the least amount is possessed by the Mayor and the local minister.

Secondly, concerning the local council as a policy actor accounting for political leadership, the first thing to be noted is the lack of professional expertise and information. No respondent ticked the local council in respect of professional expertise (0.0 %) and only a few in respect of information (2.6 %). The lack of professional expertise and information is an indication that the councillors are in a vulnerable position to threats from professional officials in policy-making. To the extent to which professional expertise is required, the councillors' activities are likely to be constrained. The results of interviews confirmed that the popular adage 'information is power' is current. In an interview with public officials in Kyonggi (Nov, 14, 1991), an official pointed out that 'councillors' concern goes mostly for the numerical numbers instead of policy planning itself during the process of budgetary meeting'. He went on to say that 'several points are raised by councillors only on the expenditure side, but nothing on the income side of the budgetary document. It is basically impossible to change expenditure planning without specific knowledge of income'. Another interviewee made a similar statement that 'it is a matter of technique to persuade councillors on expenditure plan. We have had a mimic question time in which good answers were prepared to any possible questions from councillors in an official meeting'. Councillors

are likely to face difficulties in finding out what knowledge and information is crucial to policy-making in modern local politics.

The main source of the councillors' initiatives is political (13.6 %) and financial (13.1 %) resources. They have various sorts of interactions with their constituents as representatives of the local residents. At the same time, councillors control the agenda in council meetings and this selection of policy programmes for discussion itself can be a considerable drive behind changes. Likewise, the threat of cutting budgets seems to be another major resource of local councils at the final stages of the budgetary process.

8.3. ADMINISTRATIVE PROCESS

The administrative process means the bureaucratic procedures which are taking place within and between organisations. The government bureaucracy cannot be seen as an 'essential unity' which is homogeneous (Allison, 1971; Cawson, 1985c, 224), nor simply as a disinterested servant of the public. Any explanation is unsatisfactory which sees the government as a unitary actor simply reflecting the political leadership. Such an approach neglects the diversity of perception, resources and interests within the public authorities. In this chapter, two aspects of the administrative process are considered to be important in local policy-making; interdepartmental competition within local authorities, and central-local relationships. Comparisons are again made to see whether any differences exist between Seoul and Kyonggi in terms of influence level, interest mediation and policy resources.

Influence Level

Inter-Departmental Competition

In order to see the difference between inter-departmental relationships in Seoul and Kyonggi, local officials were asked to indicate the degree of inter-departmental tensions surrounding expenditure decisions on social policies <Q 3-1 in Appendix 6>. A five-point scale was used again, where the top anchor (5) refers to 'much competition', the bottom (1) means 'little competition' and 3 occurs in the middle. The results of the surveys are presented in Table 8-7. It contains both a cross-sectional and a cross-policy comparison of interdepartmental competition. A glance of the cross-sectional comparison indicates that there is no significant difference between Seoul and Kyonggi at the probability of 0.05. Mean score in Seoul records at a very similar level of that in Kyonggi, 2.8070 and 2.9623 respectively. This means policy variation cannot be attributed to the inter-departmental relationships either in Seoul or in Kyonggi.

*<Table 8-7> T-Test Analysis for Interdepartmental Competition
(Pooled Variance Estimate)*

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value		1.20		1.17
2-tailed Prob.		0.352 (p > 0.05)		0.408 (p > 0.05)
T-Value		-1.10		3.33
2-tailed Prob.		0.272 (p > 0.05)		0.001 (p < 0.05)
D.F.		218		218
Mean	2.8070	2.9623	3.1262	2.6667
StD.	1.088	0.995	1.063	0.983
StE	0.102	0.097	0.105	0.091
N.	114	106	103	117

On the other hand, a cross-policy comparison yields an opposite picture of interdepartmental competition. The results of comparison between social and economic policies show significant difference at the probability of 0.001. The mean value in social policies is 3.1262, whilst in economic policies it is 2.6667. Public officials in the field of social policy apparently feel that there is more competition between departments in the expenditure decisions of local government. This is an indication that the expenditure programmes of individual social policy sectors are more vulnerable to threats from other spending demands than are economic policies. Here, it should be borne in mind that the social services are an exception here. The output analysis in the previous chapter showed that local authorities have very little room for manoeuvre in the field of social services. The provision of social services is relatively standardised across the localities and the policy initiatives in these services rest with the central government.

Central-Local Relationship

At the introduction of this chapter, Table 8-1 demonstrated that the central government exerted a great deal of influence on policy-making in Korean local government. Table 8-8 presents data on the relationship between central control and local policy-making.

The analysis shows no significant difference in cross-sectional nor in cross-policy comparisons. The general implication is that policy initiative rests with the central government. Mean values for central influence mark slightly higher than 3.4. This is a clear indication that policy-making in local government is largely influenced by the central government no matter what the locality or policy area. It seems premature to conclude that the central influence which prevailed in the sphere of economic development during the last few decades should be curtailed by local government reform in 1991. No sweeping changes have appeared in so far as central

influence is concerned. As with the comparison of interdepartmental competition, a T-Test similarly shows that central influence is not different between the two localities.

*<Table 8-8> T-Test Analysis for Influence Level of Central Government
(Pooled Variance Estimate)*

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value		1.09		1.19
2-tailed Prob.		0.644 (p > 0.05)		0.368 (p > 0.05)
T-Value		-0.52		0.01
2-tailed Prob.		0.607 (p > 0.05)		0.994 (p > 0.05)
D.F.		218		218
Mean	3.4035	3.4717	3.4369	3.4359
StD.	1.002	0.958	1.026	0.941
StE	0.094	0.093	0.101	0.087
N.	114	106	103	117

Interest Mediation

Local Departments

At the beginning of this chapter, the policy orientation of local departments could be characterised somewhere between target group and local council. The next analysis compares the policy orientation of local departments in Seoul and Kyonggi. A glance at the T-Test results suggests there is no significant difference between the policy orientations of the departments in Seoul and Kyonggi ($p=0.157$). Mean values record a slightly higher point than 3.4 in both localities (3.4035 and 3.4717 respectively) where 3 is the mid-point between social policy (5) and economic policy

(1). Therefore, it should be concluded that local departments tend to focus on social policies rather than on economic policies both in Seoul and Kyonggi.

On the other hand, not unexpectedly, a striking difference appears between policy areas ($p=0.000$). A much higher mean value was recorded by public officials in the social policy area (4.2136) than by those in economic policy area (2.9316). Needless to say, the public officials of social policy departments are much more oriented towards welfare issues than those of economic policy departments. However, one interesting point is that the mean value pointed to by the public officials working at the department of economic policies is close to the mid-point. Officials working at the department of economic policies also tend to see themselves working for the local residents' welfare.

<Table 8-9> *T-Test Analysis for Interest Mediation of 'My Department'*
(Separate Variance Estimate)(Pooled Variance Estimate)

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value		1.51		1.01
2-tailed Prob.		0.032 ($p < 0.05$)		0.965 ($p > 0.05$)
T-Value		1.59		9.14
2-tailed Prob.		0.114 ($p > 0.05$)		0.000 ($p < 0.05$)
D.F.		202.75		218
Mean	3.6579	3.3962	4.2136	2.9316
StD.	1.088	1.336	1.035	1.040
StE	0.102	0.130	0.102	0.096
N.	114	106	103	117

Central Government

The position of central government appears very much directed towards economic policy. Mean scores for the policy orientation of central government remain at 2.3772 in Seoul and 2.1415 in Kyonggi. Table 8-10 shows that the difference

between the two localities is not statistically significant ($p=0.054$). A lower mean value indicates that a policy actor's stance is oriented more towards economic policy. Therefore, it should be concluded that central government was the policy actor whose action orientation is most skewed to economic policy. This result of the survey is consistent with the argument of the dual state theory. At least at the dimension of interest mediation, the dual state theme appears acceptable according to the empirical findings of this survey although its explanation of the mode of local policy-making was questioned in the analysis of local decision-making.

<Table 8-10> *T-Test Analysis for Interest Mediation of Central Government*
(Pooled Variance Estimate) (Separate Variance Estimate)

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value		1.08		1.54
2-tailed Prob.		0.696 ($p > 0.05$)		0.025 ($p < 0.05$)
T-Value		1.93		- 1.94
2-tailed Prob.		0.054 ($p > 0.05$)		0.053 ($p > 0.05$)
D.F.		218		195.75
Mean	2.3772	2.1415	2.1359	2.3761
StD.	0.886	0.920	1.000	0.807
StE	0.083	0.089	0.099	0.075
N.	114	106	103	117

Resources and Strategy

The main policy resource which local departments draw on to influence expenditure decisions is professional expertise. An absolute majority (56.6 %) of respondents indicated that their department was the largest share holder of professional expertise. Information is another policy resource which is largely possessed by local

departments. The local department (31.2 %) ranks second only to central government (36.2) in the case of information resource. These results are confirmation by public officials themselves of the conventional assumption that bureaucrats monopolise professional expertise (Jones *et al.*, 1985, 63). Release of policy information can be another powerful resource for local departments to use in mobilising target groups to support their policy programmes. Midwinter (1984, 476) gives the example of a police chief taking the extraordinary step of publishing his annual report three months early just before the budget to make members aware of rising crime and the dangers of reducing resources. It is extremely difficult to tell whether the political use of professional expertise and information serves organisational interests or the public interest. Officials are usually expected to ensure technical rationality under the pressure of political rationality. Needless to say, the political use of expertise and information remains beyond scrutiny. Here officials can decide policy-making, and councillors may merely endorse them.

The main policy resources through which central government translates influence into action are two; political and information resource. Central government has the lion's share of both these two policy resources.

As for political resource, 48.4 percent of public officials saw that the central government possessed the largest amount of political resources. The central government was also seen by 36.2 percent of respondents as commanding the lion's share of information resource. This is another indication that local government in Korea suffers both from a lack of political autonomy and from a shortage of professional experts in local level. Concerning financial resources, it is interesting to see central government be assessed differently by public officials between Seoul and Kyonggi. Whilst only 21.1 percent of respondents in Seoul replied that central government had the largest amount of financial resources, 34.6 percent did so in Kyonggi. This fact is consistent with the result of the output analysis in the previous chapter. Apparently Seoul seems to be enjoying a greater degree of financial autonomy. An official in Seoul (December 14, 1991) said 'Seoul local authorities often provide

additional services to local residents as compared with other local governments. We often develop policy programmes which cannot attract the central government's concern.'

8.4 INPUTS FROM SOCIAL GROUPS

Although local authorities are taken as 'policy-shapers' (Dearlove, 1973), the impact of the social environment cannot be underestimated in public policy-making. It is clearly important for any analysis of related groups outside government as sources of demand and support (Hill and Bramley, 1986, 150). In theory, related groups are supposed to participate in local authority policy-making in various ways. The most popular way might be to elect councillors to pursue their own policy interests. For instance, any target group can choose goods and services (policies) as a voter (consumer) which are offered by candidates (suppliers) in a political market (election). The effects of this sort of participation, i.e. the implications of elections, have been discussed in the previous chapter. This chapter now considers the involvement of target groups in routinised policy process in-between elections.

It seems that a paramount concern has been given to Tiebout's view in explaining the influence of the general public for a long time. 'Voting with their feet', is unquestionably a decisive way for target groups to influence policy-making in local government. However, many of its central planks are less realistic (Sharpe and Newton, 1984) than its literal attractiveness. Target groups more often struggle to make their presence felt in the policy process, by raising the tempo of their participation in the policy-making of local government (Newton and Karran, 1985, 80). The exploration of these *normal* practices may be of importance in an attempt to understand the patterns of interaction in the local policy network. In this study, the involvement of related groups

is examined using the results of a questionnaire survey like in the other parts of the process approach. The notion of target groups encompasses related local groups, particularly beneficiary groups of related public services in this study. Public officials were asked to evaluate the part played in policy-making by the target groups of their services.

Influence Level

Table 8-11 summarises the results regarding the influence of target groups in policy-making as assessed by public officials. Surprisingly, low scores were assigned to the target groups by respondents, contrary to general expectation. Public officials in local government do not feel that target groups are influential in local policy-making despite the local government reform of 1991. Mean score remains at 2.2895 in Seoul and 2.4857 in Kyonggi respectively. This survey does not provide any information for international or central-local comparison. Nonetheless, the majority of respondents gave negative answers to the question on target groups both in Seoul and Kyonggi.

In fact, in much of the literature, local residents are assumed to be influential on policy-making in local government which is often labelled democratic. Especially during the last few years in Korea, it has been assumed that the local residents would come to play decisive roles as a result of the new local government system. However, there is no evidence that local policy-making is more democratic in general, or that local government reform in Korea has facilitated more citizen involvement than before. The survey results suggest that the so-called 'revolution of the popular will' still revolves around nationwide political affairs rather than policy-making in local authorities.

**<Table 8-11> T-Test Analysis for Influence Level of Target Groups
(Pooled Variance Estimate) (Separate Variance Estimate)**

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value	1.11		1.88	
2-tailed Prob.	0.582		0.001	
	(p > 0.05)		(p < 0.05)	
T-Value	-1.40		0.09	
2-tailed Prob.	0.162		0.930	
D.F.	218		184.43	
Mean	2.2895	2.4623	2.3786	2.3675
StD.	0.890	0.938	1.058	0.772
StE	0.083	0.091	0.104	0.071
N.	114	106	103	117

Interest Mediation

Target groups differ significantly in the articulation of their policy interests between Seoul and Kyonggi. The target groups in Seoul appear more vigorous than those of Kyonggi in the priority they give to social policies. Whilst the mean value assigned to target groups' policy orientation is 3.3962 in Kyonggi it is 3.8860 in Seoul. The null hypothesis, which assumes no differences between the two localities, can be convincingly rejected at the probability of 0.001. The results in Table 8-12 indicate that the target groups in Seoul are more likely to pressure local authorities for more spending on social policies.

<Table 8-12> *T-Test Analysis for Interest Mediation of Target Groups*
(Separate Variance Estimate)

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value		1.63		1.57
2-tailed Prob.		0.012 (p < 0.05)		0.019 (p < 0.05)
T-Value		3.26		- 0.70
2-tailed Prob.		0.001 (p < 0.05)		0.483 (p > 0.05)
D.F.		198.99		194.64
Mean	3.8860	3.3962	3.5922	3.7009
StD.	0.966	1.232	1.256	1.002
StE	0.091	0.120	0.124	0.093
N.	114	106	103	117

Resource and Strategy

Target groups command the least amount of the policy resource. Public officials feel that the target group ranks sixth among six policy actors when ranked in terms of the possession of policy resource. An extremely low percentage of respondents ticked the local respondent as the holder of such resources as professional expertise (0.9%), formal authority (1.4%), finance (1.8%), political resource (3.6%) and information (7.7%). The lack of policy resource is consistent with the low degree of influence of target groups on local policy-making. As mentioned previously, target groups were ranked sixth also in the assessment of influence level in local policy-making. These two results together suggest that the target group is not an influential policy actor in the expenditure decisions of Korean local government.

8.5. INCREMENTALISM AS A PROCESS

The procedural variables have been explored based on a three dimensional framework so far. Another method which has been employed to explain policy variation is incrementalism. Incrementalism itself is not a part of the three dimensional framework used for the analysis of political context in this chapter. Nonetheless, when the distinction between output and process approaches is kept in mind, incrementalism appears to be important to a great extent. It is a good example which shows how local policy-making is differently approached by output and process approaches. Chapter Seven has already examined the incrementalist features of local expenditure on social policies using the output analysis method. This chapter now considers incrementalism as a process. The process approach in this chapter is now used to explore different facets of the incrementalist nature of local policy-making. A comparison of research findings will be made in the last concluding chapter to clarify methodological issues in analysing policy variation in local government.

In the preliminary discussion, two procedural spheres of incrementalism were explained: incrementalism as politics and incrementalism as a method of analysis¹¹. As explained in chapter Three, the focus is placed on the two procedural spheres of incrementalism as a decision-making mode in these two notions of incrementalism. Unlike in the output analysis where the incrementalist nature of local policy-making was examined by analysing policy outputs, this chapter uses the results of the questionnaire surveys. It is virtually impossible to read off the procedural spheres of incrementalism from the policy outputs. Therefore, local officials were given five-point continua to indicate the above two procedural aspects of incrementalism in local expenditure decisions on social policies <Q 5 and 6 in Appendix 6>.

11. The notion of 'incrementalism as a process' was discussed in chapter Three. For more details see the section <3.4. Incrementalism> in chapter Three.

Incrementalism as Politics

Firstly, as explained in chapter Three, the notion of 'incrementalism as politics' refers to the 'mutual adjustment' between policy actors in expenditure decisions. Local officials were asked to assess their policy-making on a five-point scale. On the five-point continuum the top anchor (5) refers to 'political rationality' and the bottom (1) means 'economic rationality'. 3 occurs in the middle between the two extremes. Table 8-13 shows the results for incrementalism as politics, i. e. policy actors' mutual adjustment for political rationality. It should be concluded that incrementalist features prevail in the process of local policy-making in Korea. The table indicates that political rationality is seen as being more important than the means-end rationality of the economic sense by policy-makers. The mean value appears certainly skewed towards 'political adjustment' beyond the mid-point 3. Public officials feel that mutual adjustment between policy actors is considered more seriously than the means-end rationality in social policy sectors. No notable difference is found in cross-sectional comparison between Seoul and Kyonggi nor in cross-policy areas.

<Table 8-13> *T-Test Analysis for Incrementalism as Political Adjustment*
(Pooled Variance Estimate) (Separate Variance Estimate)

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value	1.43		1.57	
2-tailed Prob.	0.061 (p > 0.05)		0.018 (p < 0.05)	
T-Value	-1.52		- 0.25	
2-tailed Prob.	0.129 (p > 0.05)		0.801 (p > 0.05)	
D.F.	218		194.49	
Mean	3.2807	3.4811	3.3592	3.3932
StD.	0.888	1.062	1.092	0.871
StE	0.083	0.103	0.108	0.080
N.	114	106	103	117

Incrementalism as Analysis

The second procedural sphere of incrementalism is as a technique of analysis in policy-making. In this case, incrementalism is the contrasting notion of a new, synoptic analysis of all the policy programmes. Policy-making often relies upon past experience not only because of cognitive limits of policy-makers but also because of the pressure of time and money. The core of the past experience can be used while leaving the existing base unreviewed.

The incrementalist feature of expenditure decisions on social policies was detected by analysing the results of the questionnaire surveys. For the sake of simplicity, in the survey question, incrementalism as a technique of analysis was defined as a dependence upon past experience and contrasted to a new, synoptic analysis in policy-making. Local officials were asked to characterise their expenditure decision on a continuum which lay between two extremes; one being dependence upon past experience and the other new synoptic analysis. This continuum consisted of five-points where the top (5) meant 'new synoptic analysis' and the bottom (1) referred to the 'past experience'.

Table 8-14 summarises the results of the surveys. In short, if incrementalism is taken as a technique of policy analysis in which policy makers depend heavily on their past experience, local policy-making is dominated by incrementalist features. In other words, existing practices are often used as a frame of reference in Korean local authorities. Mean scores record 2.7456 in Seoul and 2.7264 in Kyonggi suggesting that officials in both local governments rely upon past experience in policy-making. Public officials both in social and economic policy departments feel that their expenditure decisions do not rely upon rational-synoptic analysis. Rather they understand that local decisions on spending are made largely by referring to past practices.

An interviewee (Dec. 14, 1991 in Seoul) made the point that 'if the last year's decision does not cause any problem within or outside a local government, it can be seen as ensuring feasibility as policy planning'. His further statement made it clear that

his focus was on the importance of past experience. 'There is no reason to undermine this accumulated idea which is fundamental to developing a new idea'.

<Table 8-14> *T-Test Analysis for Incrementalism as an Analysis Method (Pooled Variance Estimate)*

	Locality		Policy Area	
	Seoul	Kyonggi	Soc. Pol.	Eco. Pol.
F Value	1.27		1.25	
2-tailed Prob.	0.215 (p > 0.05)		0.245 (p > 0.05)	
T-Value	0.14		- 0.39	
2-tailed Prob.	0.886 (p > 0.05)		0.697 (p > 0.05)	
D.F.	218		218	
Mean	2.7456	2.7264	2.7087	2.7607
StD.	0.929	1.047	1.044	0.934
StE	0.087	0.102	0.103	0.086
N.	114	106	103	117

8.6. CONCLUSION

The process of policy-making has been explored so far with particular emphasis on the difference between Seoul and Kyonggi. The results of comparison of the policy processes in Seoul and Kyonggi suggest that several factors of policy process account for the policy variance between the two local authorities. Overall, four spheres of policy process are found statistically significant here:

A. Influence Level of Mayor and Local Minister (p=0.036, Mean 3.3070 in Seoul and 3.5849 in Kyonggi)

B. Interest Mediation of Mayor and Local Minister ($p=0.000$, Mean 3.4123 in Seoul and 2.7926 in Kyonggi)

C. Interest Mediation of Local Council ($p=0.000$, Mean 3.8509 in Seoul and 3.3491 in Kyonggi)

D. Interest Mediation of Target Group ($p=0.001$, Mean 3.8860 in Seoul and 3.3962 in Kyonggi).

More than anything else, the most striking difference is found on the dimension of political leadership. The local council in Seoul is clearly more willing to improve social services than that of Kyonggi. The Mayor of Seoul also shows a lot more emphasis on social policy than the local minister of Kyonggi. In addition, the results suggest that target groups in Seoul and Kyonggi differ significantly in the articulation of their policy interests. The target groups in Seoul appear to be more vigorous than those of Kyonggi in the priority they give to social policies. Whilst the mean value of the target groups' policy orientation is 3.3962 in Kyonggi it is 3.8860 in Seoul.

However, of the above four sources of variance, the first factor (A) may be of little significance to explaining policy variation between Seoul and Kyonggi. This is not to say that the factor (A) is not one of the few important findings of this survey. Apparently the local minister in Kyonggi appears to exert a stronger influence on the expenditure decision on social policy than the Mayor in Seoul (Table 8-4). Despite this higher level of influence, the policy orientation of the local minister in Kyonggi is more skewed towards economic policies than social policies. Therefore, the absolute degree of local minister's influence in Kyonggi is not mobilised to increase social policy spending in Kyonggi. It should be concluded that B, C and D contribute to the higher spending on social policies in Seoul. Several implications can be drawn from these findings for theoretical and methodological discussion of the studies of policy variation in local government. The details of these implications will be discussed in the final chapter.

CHAPTER NINE: MAPPING OUT THE POLICY NETWORK

9.1. INTRODUCTION

The previous chapter presented the results of a process approach to the politics of policy-making in local authorities. It attempted to 'read off' (Wright, 1988, 595) the results of policy-making by correlating policy outputs with the characteristics of procedural factors. The possible sources of variance in policy outputs were traced back to the so-called 'black box' in Korean local social policies. Most attention was given to identifying the ultimate effects of procedural factors on policy outputs. As a result, chapter Eight was able to provide several answers to questions about 'how' and 'why' variations in policy arise in Korean local authorities.

However, it should be borne in mind that the previous chapter was devoted mostly to identifying the relationship between outputs and process. Starting from policy variance in Korean local authorities, the process approach examined the impact of the black box in order to find the sources of policy variance. But what was lacking in the previous analysis was any explanation of the linkages between procedural variables. There was little investigation of the interaction between policy actors within the so-called 'black box'.

This chapter now attempts to illuminate the patterns of interaction between policy actors which appear in the process of policy-making. It is concerned with the inter-policy actor network rather than with policy actor/policy output relationship. Since the ultimate impact of procedural factors was examined in the previous chapter, the approach here needs to be directed towards the interaction between policy actors¹ themselves. In other words, the focus will be on which actors play what roles in the

1. In fact, the notion of process approach is used to denote this form of research in the study of policy-making.

policy process and how they relate to each other (Wright, 1988, 605). This is expected to provide additional information on the differences between Seoul and Kyonggi.

Since this section is a continuation of the process approach outlined in the previous chapter, the research methods remain virtually the same. Particular emphasis is placed on the comparison of Seoul and Kyonggi and the dynamics of the interaction between policy actors are detected using questionnaire data (Q 11 in Appendix). The only thing that deserves special mention is the adoption of the concept of a 'policy network' in describing the relationships between policy actors. This chapter starts by reviewing briefly the concept of a policy network.

9.2. MAPPING OUT THE POLICY NETWORK

In a broad sense, the notion of a policy network can be found in two different traditions. On the one hand, it is employed as a technique of analysis for examining 'a specific type of relation linking a defined set of persons, objects or events' (Knoke and Kuklinski, 1982, 12). On the other hand, it has been developed as a metaphor for a set of interests in the policy process (Schmitter, 1970; Grant *et al.*, 1987; Wright, 1988; Marsh and Rhodes, 1992)² rather than as a tool for detailed analysis. The second school is related to theoretical developments in policy studies arising from the inadequacies of the pluralist and corporatist models³ which stressed the state-business-

2. The policy network is taken, in this case, as a 'complex of organization connected to each other by resource dependencies' (Wright, 1988, 606). Richardson and Jordan (1979, 74) argue that a series of vertical compartments or segments of those actors is generally impenetrable by 'unrecognised groups'. The existence of this network has both an influence on policy outcomes and reflects the relative status, or even power, of the particular interests in a policy area (Rhodes and Marsh, 1992, 2).

3. In the study of policy-making, the policy network approach has several advantages over pluralism and corporatism. Since pluralism and corporatism are specific perspectives which confer ideological views on policy-making, they offer a rather rigid approach in the analysis of empirical cases. Secondly, for the same reason, pluralism and corporatism do not easily explain the differences between policy areas. Also, the state is invariably described as a unified and coherent entity in pluralism and

labour relations in the 1970s and early 1980s⁴. Although it cannot itself convey the nature of the relationship between the elements that comprise the system of policy community⁵, the concept of a network is used to describe an arrangement of policy interests.

In this study, policy network is taken as an analytic tool without losing sight of the theoretical notion. That is, the concept of policy network is adopted to identify the patterns of interaction between policy actors in Seoul and Kyonggi local authorities. For this purpose, local officials were provided with an array of policy actors to check off interaction patterns in the 1992 budget process (Q 11 in Appendix). A nine-point scale was given where 1 referred to 'weak' and 9 meant 'strong'. The two tables below depict various links or interactions between policy actors.

Firstly, it seems useful to express information embedded in the policy network with an algebraic matrix. The policy actors arrayed in rows (down the side) are initiators of the specified relation and the actors arrayed across columns (across the top) are the recipients of the relation. I^rC means the interaction occurring in the r th row and c th column of the matrix. For example, $I^{5,1}$ means the influence of CENT on DEPA, that is, 4.44 in Table 9-1. The figures are the mean scores assigned to each specified pair of policy actors by local officials.

Secondly, the patterns of interaction between policy actors are represented in a visual display in Figures 9-1 and 9-2. As generally recognised, a visual display of the policy network can convey an intuitive feel for the patterns of interaction. Here the number of relationships needs to be reduced for the sake of clarity. In the above influence matrix, the number of possible ties is 30 ($n = N^2 - N = 36 - 6$). It seems that

corporatism. By contrast, the policy network is a flexible and neutral concept that can be employed in a variety of settings for the study of policy-making.

4. In Britain, the concept of policy network has been initiated by CLR (central-local relationships) (Sharpe, 1985, 361; Stoker, 1988, 129) and GII (government-interest group intermediation) (Schmitter, 1970; Marsh and Rhodes, 1992).

5. The powerful interests closely concerned with a policy form cooperative alliances with one another to compress their mutual interests into the governmental process. These collectivities of interests are frequently termed policy community (Wright, 1988, 605). Wright argues that membership of each community is defined by a common identity or interest. Policy network is the linking process, the outcome of those exchanges, within a policy community.

each policy actor has one or more paths to every other policy actor. Thus, the relationships whose influence levels are not significant need to be excluded from the visual expression.

<Table 9-1> *Interaction Matrix in Decisions of Social Policies, Seoul*

	DEPA	PLAN	MAYO	COUN	CENT	TAGR
DEPA	*	5.49	5.20	5.24	5.20	5.64
PLAN	5.35	*	4.47	4.58	4.65	4.47
MAYO	5.16	4.87	*	4.40	4.15	5.05
COUN	4.58	4.36	4.25	*	4.18	5.09
CENT	4.44	5.13	4.69	4.51	*	5.20
TAGR	4.47	4.36	4.18	4.11	4.55	*

<Table 9-2> *Interaction Matrix in Decisions of Social Policies, Kyonggi*

	DEPA	PLAN	LOMI	COUN	CENT	TAGR
DEPA	*	5.37	6.37	5.08	6.58	5.13
PLAN	5.13	*	4.67	4.38	4.29	4.75
LOMI	4.63	4.83	*	4.88	4.79	5.21
COUN	4.88	5.08	4.79	*	3.67	5.33
CENT	6.25	4.58	3.79	3.79	*	4.58
TAGR	4.96	4.50	4.29	5.25	3.96	*

Figure 9-1 presents 10 linkages of the policy network, which amounts to a density of 0.33⁶. A solid line means a relatively high degree of influence (above 5.0 in mean value), and the others are excluded. The direction of influence is demonstrated by the arrowheads. Two-headed arrows refer to cases in which two related policy actors mutually influence each other. Numbers in the figure are the average point of influence level displayed in Table 9-1.

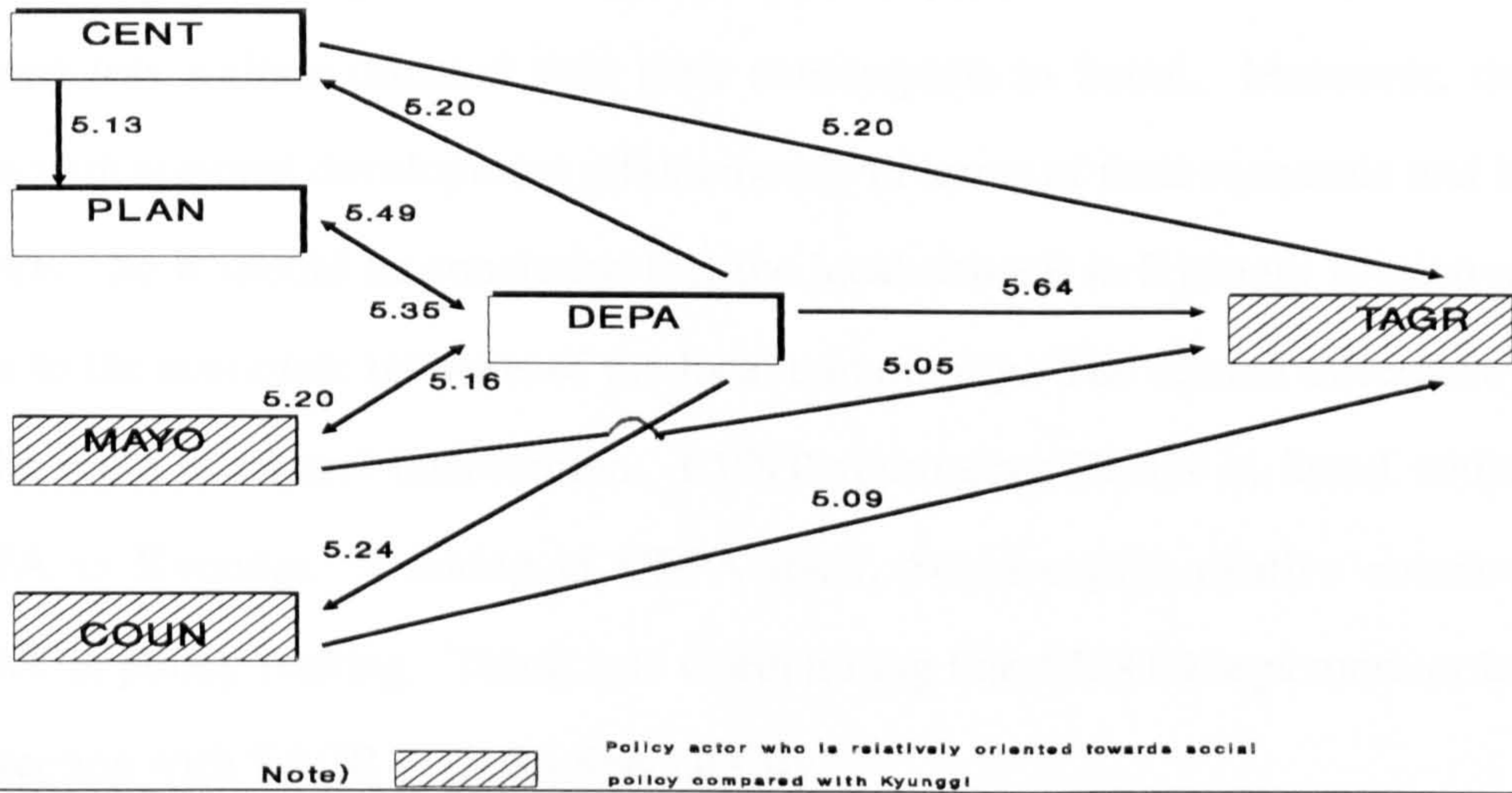
An inspection of Figures 9-1 and 9-2 indicates that the potential for countervailing power prevents the dominance of any single policy actor in local policy-making both in Seoul and Kyonggi. The figures illustrate the complex interdependence in the policy-making of Seoul and Kyonggi local authorities. They portray policy networks which provide fruitful findings on similarities and differences between the two local authorities.

To begin with the similarities, target groups (TAGR) seem to remain cut off from policy-making, having the lowest mean value of influence in both localities. The figures show no significant interactions initiated by TAGR, which instead appear mainly as recipients of influence from all the other policy actors both in Seoul and Kyonggi. Not unexpectedly, the local council (COUN) shows strong linkages with TAGR in both figures. Second, it is confirmed that the main route of central intervention is via local departments: either the Department of Social Welfare (DEPA) or the Department of Local Planning Board (PLAN). On the other hand, central government (CENT) does not show any notable interactions with Mayor (MAYO), Local Minister (LOMI), or COUN. Third, COUN does not exert strong influence in the policy network, and is vulnerable to influence from DEPA or TAGR. Last, MAYO and LOMI exert a direct influence on TAGR in both localities.

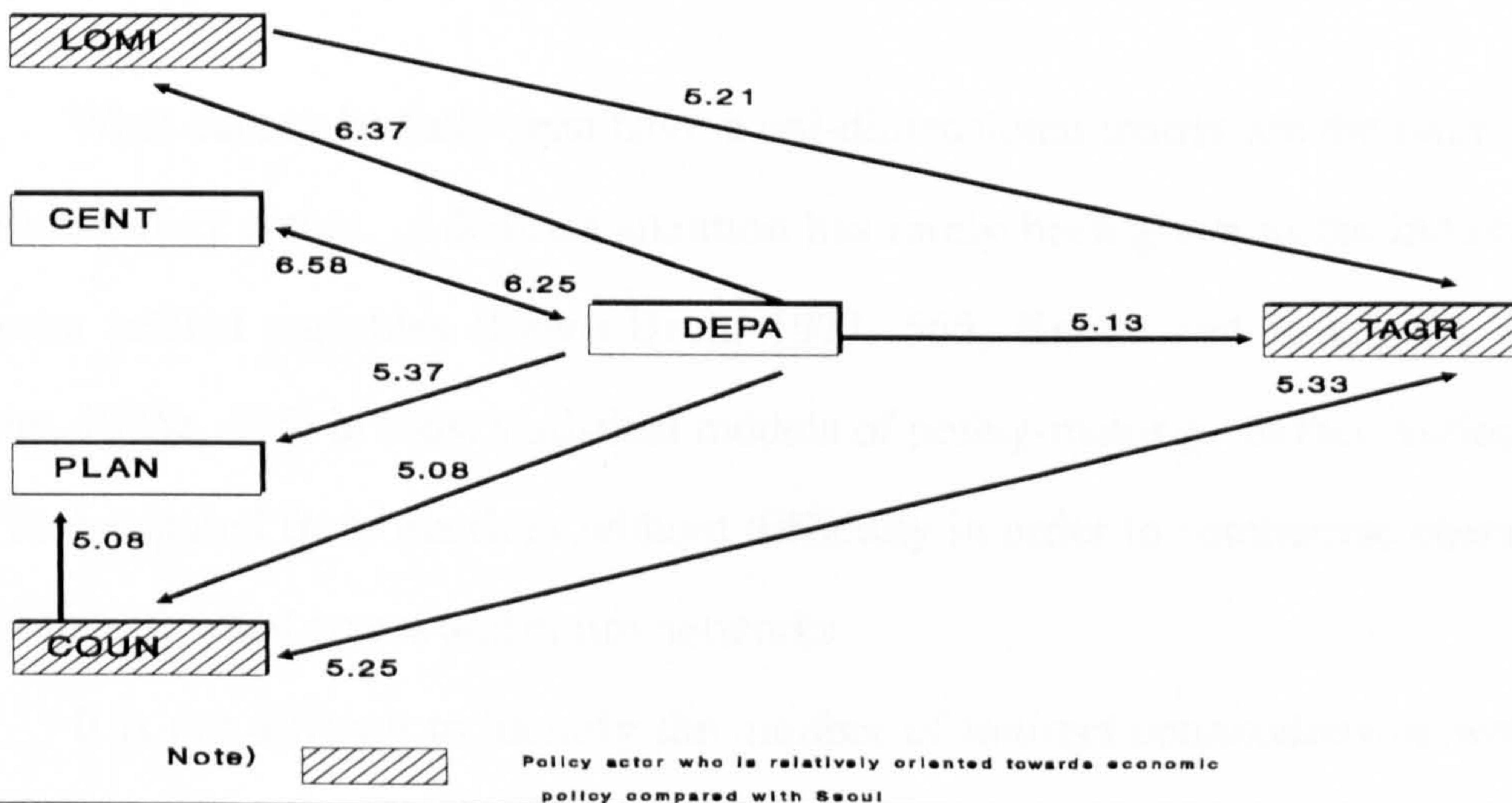
6. Density is a proportion that is calculated as the number of linkages in the display divided by the number of possible ties between policy actors. When the variable I_{rct} is the value of influence from the r^{th} actor directed to the c^{th} actor in the t^{th} network,

$$\text{Density}_t = \frac{\sum_{r=1}^N \sum_{c=1}^N I_{rct}}{N^2 - N} \quad (r \neq c).$$

«Figure 9-1» Policy Network in Social Policies, Seoul



«Figure 9-2» Policy Network in Social Policies, Kyonggi



At the same time, the two policy networks exhibit three differences. First, it is interesting to see the different linkages of COUN. The local council in Kyonggi seems more vulnerable to influence from pressure groups in the local community, and councillors turned to the Department of the Local Planning Board (PLAN). In the previous part of the process analysis in this chapter, TAGR and COUN in Kyonggi seemed less welfare-oriented than their counterparts in Seoul. Moreover, the PLAN deals with regional development affairs mostly in terms of their economic and industrial aspects. So it should be concluded that the local council in Kyonggi is relatively more open to the economic interests of the local community. The second difference is found in the route of central intervention. CENT approaches PLAN in Seoul whilst it uses DEPA in Kyonggi. Looking at DEPA itself, Seoul enjoys relative autonomy from CENT in policy-making. Third, it is worth noting that CENT keeps more or less direct interaction with TAGR in Seoul Special City.

9.3. TAKING ACCOUNT OF INDIRECT CONNECTIONS

What cannot be fully seen from a uni-dimensional matrix are the indirect effects between policy actors. Adequate attention has rarely been given to the indirect impact between related variables (Lewis-Beck, 1977, 565; Knoke and Kuklinski, 1982, 46, Boyne, 1985a, 495) in most statistical models of policy-making. In fact, various indices can be computed from matrices without difficulty in order to summarise characteristics for both individual actors and entire networks.

It is not difficult to identify the number of indirect connections between policy actors. It can be calculated by multiplying the matrix by itself T times. If $I^{rc}(t)$ refers to the number of t -step indirect connections existing between the r^{th} row and c^{th}

column, $I^{(1)(6)}(2)$ means the number of two-step indirect connections between DEPA and TAGR. Again, the policy actors arrayed in the rows are initiators of the specified relation and the actors arrayed across the columns are the recipients of the relation. Therefore, $I^{(1)(6)}(2)$ means the number of two-step indirect connections initiated by DEPA towards TAGR. I^{rc} means the influence occurring in the r th row and c th column of the matrix. The number of $I^{(1)(6)}(2)$ can be obtained easily by multiplying matrix I by itself 2 times. The first thing to do is to change the data in the original matrices. Tables 9-1 and 9-2 in this chapter should be transformed into *binary* values, with a '1' standing for the occurrence of a tie and a '0' standing for the absence of such a tie between the pair (Knoke and Kuklinski, 1982, 43). In multiplying matrix I by itself, the value of the element in row 1, column 6 of I^2 is made by multiplying the corresponding six elements in the first row and the sixth column of matrix I , then summing these six products. As an example, in Seoul, three two-step connections are found between DEPA and TAGR by $(0)(1) + (1)(0) + (1)(1) + (1)(1) + (1)(1) + (1)(0) = 3$. Three two-step connections are uncovered by M^2 between DEPA and TAGR, through CENT, MAYO and COUN (This can be seen from the data from Figure 9-1). Several examples of the process calculating the number of two-step indirect connections are presented below.

$$\begin{aligned}
 I(\text{depa, depa})(2) &= (0)(0) + (1)(1) + (1)(1) + (1)(0) \\
 &\quad + (1)(0) + (1)(0) = 2 \\
 I(\text{plan, depa})(2) &= (1)(0) + (0)(1) + (0)(1) + (0)(0) \\
 &\quad + (0)(0) + (0)(0) = 0 \\
 I(\text{mayo, depa})(2) &= (1)(0) + (0)(1) + (0)(1) + (0)(0) \\
 &\quad + (0)(0) + (1)(0) = 0 \\
 I(\text{coun, depa})(2) &= (0)(0) + (0)(1) + (0)(1) + (0)(0) \\
 &\quad + (0)(0) + (1)(0) = 0 \\
 I(\text{cent, depa})(2) &= (0)(0) + (1)(1) + (0)(1) + (0)(0) \\
 &\quad + (0)(0) + (1)(0) = 1 \\
 I(\text{tagr, depa})(2) &= (0)(0) + (0)(1) + (0)(1) + (0)(0) \\
 &\quad + (0)(0) + (0)(0) = 0
 \end{aligned}$$

<Table 9-3> M^2 in Seoul: Number of Indirect Connections

	DEPA	PLAN	MAYO	COUN	CENT	TAGR
DEPA	2	1	0	0	0	3
PLAN	0	1	1	1	1	1
MAYO	0	1	1	1	1	1
COUN	0	0	0	0	0	0
CENT	1	0	0	0	0	0
TAGR	0	0	0	0	0	0

It is remarkable that DEPA has the largest number of indirect effects (6) on other policy actors. The complete matrix of indirect effects in Seoul indicates that PLAN and MAYO also have a relatively large number of indirect effects on the other policy actors (5 each). In contrast, TAGR and COUN appear to have no indirect effect at all (0).

As in Seoul, DEPA in Kyonggi has the largest number of indirect effects on the other policy actors (6). It exerts indirect influence on all the other policy actors except for MAYO and CENT. The next largest number of indirect influences is shown by PLAN and CENT. The complete matrix of indirect effects shows that PLAN and CENT each have 5 indirect impacts. In contrast, LOMI has only one indirect effect on COUN.

$$\begin{aligned}
 I(\text{depa, depa}) (2) &= (0)(0) + (1)(1) + (1)(0) + \\
 &\quad (1)(0) + (1)(1) + (1)(0) = 2 \\
 I(\text{depa, plan}) (2) &= (0)(1) + (1)(0) + (1)(0) + \\
 &\quad (1)(1) + (1)(0) + (1)(0) = 1 \\
 I(\text{depa, lomi}) (2) &= (0)(1) + (1)(0) + (1)(0) + \\
 &\quad (1)(0) + (1)(0) + (1)(0) = 0 \\
 I(\text{depa, coun}) (2) &= (0)(1) + (1)(0) + (1)(0) + \\
 &\quad (1)(0) + (1)(0) + (1)(1) = 1 \\
 I(\text{depa, cent}) (2) &= (0)(1) + (1)(0) + (1)(0) + \\
 &\quad (1)(0) + (1)(0) + (1)(0) = 0 \\
 I(\text{depa, tagr}) (2) &= (0)(1) + (1)(0) + (1)(1) + \\
 &\quad (1)(1) + (1)(0) + (1)(0) = 2
 \end{aligned}$$

<Table 9-4> M^2 in Kyonggi: Number of Indirect Connections

	DEPA	PLAN	LOMI	COUN	CENT	TAGR
DEPA	2	1	0	1	0	2
PLAN	0	1	1	1	1	1
LOMI	0	0	0	1	0	0
COUN	1	0	0	1	0	0
CENT	0	1	1	1	1	1
TAGR	0	1	0	0	0	1

9.4. CONCLUSION

This chapter aimed at illuminating the interaction patterns between policy actors which appear in the process of policy-making. It portrayed the linkages between policy actors using the concept of a policy network. Since chapter Eight examined the ultimate impact of procedural factors on policy outputs, the main focus of this chapter has been on the interaction between policy actors themselves. In this sense, this chapter provides another process approach to the politics of policy-making in Korean local authorities.

The next steps are to clarify the major findings of this study and to revisit methodological issues discussed earlier in this volume. The major findings of the empirical work will be summarised and their implications will be linked to methodological issues in the study of policy variation in local government.

CHAPTER TEN: CONCLUSION

10.1. NATURE OF THE STUDY

The aim of this study has been twofold: to examine the methodological issues in the analysis of policy variation in local government; and to further our understanding of Korean local government which has been undergoing sweeping changes in recent years. The main reason for the study is the current debate about local government both in general theories and in actual Korean practice.

The underlying nature of local government is a matter of great political debate in European industrial democracies, and fundamental reforms are being carried out in Korea. From the point of view of theoretical debate, a better approach is desperately needed since quite a number of questions have been raised regarding the orthodox methods of studying policy variation in local government (Nardulle and Stonecash, 1982, 45; Boyne, 1989).

A wide range of literature was critically reviewed in the first half of this thesis, with particular emphasis on understanding the methodological aspects of existing studies. As a result, the study of policy variation in local government was characterised in terms of the distinction between output and process approaches and existing studies were grouped into these two approaches. Firstly, in output analysis, this study confirmed that the 'orthodox' research question about the relative importance of socioeconomic and political factors was a false issue. Instead of the traditional dichotomy between socioeconomic and political factors, four groups of variables were used to categorise output analysis in the studies of policy variation in local government:

financial resources, socioeconomic variables, urban hierarchy theory and incrementalism. This classification was based on the nature of each variable and therefore seemed to constitute a more appropriate conceptual framework than had conventionally been used to analyse policy variation. In the case of the process approach, a general framework was developed based mainly on British literature. This theoretical model consisted of three dimensions: political leadership, administrative process and social inputs.

In the second half of the thesis, an empirical analysis was conducted of policy-making in local government of Korea. This empirical study aimed to assess the working of the newly-launched Korean local government system and also to refine methodological strategy for future studies. To achieve this a two-staged method was developed in the research design. In the first stage, output analysis was carried out using the four forms of output variable which were developed in the theoretical discussion: financial sources, socioeconomic variables, urban hierarchy theory and incrementalism. This classification was more appropriate than that conventionally used in output analysis of policy variation in local government. In the second stage, the dynamics of the policy process were explored using a case study approach. Two extreme cases were selected based on the results of the output analysis, and their characteristics were compared in order to clarify their contrasting features which would otherwise be obscured.

This chapter is devoted to summarising the major findings of the research and to drawing out their implications for theory, method and substantive practice. It is, of course, impossible to examine the whole corpus of detailed results presented in the study. The chapter therefore will revisit the methodological issues raised at the beginning using the findings of the empirical analysis. This will help to clarify the methodological contribution which this thesis makes to the study of policy variation in local authorities. Basically, the conclusions of the remaining chapter fall into four main parts: 1) theoretical implications; 2) methodological implications; 3) substantive

implications; and 4) further studies. The chapter first starts by reviewing briefly the theoretical implications of the results drawn from this study.

10.2. MAJOR FINDINGS AND CONCLUSIONS

Theoretical Implications

As noted above, this study set out to examine the theoretical and methodological basis of the studies on policy variation in local government. Some theoretical conclusions can be drawn, and these are better discussed under the heading 'theoretical implications'. The empirical findings support three conclusions as these relate to the literature reported in the first half of the thesis. All three points seem to be meaningful not only in the Korean context but also in general theory. In addition, this study generates another two implications: about the general relationship between theory and method, and about the relevance of British and Western literature for the analysis of Korean local government.

The first conclusion to be noted concerns the dual state theory (Saunders, 1982; 1984; Cawson and Saunders, 1983). As noted in chapter Two, the dual state theory explains local government as being responsible for the social consumption function within the mode of pluralist decision-making. However, this research found no empirical evidence in support of this argument but did find plenty of evidence pertaining to the huge proportion of social production functions carried out by local government. Indeed, the more a service is geared towards social consumption functions, the more central intervention tends to be exercised. Participation of local groups seems also to remain at the lowest level in this area. Social services, for

instance, are an example of social consumption policies in which local authorities have the least room for manoeuvre in policy-making. It should be concluded that there is no decisive evidence in favour of the view that social policies at local level are made in a more pluralist way. To see such a feature, it is necessary to examine the functional sphere of governmental activities. It is in terms of 'interest mediation' that policy-making appears to be more pluralist, especially in social consumption areas. From the point of view of interest mediation, local authorities appeared very much directed towards social policies (Table 8-5 and 8-8). In contrast, central government is the policy actor whose policy orientation is most skewed to economic policy (Table 8-9). It follows that the aspect of local policy-making which is pluralist as suggested by the dual state theory is not its policy-making mode but its function of interest mediation.

The second implication relates to the theories which were discussed under the heading of output analysis. The main concern here is with incrementalism and urban hierarchy theory: other points more relevant to methodological concerns will be discussed later. It seems that both incrementalism and urban hierarchy theory give inadequate attention to the question of 'variation' and the 'intentions' of policy actors. Clearly incrementalism has been a most widely propagated theory in the decades since the 1950s (Leach, 1982, 6; Rubin, 1989, 78; Lessmann, 1989, 453). A key reason for its appeal is its emphasis on *politics*, with its inward-looking explanation of organisation (Dempster and Wildavsky, 1979, 374). Its emphasis on extra-rational politics seems to have been an 'oasis' in the desert of socioeconomic determinism. However, in fact, incrementalism pays little attention to the question of *variation* in local policies. It presents a perspective which is dominated by behavioural determinism and does not try to explain variations in policy-making. Urban hierarchy theory (Aiken and Depre, 1981; Paddison, 1983, 160; King, 1984, 30; Sorensen, 1987, 50) also rules out immediate concern with policy variation. It offers a systematic and unitary view by simplifying the related variables into an ordinal rank-order. Despite its appeal, however, little is explained about policy variation by the urban hierarchy theory. In this

sense, paradoxically enough, incrementalism¹ and urban hierarchy theory² seem to explain all, but at the same time nothing, about policy variation.

Thirdly, the studies of policy variation in local government are, implicitly or explicitly, based upon the Eastonian systems theory. Most literature on policy variation in local authorities, especially in output analysis, adopts a set of pivotal concepts from systems theory (Easton, 1953, 1965). Among widely adopted concepts are inputs, process, outputs, environment and system. Such concepts provide a common language and frame of reference for much research. Certainly each concept is differently elaborated by different writers, but usually traces its origins to the ideas developed in Eastonian systems theory. Here, most writers seem to have difficulty in elaborating the specific contents of 'inputs' and 'environment'.

Fourthly, the interrelationships of theories, methods and fact also deserve mention. This study shows how the findings of empirical research can be predetermined by the choice of theory. Especially in the field of 'output analysis', the orthodox research question has concerned the relative importance of socioeconomic and political variables. This research question itself has predetermined not only the methods but also the findings of empirical studies over the last decades. As has been explained throughout this thesis, this research question was destined to show the primacy of socioeconomic variables over political factors³. And it has now been proved a false issue by the academic community (Nardulle and Stonewalls, 1982, 45; Boyne, 1989)⁴.

1. In addition, this study confirmed enormous difficulties in the empirical application of incrementalism. There can be no objective criteria with which incrementalist features can be differentiated from non-incrementalist ones. The difficulty in setting up standards of judgement seems to be inherent in any output analysis of incrementalism. It may be that the incrementalist theme is more relevant for a process approach at least in empirical analysis.

2. The adherents of this theory can be seen as sceptics of the other output analyses which compare the relative importance of ad hoc variables in a fragmented way. Nevertheless, urban hierarchy theory seems to be another version of output analysis on socio-economic variables. At the basis of urban hierarchy theory is placed the idea of socioeconomic approach. The term 'urban' reflects the socio-economic factors surrounding a certain locality and the term 'hierarchy' refers to the transformation of selected variables into rank-orders in a holistic context.

3. Looking at the tradition of output analysis alone, what does seem clear is that socioeconomic variables outweigh political factors (Klein, 1976, 402; Boyne, 1985a, 473; Buchanan *et al.*, 1991, 69). The merely secondary impact of party variables on performance has been re-confirmed by a number of output analysts (Alt, 1977, 88;

One conclusion to be drawn from this experience is that theorising preceded the collection and interpretation of facts. Data collection is not independent of theories, and interpretations of it are therefore not infallible (Valentine, 1992, 90)⁵. During the last decades, output analysts in this field were sharing models that directed their observation and interpretation. Their empirical works were guided by the model behind which a scientific community (Shipman, 1988, 12) shared a conceptual paradigm. The job of the paradigm was to set puzzles and also to set the methods for their solution (Ryan, 1990, 80). Under this orthodox paradigm most studies were inescapably destined to give too much weight to the impact of socioeconomic variables and too little weight to the influence of politics (Boyne, 1989, 124). An output analyst, not as an individual but as a member of a scientific community, had difficulty in developing any anomaly, just as a novice would do. At best, within the dominant paradigm, it was sometimes argued that the socioeconomic environment was not much more important than political factors.

Finally, it is worth considering the relevance of British and Western theories for the analysis of Korean local government. The results of this study show that British literature is of value in explaining Korean situations to a large extent. However, at the same time, a remarkable difficulty is found in analysing the impact of political parties. In the output analysis of chapter Seven, party control in Korean local government appeared to have no significant impact on local policy-making. It had no significant effect on spending variations between localities. This finding contrasts sharply with the case in Britain, where different party policies have a systematic impact on local spending (Alt, 1971; Sharpe and Newton, 1984; Hoggart, 1987; 1989). Almost all

Fried, 1975, 337; Boyne, 1985b; Hoggart, 1989, 77; Barnett *et al*, 1990, 218; Buchanan *et al.*, 1991, 71). Therefore, the so-called environment versus politics dispute caused near panic in political sciences and a continuing embarrassment to political scientists.

4. The impact of this false issue has also been current in Korea until recently (Hwang, 1987, Kim, 1986).

5. In fact, the relationship between theory and facts has long been a contested topic in epistemology. For instance, the problem of empiricism versus a priori explanation remains contentious (MacPherson and Midgley, 1987, 111; Shipman, 1988, 11). However, this study suggests that a number of inadequacies exist in the view that facts are prior to theories. Probably the social factist (Bryman, 1988, 124) is in a defensive position in relation to the social definitionist in the modern social sciences.

studies of budgetary outputs in the U.K. have found local expenditure on service provision to be related to party control.

This may be attributable to the lack of ideological differentiation between political parties in Korea. Political parties are rarely distinguished in terms of their political doctrine in Korea which is considered a typical example of a Confucian democracy. A high level of autonomy is credited to political parties virtually reliant on an altruistic elitism which lies at the core of Confucian democracy. Therefore, despite the absence of any differentiation in terms of ideological doctrine, political parties conduct the role of interest aggregation in public policy-making (as seen in the process approach of chapter Eight). However, a problem is that the policy orientation of the local council may be unstable and unpredictable in this case. Policy-making is likely to be hampered by its lack of institutionalisation. It can be shaped largely by changeable 'events'. Furthermore, what if the political elites stop being benevolent? This is a paradox of Confucian democracy in modern Asian countries.

Methodological Implications

Discrepancies between Output and Process Approaches in this Research

Several discrepancies were found between the results of the output analysis and those of the process approach in this study. On investigation these discrepancies provide a useful starting point for examining the relationship between output and process approaches in the methodological sphere. The discrepancies were found in three aspects:

- Existence of incrementalism
- Impact of local council
- Extent of central intervention

Firstly, the existence of incrementalism in local government in Korea was confirmed by the process approach but not by the output analysis. In chapter Eight incrementalism was approached as a method of analysis and as a mutual adjustment between policy actors. The existence of incrementalism was convincingly supported by the results of the process approach here (Table 8-12 and 8-13). In contrast, chapter Seven conducted the output analysis in order to see incrementalism as an output; that is incrementalism as a measure of change and as regularity of change. The existence of incrementalism was apparently disproved by the results of the output analysis (Table 7-10 and 7-11). This fact indicates how incrementalism was defined and described differently by the output and process approaches.

Secondly, the impact of the local council also appeared differently in the output and process approaches. The output analysis demonstrated that no consistent impact was exerted by local councils in terms of political doctrine (Table 7-6). In contrast, considerable variation was found in the analysis of the political orientation of local councils by the process approach. The local council was found to be a major source of policy variation between localities using the process approach in chapter Eight (Table 8-5). In short, despite having no apparent impact in the output analysis, where the party flagship was an independent variable, the local council was shown by the process approach to be a notable source of policy variation between localities.

Thirdly, the results relating to the extent of central intervention also varied between the output analysis and the process approach. Output analysis showed central intervention to be considerable only in the social service sector (Table 7-3 and 7-4) whereas it appeared to be strong in all policy areas including economic policies in the process approach (Table 8-1 and 8-7). In other words, central intervention was rarely detected by the output analysis but often found using the process approach.

The first and foremost answer to the question ‘Why do these different findings arise?’ is that a theory or concept is differently defined and used in the output and process approaches. This is exemplified by the investigation of incrementalism. It is

defined as a method of analysis or as a mutual adjustment between policy actors in the process approach whereas it is used to refer to the size of change or the regularity of change in the output analysis. This difference in definition leads to a great difference in the results of analysis. The second answer seems to be more relevant to the main theme of this study. The process and output approaches focus on different targets in collecting research information and data. The process approach stresses the procedures of policy-making and the output analysis emphasises the results of policy-making. A good example is the investigation of the extent of central intervention. Though different conceptions were not adopted, unlike in incrementalism, a different data set was collected which produced different research findings. This indicates that explanation of the results of policy-making should not be confused with an explanation of the event or process of that policy. As Lieberman (1985, 115) makes clear, we cannot learn the fundamental cause of an event by examining the variation in policy outputs. It may be a fallacious assumption commonly made by the output analysts. The third possibility is that measurement in the process approach is highly inaccurate and, therefore, can distort the reality. Usually qualitative methods are used in the process approach based heavily on subjective judgement either of the researcher or of the respondents. There is a danger that not only the respondents but also the researcher may hold misconceptions about policy phenomena regardless of the reality.

As mentioned above, the discrepancies between the two approaches are important indications of the methodological differences between output and process analyses⁶. They can be a useful starting point for the examination of methodological problems in the study of policy variation in local government. The three points explained above are only about the reasons why different findings arise in the empirical part of this study. More general points will be elaborated in the remaining section of this chapter. They fall into six categories:

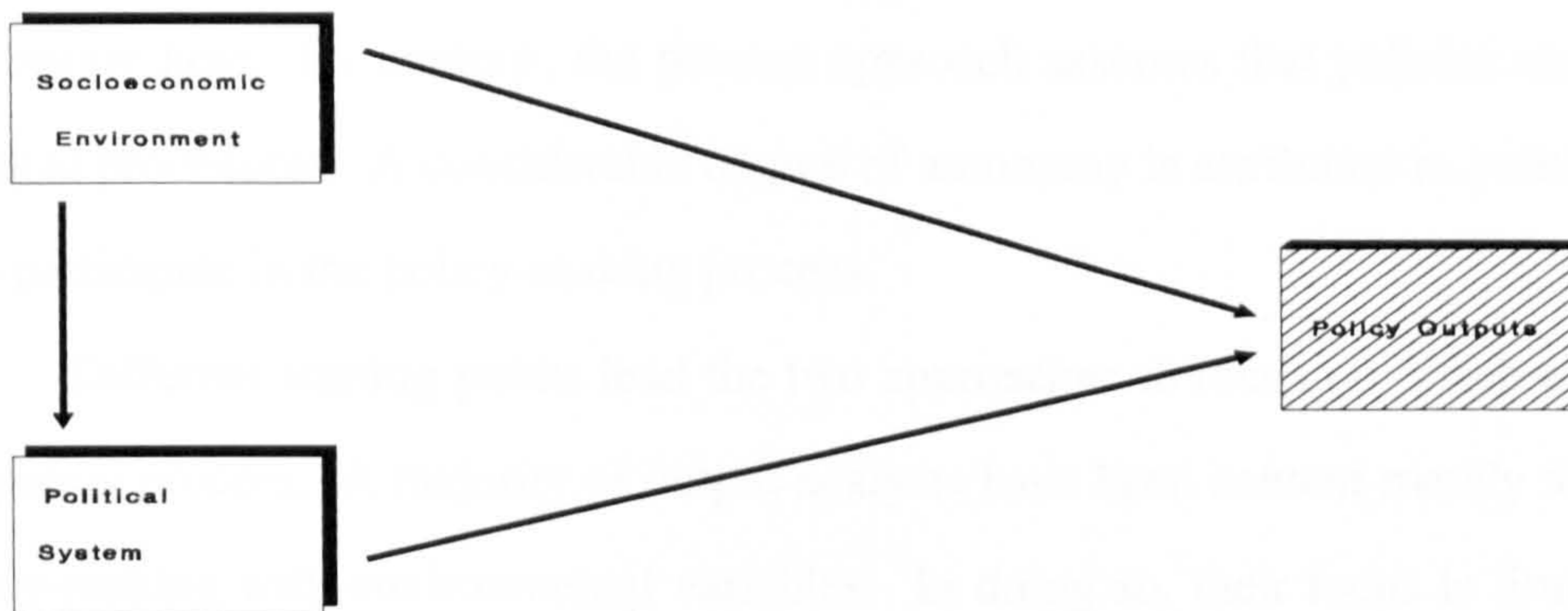
6. A glance at the results of the process approach suggests a different parallel from that of output analysis. Political factors almost always appear to be decisively significant (Dearlove, 1973; Hampton, 1978, 1987; Greenwood, 1987; Barnett *et al.*, 1990) when dealt with in the process approach.

- (1) The conception of the environment-system relationship
- (2) The focus on different stages of the policy process
- (3) The relationship between theory and research
- (4) The direction of inference
- (5) The nature of data
- (6) The number of cases

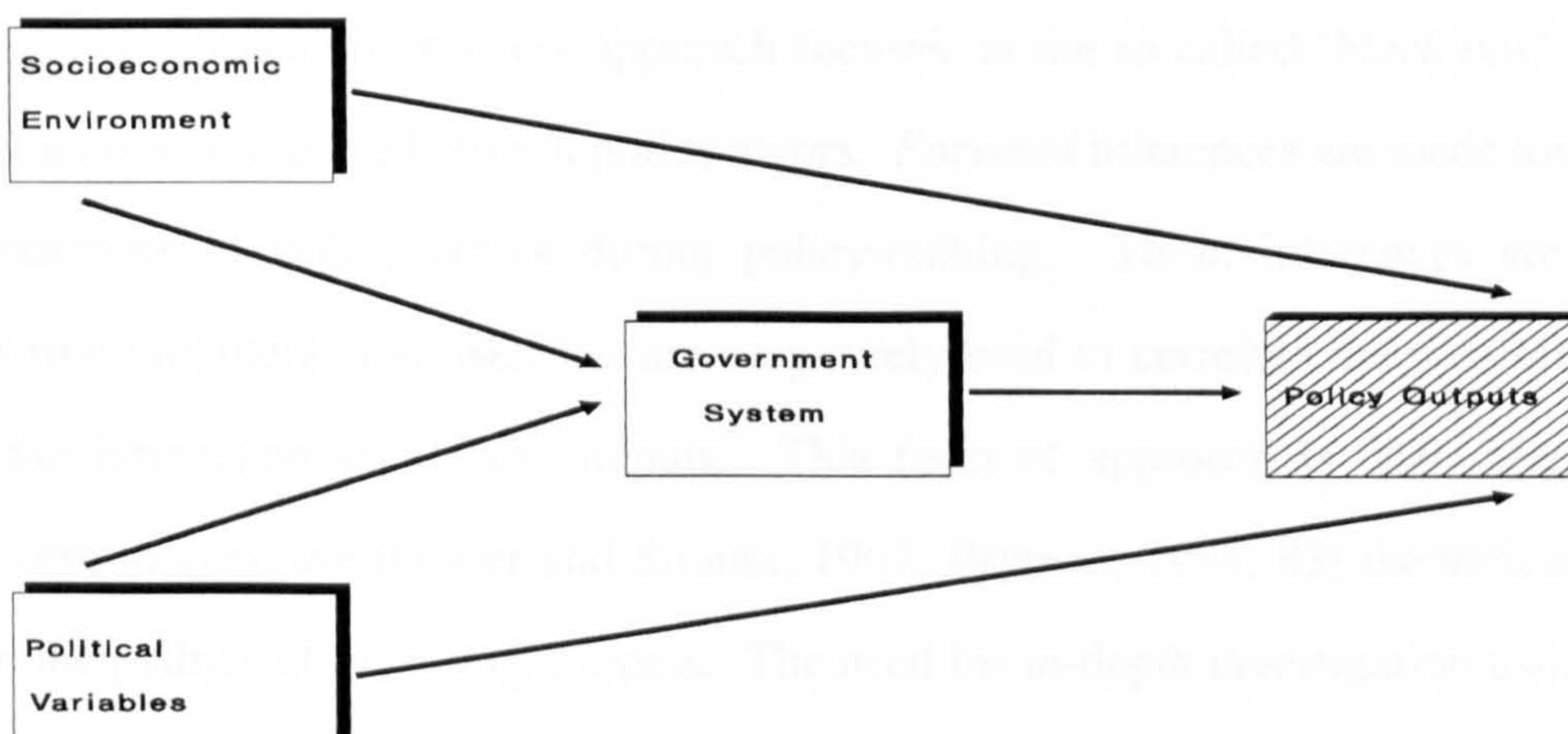
The next three figures illustrate the main features of the two approaches. The first two figures picture the assumptions about the primacy of the socioeconomic environment which inform the output approach. Environment appears to shape policy outputs directly and independently in the figures. The political system is seen to be affected by the environment as well (Figure 10-1), but not necessarily (Figure 10-2). These points were exemplified in chapter Three. Attention here needs to be drawn to the comparison of the output and process approaches. The development of the second model deserves a brief explanation. This model has sometimes been used because of the enormous difficulty in drawing boundaries between the socioeconomic environment and the political system and between political variables and the official policy-making system. If the environmental and political determinants of policies are to be identified and their relative importance evaluated then it is necessary to distinguish properly between the two categories of variable (Boyne, 1985a, 480). Two uneasy questions are raised here. What is the criterion for drawing a line between socioeconomic and political variables? Does the term 'political' refer only to environmental variables which are political in nature or does it include official policy-making mechanisms? These dilemmas are exemplified by the categorisation of turn out ratio in elections and administrative factors. The turn out ratio, for instance, is sometimes classified as a socioeconomic variable and sometimes as a political variable. Even party control is taken as an environmental variable in examining the autonomy of the policy-making system in output analysis (Boyne, 1989, 127). Administrative factors are also switched

across the boundary between political and governmental systems. The second model (Figure 10-2) has been developed by output analysts who recognised these problems.

◀Figure 10-1▶ *Basic Model 1 in Output Analysis*



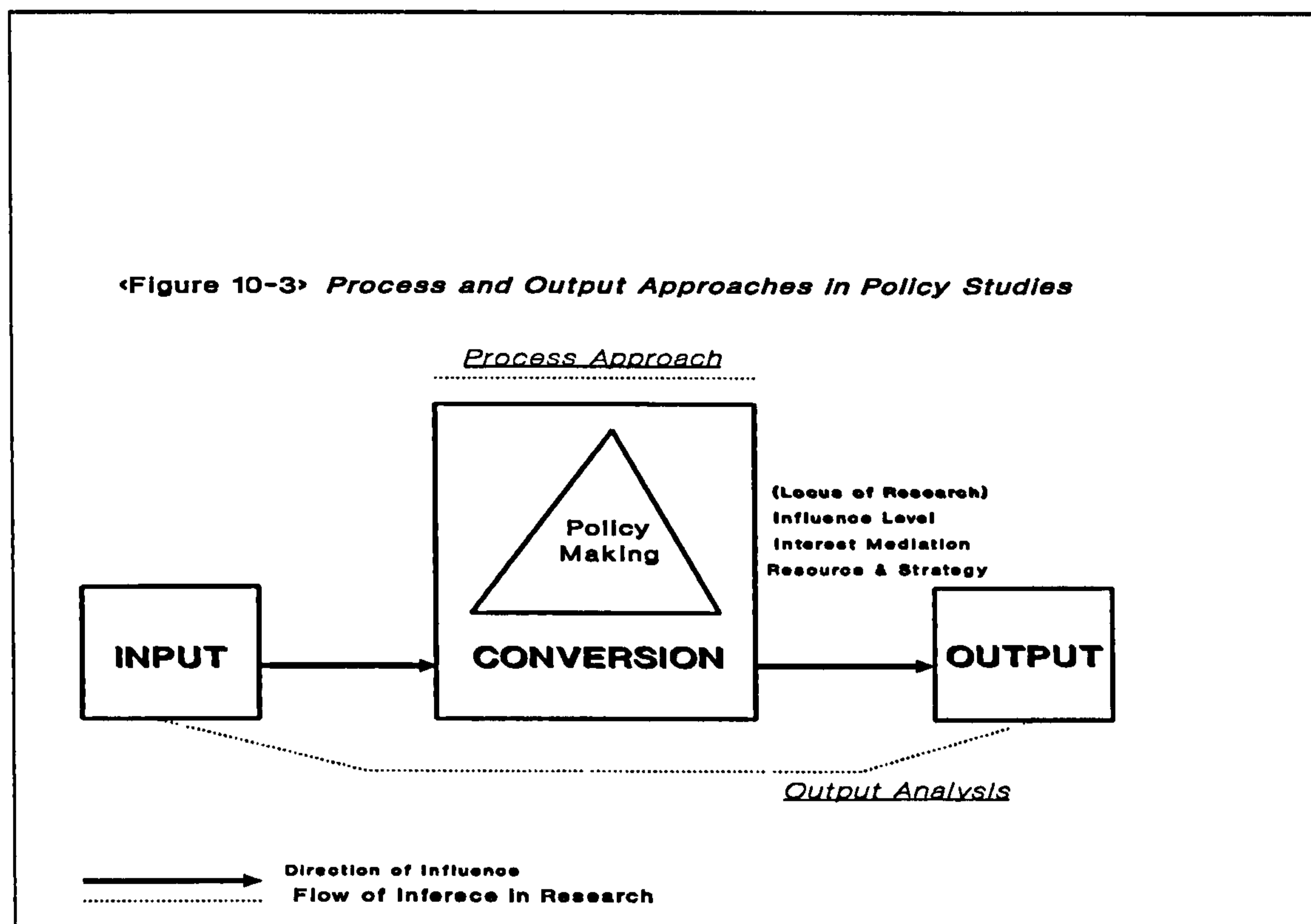
◀Figure 10-2▶ *Basic Model 2 in Output Analysis*



Turning to the comparison of output and process approaches, the next figure (Figure 10-3) gives succinct information. The two approaches embody different conceptions of the policy-making system and the environment relationship. Output analysis attributes relative primacy to the environment based on a pluralist image of society (Hoggart, 1989, 8). There has thus been a tendency towards environmental determinism in which the policy-making procedure is viewed as an automatic transmission belt (Sharpe and Newton, 1984). In the comparison of socioeconomic inputs and political systems, policy makers are usually said to have little room for manoeuvre here. By contrast, the process approach assumes that policies are made by political procedures. A considerable degree of autonomy is attributed to political actors who participate in the policy-making process.

Different starting points lead the two approaches to focus on different stages of the policy process. A majority of output analysts have been content merely to correlate policy-making with environmental variables. In doing so, their focus is limited to the *end-products* of policies, and *backward* inference is made from policy outputs to environment. When associations are found between policy outputs and environment, possible linkages are assumed between these environmental constraints and policy outputs. As a result, policy-making is considered largely as the product of geographic, demographic and economic constraints. In terms of the nature of the collected data, this form of analysis is characterised by a *quantitative* approach to a *huge number* of cases. These data are often used to *test* theoretical propositions.

In contrast, the process approach focuses on the so-called '*black box*' in which interactions take place between policy actors. *Forward* inferences are made towards the interactions of policy actors during policy-making. These inferences are used to describe the interaction itself but are very rarely used to correlate the possible impacts of the interaction on policy outputs. This form of approach is characterised by a concern to *generate* (Glaser and Strauss, 1967; Bryman, 1988, 83) theoretical insights into the politics of the policy process. The need for in-depth investigation usually leads to a focus on a *limited number* of cases using *qualitative* methods.



Pay-off Relationships between Output and Process Approaches

The output and process approaches have diverged so much that one is forced to deny the other. There have been vehement attacks and counter-attacks between the two streams competing for support. It has not been expected that the conclusions of one approach would necessarily be interesting to those who are concerned with the other approach. The next section compares the two approaches in more detail, particularly in terms of the strength and weakness of output and process approaches. To begin with output analysis, harsh criticisms have been made by the adherents of the process approach along the following lines:

(1) Output analysis neglects the distinctive character of the social world. The subjective side of political affairs (Carley, 1981, 90) is squeezed and seldom referred to by output indicators. Though output analysis is well-suited to analysing existing objective indicators, it is less effective in discovering meanings in the political sphere. 'If we are to understand the social world, we must attune our methods of inquiry to its nature' (Hammersley, 1990, 1 and 94).

(2) Output analysis consciously de-emphasises the importance of unveiling the 'black box' and therefore gives little explanation of 'HOW'. The dynamics of policy-making are underestimated since possible associations are sought between policy outputs and the environment apart from the process of policy-making. It is highly questionable whether we picture the dynamic interaction of policy-making by looking at the variation in policy outputs.

(3) As is generally recognised, the quantitative sophistication seems to have run ahead of the theoretical and substantive developments that could take advantage of the methods. Output analysts scarcely recognise the poverty of quantification. Causal relationships are often confused with the general trends in statistical aggregates. The simple fact that there is a statistical relationship does not by itself offer strong evidence that there is a causal relationship (Page *et al.*, 1990, 51).

(4) A large number of cases can be analysed only at the cost of detailed information. Abstracted data from many cases hardly provides any fundamental insight into policy phenomena. In output analysis, therefore, the term generalisation should sometimes be interpreted as 'superficial' and

objective as 'systematic bias'⁷. Unquestionably, in-depth understanding is often of importance and interest to related researchers in many cases.

(5) Output analysis suffers from an underestimation of the non-budgetary and structural aspects of policy-making in the modern state (Wildavsky, 1974; Fried, 1975, 306; Hoggart, 1989, 37)⁸. Budgets mostly reflect either redistributive or distributive policies; they are not a true outcome but a measure of the cost of achieving output (Hill and Bramley, 1986, 154).

(6) The atheoretical attitudes prevalent in output analysis have contributed to the underdevelopment of conceptual and theoretical discussion. Little has been done to link the results of analysis with other, more exploratory theories (Hoggart, 1989, 8). The wasteful proliferation of statistical elaboration has produced nothing comparable to the insights of classical theories.

These criticisms come from the protagonists of process studies. In comparison with those of other disciplines, the identity of policy science itself can be found in the study of policy process. Accordingly, many voices have been raised against the neglect of process by the barefoot empiricism of output analysis. This process approach has also been subjected to attacks from its own critics:

(1) It is often atypical cases that make the writers of the process approach feel the need for in-depth investigation. These atypical cases appear to be

7. Setting a causal linkage is of vital importance in any analytic framework of output analysis. The results of analysis can show huge differences in accordance with this framework and linkage. Boyne (1985a, 495) gives a good example by showing a different degree of effects resulted from different settings of linkages between variables.

8. An example is provided by Hoggart (1989, 37) about school education. Studies have identified biases in the distribution of municipal expenditure in favour of higher income neighbourhoods. Yet these expenditure disparities are in fact poor representations of actual inequalities.

exceptional in their nature. Theoretical criteria are rarely referred to for the choice of the cases. Although an atypical feature has a great deal of appeal, it poses a problem of generalisation.

(2) The process approach is criticised because it only allows for the study of a limited number of cases (mostly a single case). In-depth analysis can only be accomplished by forfeiting a large number of cases. It is not enough, output analysts argue, to generalise the findings from a single case (Bryman, 1988, 88).

(3) A third deficiency of the process approach relates to its way of organising data. The process approach relies heavily on researchers' subjective judgement, and data are rarely presented in a sufficiently systematic way (Parker, 1975, 13; Silverman, 1985, 140)⁹. It is not easy to ensure consistency in their way of asking and answering questions (Drew, 1975, 4) with a less standardized technique. As a consequence, interpretation tends to be 'isolated, episodic' (Heclo, 1972, 90; Ribbins and Brown, 1979, 189) and impressionistic.

(4) The results of analysis may be more or less *decontextualised* without comparable information. Even where detailed studies of specific developments in a policy area are available they tend to be detached from a broader context for comparative understanding.

(5) The process approach sometimes makes it less likely that policy outcomes can be 'read off' (Wright, 1988, 595) or predicted from the results of study.

9. Silverman (1985, 140) makes the point that a critical reader ponders 'whether the researcher has selected only those fragments of data which support his argument'. The same point arises in the case of output analysis. However, compared with those of process approach, the writers of output analysis tend to make their premises and bias explicit.

Frequently perceptual assessment and description are provided about the activities of policy actors in the process approach. Inadequate attention is often given to the ultimate effects of procedural factors on policy outputs. The process approach is likely to exaggerate the significance of a procedural variable rather than to provide the *actual* portrayal of influence. In this case, to discuss the importance of a procedural variable can be to discuss the illusions of policy-makers (Klein, 1978, 402) or researchers (Allan, 1991, 180). There is a need to distinguish between the subjective style of the policy-makers, the style they prefer and try to achieve, and the objective style that they actually exhibit.

Methodological Triangulation

As can be observed from the above comparison, the weakness of one approach is the strength of the other and vice versa. It may be that one approach cannot tackle the question of policy variation without acknowledging an aspect of the other. Output analysis can be supplemented by the process approach in the study of policy variation in local government. The process approach also ought not to be regarded as an end in itself. The reconciliation of the two approaches holds great promise for a more balanced picture of policy-making. This study suggests that methodological triangulation is desirable between the two contending approaches for reaping their respective strengths. The term 'triangulation' is viewed as entailing more than one method of investigation (Bryman, 1988, 131). Its main message is that the validity of empirical study in social science can be increased by using more than one method. The benefits of triangulation were canvassed by Webb *et al.* (1966) and Denzin (1970) after being presented by Campbell and Fiske in 1959. At the core of this idea is the belief that the choice of research method is not a matter of principle but a matter of appropriateness and adequacy. Bulmer (1992, 32) makes the point that there is no best

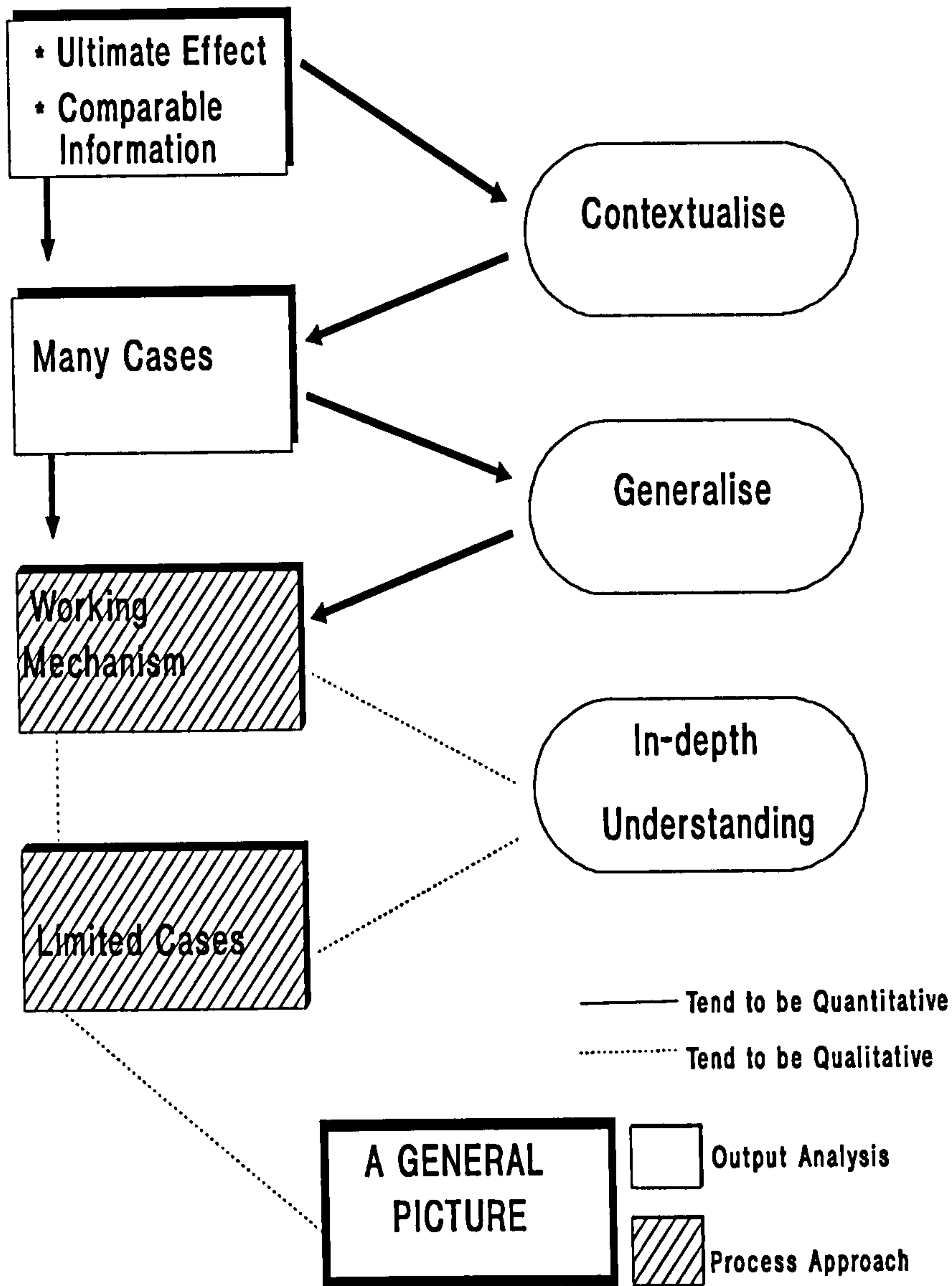
method either in general or for a particular problem. All methods have their strengths and weaknesses. The point is which combination of strategies will be most adequate and most fruitful¹⁰.

Clearly, methodological triangulation¹¹ leads to complex research designs (Fielding and Fielding, 1986, 26). The point here is not the simple combination of different kinds of data, but the attempt to relate them so as to counteract the threats to validity identified in each. In this sense, there seem to be two forms of triangulation between output and process approaches. Firstly, output analysis may come first and the background details be further investigated by a process approach (Figure 10-4): that is, correlational patterns of policy variation are portrayed first and then interpreted through a process approach to display the sources of variation in the mechanisms of policy-making. The value of output analysis here lies in contextualising research targets not only with comparative information but also in terms of the ultimate impact of procedural factors. These constitute the basis for subsequent generalisation of findings and for the identification of special cases to be studied in more detail. Once the ultimate variation is identified with comparative information, the working practices of policy-making need to be explored in greater depth. The process approach is used at the second stage either to explain the impact of procedural factors on outputs or merely to describe the patterns of interaction within the process. Since the main aim is to get insights into policy-making rather than to generalise the findings, the choice of case does not have to be based on random sampling. Rather the basis of case selection is better grounded on the results of output analysis. Choice is made on the basis of the results of output analysis; those that are high or low on a criterion variable or those that display significant characteristics.

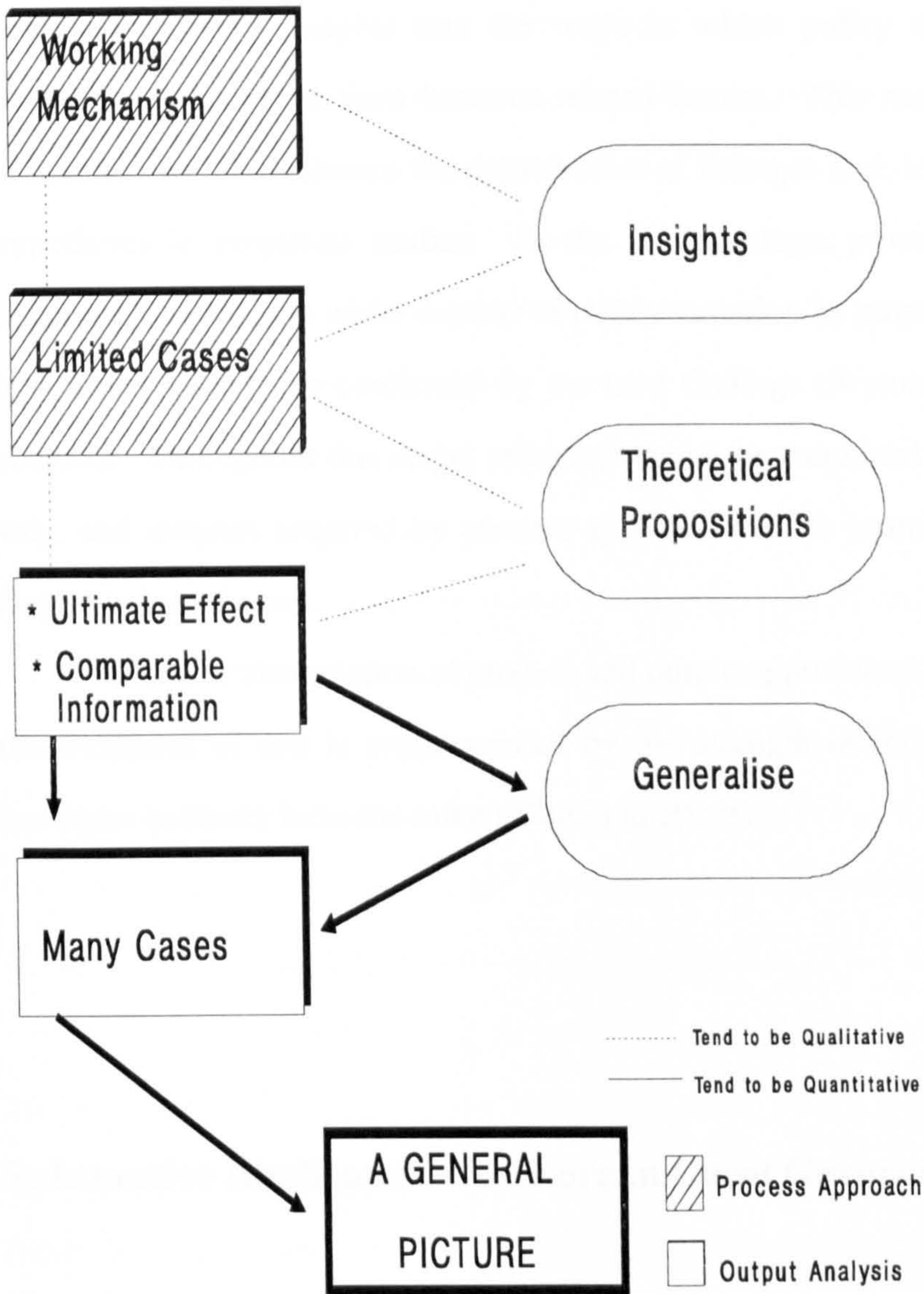
10. The belief that a single method is enough to explain policy-making has been increasingly doubted in recent policy studies. In a sense, this trend seems to be a reflection of methodological relativism or pragmatism, but certainly not nihilism.

11. In general, potential triangulation have been systematized into four types: data triangulation, investigator triangulation, theory triangulation and methodological triangulation (Fielding and Fielding, 1986, 25). It is with the methodological triangulation that this study is mainly interested.

«Figure 10-4» *The First Strategy for Triangulation*



«Figure 10-5» *The Second Strategy for Triangulation*



Secondly, the process approach can be used as a precursor to the formulation of detailed issues under question (Figure 10-5). At the first stage, the use of the process approach provides insights into the ways in which policy outputs come about by illuminating the interactions between related factors. This may provide a conceptual orientation which facilitates the construction of linkages and, indeed, the generation of hypotheses in empirical studies. At the second stage, procedural views of policy-making are tested in a wider context of policy variation by output analysis. Hunches or hypotheses have to be confirmed by the hard findings (Bryman, 1988, 136) of output analysis. Throughout this stage, related data can be examined in a more standardized way, and insights acquired by process approach can be examined with the data of a large number of cases.

In short, triangulation of process and output approaches is expected to show how the weakness of one is supplemented by the strength of the other. The above two strategies basically have the same values and effects.

Substantive Implications for Korean Local Government

Variation in Social Policies

A number of implications may be drawn from the results of this research for the practice of policy-making in local government. The chapter now concludes by summarising the distinctive features of local policy-making in Korea and the ways in which local service provision might be improved. They are discussed in the remaining section of this chapter.

First of all, the results of analysis show that local spending differs not only between policy areas but also between localities in Korea. Noticeable variations are

observed from locality to locality with, for instance, a 2.909 percent variation coefficient in environment. Four distinctive features deserve mentioning. First, the coefficients of variation in social policy areas range from 0.237 to 2.909 (Table 7-1). This spread is wider than other policy areas such as regional development and general administration expenditure. While the regional development expenditure records a coefficient of variation of 0.305, most social policy areas show higher coefficients. This implies that policy-making on social policy spending clearly varies within local government in Korea.

Second, within the social policy area, the variations in divisible services (social services) are far narrower than in indivisible social policy sectors. The c.v. in social services is 0.348 indicating that all the local authorities spend a similar percentage of their budgets on divisible social policy. No significant variation is found in the spending on social services between local governments. An almost identical level of policy priority is given to the beneficiaries of social services by each local government. The reason may well be that the central government influences the distribution of divisible social services by imposing general standards of provision.

Third, a huge difference is found between the highest (environment) and the lowest spenders (fire) within the indivisible social policy area. This implies that the ratio of local spending differs greatly between social policy sectors even within the indivisible social policy area. One plausible explanation is that local authorities have little room for manoeuvre under the pressure of environmental constraints in some indivisible social policies. The fire service which has the strongest tendency to cluster around the average spending level with the smallest inter-local disparities is an example here (at c.v. of 0.237). By contrast, local authorities enjoy more autonomy in other indivisible social policies like the environment service. The environment service is less standardised (at c.v. of 2.909) across localities being financed by the local tax (Table 7-1).

Finally, the social services sector accounts for more than 10 percent of the local budget. This means nearly half of the social policy budget goes towards the social

services which are provided basically for people in physical and financial hardship. This is an indication that little attention is paid to other welfare issues in Korean local government.

Explaining Variations in Social Policies

More than anything else, policy variation in Korean local government is best explained by socioeconomic variables in the output analysis of this study, as in other countries. R^2 in the regression analysis records much higher values on socioeconomic variables than either financial sources or urban hierarchy theory. For example, more than 95 percent of variance in health, environment and education can be accounted for by socioeconomic factors. In the social services sector, more than 83 percent of spending variance between localities can also be explained by socioeconomic variables.

A glance at the independent variable gives several clues here. To begin with social service, variations are negatively correlated with three variables to indicate income level in Korea: the percentage of car-ownership, the population density and the relative proportion of council seats occupied by DLP. This comes, more than anything else, from the fact that social services in Korean local government are the only divisible services provided for those in physical and financial hardship. Social services are less needed in better-off localities and in highly populated areas (Table 7-6) which have benefited from urbanisation in the context of Korea. This inference is again supported by the fact that a highly positive correlation appears between social services and the proportion of elderly people. Elderly people are the main beneficiaries of the divisible social services in local authorities of Korea. In contrast, health and environment spending exhibit positive correlations with population density, per capita saving and the proportion of car-ownership. This means that the more affluent the residents of an authority, the more they are likely to spend on such services as health and environment.

On the other hand, the results of the process approach illuminate several distinctive features of the policy process in Seoul and Kyonggi. These points can be taken as the source of policy variation in the two extreme cases. The most striking difference is found on the dimension of political leadership. Both the local council and the Mayor in Seoul are clearly more willing to improve social services than in Kyonggi. Also, the target groups in Seoul appear to be more vigorous than those of Kyonggi in the priority they give to social policies. Whilst the mean value of the target groups' policy orientation is 3.3962 in Kyonggi it is 3.8860 in Seoul (Table 8-12).

Main Policy Actors in Local Government after the 1991 Reform

The local minister (Mayor in six Cities) and the central government are the most influential policy actors in the Korean local government after the 1991 reform (Table 8-1). These two policy actors show the same degree of influence. The main policy resource through which the local minister exerts influence is 'formal authority' whilst that of central government is 'political measures' and 'information'. Contrary to general expectations, the part played by local councils (which were established in 1991) is not notable. Local councils appear to have access to the fewest policy resources defined in terms of information and professional expertise. Likewise, the local groups do not exercise any notable degree of influence on local policy-making either. They record the lowest influence among policy actors presented to respondents. The low extent of the local groups' influence is in line with the lack of policy resources. They are assessed to have very limited policy resources.

From the point of view of interest mediation, it is interesting to see a 'division of work' between policy actors. The target groups and the local councils are apparently social-policy oriented whilst the central government appears to be concerned mostly

with economic policy¹² (Table 8-1). This result is consistent with the explanation suggested by the dual state theory in the ideological and functional dimensions. According to Saunders and Cawson, there are tensions between local and central governments over the primacy of economic versus social policy priorities and over the rights of citizenship versus the rights of private property. This explanation proves the case in the process of local policy-making.

Role of Local Councillors

In assessing the reconstructed local government system, it is important to examine the roles of the local councillors who emerged with the launch of local government reforms in 1991. Their activities will be the signpost for local reform at least in the short term. Accordingly, more light needs to be shed on the roles of councillors in shaping local policies by looking at various aspects of their activities. From the perspective of interest mediation, the advocates of local reform may have proved their case. There are indications (Table 6-4 and Table 8-5) that the councillors are very markedly more inclined than other policy actors to regard social welfare issues as important. The local councils both in Seoul and Kyonggi are highly committed to social policies. In this sense, the council itself can be seen as an institutional setting which is more sensitive to social policy issues than to others. Table 8-5 and two figures (9-1 and 9-2) all imply that councillors are working closely with the local residents and departments. They are relatively aloof from the intervention of central government and the formal authority of the Mayor (local minister).

12. Relatively, central government's inclination was not properly captured by the five-point scale in this survey. A more contrasting mean value would have been recorded for central government on the ten-point rather than on the five-point scale. However, this does little damage to the interpretation of central government's orientation towards economic policy.

However, the general policy orientation of local councils should not be allowed to disguise the fact that they are deplored by sceptics. Public officials stressed their own autonomy of action from councillors and, furthermore, sometimes expressed grievances against councillors (Table 6-4). Much of the criticism was about councillors' 'trivial' and 'selfish' involvement in local policy-making and their lack of management responsibility.

In fact, this problem was already evidenced by the analysis of influence level in chapter Eight (Table 8-3). The influence of local councils was not noteworthy in local policy-making either in Seoul or in Kyonggi.

In sum, local councillors seem to be praised in terms of political representativeness whilst they are criticised from the perspective of local government management. It seems that the political position of councillors does not warrant their influence in the local policy process where they suffer from a lack of policy resources such as information and professional expertise. Needless to say, professional expertise and information are the means by which councillors take part in the management of modern local government. Unless these policy resources are supplemented for councillors, they will continue to have these same troubles.

Distribution of Financial Sources

As of 1992, the largest part of the local budget in Korea comes from local taxation, which accounts for 42 percent of the total local budget on average. There is an extravagant difference (21 %) in the cross-regional distribution of local tax. The non-tax revenue is second only to the local tax, showing a mean score of 20 percent. The subsidies which are specified for a certain policy programme by central government rank as the third most important financial source for local government (20 %).

Several features emerge from a more detailed analysis of relationships between financial resources and social policies. First of all, within the social policy area, the expenditure variations in divisible social policy are slightly better explained by the variation in financial resources than in the case of indivisible social policies. The explanatory power of financial sources comes mainly from the effects of subsidies in the case of divisible social policy sectors. Subsidies have a noticeable association with social services which is the only divisible social policy in Korean local government.

Secondly, no statistical correlation is found between expenditure and source of finance in three services: fire, environment and culture. The variability in these three services is not linked to the differential incidence of the financial sources. One plausible explanation is that fire, environment and culture are very much standardised across the localities and provided by public authorities regardless of the different composition of financial resources.

It is worth summarising several relationships between financial resources and local service provision in Korea (Figure 7-3). The overall finding of the study is that there is an inverse relationship between central subsidies and local taxation. An increase in local taxation is negatively related to an increase in subsidies. Central subsidies are mostly distributed to the localities which do not have financial resources for nationally imposed policy programmes. Whilst these subsidies appear to be the main financial resource of the social service sector, locally raised finance is distributed to such indivisible social policies as education, environment and health.

Reform for the Management Side of Local Government

A final point to be noted is the need of innovation in the management side of local government. Since the 1991 reform, local authorities have undoubtedly been in a transition, with a shift of concern from the institutional aspect to the management side

of local affairs. The role of local government itself is changing: from being the agent of the centre to being a separate entity. Whilst in the past the notion of efficiency referred to the successful implementation of central policies, it now means successful management of local affairs taking account of local needs. It is a crucial issue for a local government to consider its activities as a whole in relation to the problems of the area it controls. The extent to which local government can assess and meet local needs is being placed at the focal point of concern today.

However, the general implication of this study is that local authorities have still a lot to do to adapt to changed circumstances. Partial support for this implication is found in the analysis of local policy-making (Table 8-13), and in the responses to open-ended questioning (Q 8 in Appendix 6). Policy processes are characterised by 'creeping incrementalism' while the diffusion of traditional power often leads to inter-organisational fragmentation between council, department and central authorities. The institutional re-arrangement in 1991 has brought a great deal of confusion about the new roles of each organisation and the problems of co-ordination have not been adequately solved since the establishment of local councils. This fragmentation is compounded by the lack of an innovative and rational approach on the management side.

The future of the local reforms in Korea depends on translating the ideas of reform into processes and procedures of local government. Incrementalism needs to be supplemented by a rational approach and the traditional inertia needs to be replaced by innovative flexibility. To these ends, several policies can be suggested such as the development of 'corporate management'¹³, the recruitment of professional policy analysts, and functional reallocation between the centre and the locality and between the council and its departments. These alternatives will be useful as means of shaping the political environment for efficient management and, in the end, of enhancing local authorities' ability to assess and meet local needs. Finally, it is worth noting that citizen involvement is vital for improving the management of local government. At the bottom

13. The notion of corporate management has often been mentioned in British local authorities during the last decades (Dearlove, 1979, 118; Elcock *et al.*, 1989, 139).

of past unease with the deficiencies of traditional administration lay a criticism of unresponsive and nonparticipant management of local government. Nevertheless, this research does not provide comfort for the advocates of citizen involvement. Local residents remain in a very weak position in shaping local policy-making (Table 8-10 and Table 9-1 and 9-2). Their inputs frequently have little impact on local policy-decisions. It would be fundamentally impossible to take account of local circumstances without the encouragement of citizen involvement in the future. The dissemination of information for example, which is related to local policy-making, can be a significant step towards encouraging citizen involvement in the future.

10.3. FURTHER RESEARCH

This study has explored methodological issues in analysing policy variations in local government and assessed the working practices of Korean local government. The methodological issues which have been under discussion in this volume could certainly be the starting point for further studies. In addition, several choices which have been made in this research could also serve as potential starting points for future studies. As noted earlier, some choices were inevitably made under the pay-off relationships between alternative methods (Bulmer, 1983, 14). Other choices were determined by the need to strike a balance between the demands of methodological adequacy on the one hand and practical feasibility on the other (Booth, 1990, 21). This last section offers a few signposts for the direction of future studies.

First and foremost, further work to refine methodological triangulation would certainly be worthwhile. This study has showed throughout how the appropriate use of methods is important, especially concerning output and process approaches.

Methodological issues should be treated as a decisive element in policy studies. This work would be a starting point for the development of methodological triangulation in the field of policy science.

Second, this study could be strengthened by a time-series analysis of policy variation in local government. The empirical research in this study was constrained by the need to explore local policies after the 1991 reform. This dictated a cross-sectional perspective. A time-series analysis would give additional information on, for example, the impact of situational contingencies like inflation and economic growth.

Third, the choices which have been made in this research provide a starting point for possible future studies. As noted in the first chapter, this study limited its scope to the analysis of budgetary outputs and processes. Although the budget is the most readily quantifiable measure of government policy-making, it is not the only measure of governmental activities. There are other important governmental activities such as regulation and admission policies. The budget, as Hill and Bramley (1986, 154) pointed out, is not a true output measure but just a measure of the cost of achieving an output. Therefore, the focus on budgetary records excludes the non-budgetary and structural aspects which are rarely recorded in the budgetary data. These aspects might be examined in a more detailed analysis of the process of policy-making, such as non-decision making. Future studies will be able to yield fruitful results by starting where this thesis leaves off.

Finally, there are still a number of further questions that need to be answered concerning the newly-constructed local government in Korea. Other possible work might involve a fuller examination of inter-governmental relationships, officer-councillor relationships, and the initiatives of regional development and unions within local authorities. These topics deserve more attention in the context of the development of local government in Korea.

APPENDICES

- <Appendix 1> Statistical Data
- <Appendix 1> Measurement of Urbanity
- <Appendix 3> Regression Equations for Chapter Seven
- <Appendix 4> Local Government Examined in Research
Articles
- <Appendix 5> Schedule of Interviews
- <Appendix 6> Questionnaire (Translation)

<APPENDIX 1> STATISTICAL DATA

<Table 11-1> *Share of Local Expenditure in National Budget, Korean Won (100 million)*

Year	Gov't Budget(A)	Local Budget(B)	B/A(%)
1951	6	1	16.7
1952	22	3	13.6
1953	32	8	25.0
1954	67	29	43.3
1955	140	79	56.4
1957	146	85	58.2
1958	280	106	37.9
1959	319	127	39.8
1960	370	137	37.0
1961	520	161	31.0
1962	756	118	15.6
1963	608	160	26.3
1964	632	180	28.5
1965	844	233	27.6
1966	1,314	347	26.4
1967	1,789	464	25.9
1968	2,513	663	26.4
1969	3,289	1,027	31.2
1970	4,051	1,261	31.1
1971	4,945	1,568	31.7
1972	6,053	1,764	29.1
1973	6,062	2,155	35.5
1974	9,427	2,718	28.8
1975	14,469	4,304	29.7
1976	22,194	5,680	25.6
1977	29,908	8,165	27.3
1978	40,405	10,856	26.9
1979	55,075	15,936	28.9
1980	66,352	19,454	29.3
1981	81,744	24,576	30.1
1982	95,260	29,021	30.5
1983	107,533	35,167	32.7
1984	118,289	40,951	34.6
1985	130,089	42,173	32.4
1986	146,993	47,571	32.4
1987	178,839	60,421	33.8

Source: *Hanguk Chaejong 40 Nyonsa* (Forty Years of Korean Fiscal Policy), vol. 4, Seoul: KDI, 1991, 666.

<Table 11-2> *Changes in the Number of Employees in Local Government*

Year	TGE (A)	LGE (B)	B/A (%)
1958	245,691	37,206	15.1
1959	246,857	36,884	14.9
1960	248,747	40,837	16.4
1961	235,458	31,417	13.3
1962	266,821	43,120	16.2
1963	287,988	43,168	15.0
1964	294,992	51,179	17.3
1965	314,991	50,308	16.0
1966	329,752	54,021	16.4
1967	355,931	54,298	15.3
1968	383,461	57,668	15.0
1969	393,419	61,194	15.6
1970	428,305	68,728	16.0
1971	461,999	90,625	19.6
1972	478,355	92,627	19.4
1973	452,054	95,360	21.1
1974	466,444	101,030	21.7
1975	478,562	107,385	22.4
1976	502,702	118,642	23.6
1977	519,110	123,363	23.8
1978	540,658	131,862	24.4
1979	564,058	143,161	25.4
1980	596,431	150,566	25.2
1981	665,895	185,729	27.9
1982	647,851	189,091	29.2
1983	650,914	190,138	29.2
1984	657,214	192,820	29.3
1985	670,637	198,087	29.5
1986	691,670	205,858	29.8
1987	705,053	216,451	30.7
1988	737,225	232,094	31.5
1989	781,346	252,123	32.2

Note) TGE: Total Government Employees, LGE: Local Government Employees.
Source: *Hanguk Tongkye Yonkam* (Statistical Yearbook of Korea), Economic Planning Board (EPB), Korea, 1968, 1973, 1990.

<Table 11-3> *The Share of Policy Areas in Total Local Budget (%), 1992*

	SOPO	COUN	GENE	INDUS	REGI	OTHER
Seoul	28.16	4.17	3.16	0.46	24.60	43.20
Pusan	25.69	1.56	5.43	4.81	40.25	23.66
Taegu	19.56	1.75	9.38	23.91	24.37	22.60
Inchon	26.22	2.64	8.01	6.28	36.45	22.78
Kwangju	24.29	3.31	17.65	3.40	24.09	30.25
Taejon	27.61	3.32	7.90	5.85	35.89	22.42
Kyonggi	16.79	3.06	7.04	13.27	38.58	24.02
Kangwon	20.34	5.22	16.26	34.35	16.37	12.17
Chungbuk	24.49	6.42	9.95	25.31	24.23	15.39
Chungnam	22.43	4.39	9.38	35.74	21.75	10.27
Chonbuk	26.03	5.33	8.08	35.55	17.89	11.93
Chonnam	23.35	5.37	8.35	38.99	20.19	8.58
Kyongbuk	18.93	5.80	4.27	23.92	20.63	31.67
Kyongnam	17.58	3.95	5.26	28.01	19.87	28.88
Cheju	24.81	9.82	14.84	23.94	22.50	12.92

Note) SOPO: Expenditure on Social Policy, COUN: Expenditure on Council, GENE: Expenditure on General, INDUS: Expenditure on Industry, REGI: Expenditure on Regional Development, OTHER: Expenditure on Other Policies

Source: *Chibang Yesan Kaeyo* (Summary of Local Government Budgets), Ministry of Home Affairs (MHA), Korea, 1992.

<Table 11-4> *The Share of Each Social Policy Sector in Total Local Budget (%), 1992*

	SOSE	HEAL	CULT	ENVI	EDUC	FIRE	SPOR
Seoul	4.30	9.00	0.83	0.92	9.11	3.02	0.81
Pusan	8.14	3.85	0.25	0.00	7.98	2.44	0.76
Taegu	6.02	3.58	1.05	0.00	4.55	2.05	2.31
Inchon	7.25	4.24	3.57	0.00	5.22	3.98	1.96
Kwangju	8.61	3.64	3.49	0.00	3.76	2.26	2.54
Taejon	9.36	0.75	2.31	6.55	5.09	2.48	1.08
Kyonggi	8.00	1.57	2.42	0.00	0.37	2.57	1.86
Kangwon	10.37	2.45	1.99	0.00	0.09	3.79	1.64
Chungbuk	14.73	2.65	3.21	0.00	0.03	3.00	0.87
Chungnam	13.79	1.14	2.25	1.28	0.19	2.14	1.64
Chonbuk	16.67	2.23	3.65	0.00	0.20	2.55	0.73
Chonnam	15.42	1.87	1.84	0.00	0.16	3.16	0.90
Kyongbuk	10.13	2.86	1.37	0.00	0.71	3.14	0.74
Kyongnam	9.64	2.13	0.93	0.00	0.62	3.83	0.43
Cheju	12.10	2.70	4.09	0.00	0.52	4.21	1.19

Note) SOSE: Expenditure on Social Service, HEAL: Expenditure on Health, CULT: Expenditure on Culture, ENVI: Expenditure on Environment, EDUC: Expenditure on Education, SPOR: Expenditure on Sports.

Source: *Chibang Yesan Kaeyo* (Summary of Local Government Budgets), Ministry of Home Affairs, Korea, 1992.

<Table 11-5> *Local Expenditure on Social Policies '91 and '92 (Million Won)*

	1991	1992
Seoul	760,913	890,819
Pusan	194,615	231,105
Taegu	133,585	137,441
Inchon	116,877	122,773
Kwangju	81,390	84,080
Taejon	61,939	90,578
Kyonggi	142,280	163,227
Kangwon	60,790	62,510
Chungbuk	56,728	61,027
Chungnam	77,604	79,350
Chonbuk	99,059	99,906
Chonnam	93,258	103,517
Kyongbuk	115,305	111,579
Kyongnam	103,407	110,847
Cheju	21,960	31,467

Source: *Chibang Yesan Kaeyo* (Summary of Local Government Budgets), Ministry of Home Affairs, Korea, 1992.

<Table 11-6> *Local Expenditure on Social Policies '85-'89 (Million Won)*

	1985	1986	1987	1988	1989
Seoul	130,027	152,651	175,838	208,314	323,132
Pusan	35,776	44,687	58,449	92,469	124,957
Taegu	19,603	30,380	43,440	59,701	85,191
Inchon	12,110	20,593	25,009	36,849	52,759
Kwangju	*	10,628	15,210	26,017	40,954
Taejon	*	*	*	*	42,267
Kyonggi	63,513	88,691	125,406	160,632	184,417
Kangwon	40,578	43,409	63,338	78,183	84,191
Chungbuk	27,929	36,572	52,352	62,424	71,738
Chungnam	55,652	67,809	106,724	131,322	112,548
Chonbuk	46,051	62,046	93,899	110,010	138,389
Chonnam	69,283	73,849	113,302	130,127	155,652
Kyongbuk	51,735	72,248	111,307	132,074	147,848
Kyongnam	49,354	66,784	110,158	140,446	166,958
Cheju	7,773	12,662	14,897	20,427	22,823

Source: *Kyongje Tongkye Yonbo* (Economic Statistical Yearbook), EPB, Korea, 1991.

<Table 11-7> *Correlation Coefficients between Financial Sources*

	LOTX	NTR	CSTX	TRAN	SUBS
LOTX	1.000	*	*	*	*
NTR	.5516	1.000	*	*	*
CSTX	-.8931**	-.6942**	1.000	*	*
TRAN	.3141	-.0188	-.3206	1.000	*
SUBS	-.8838**	-.7056*	.7173*	-.2229	1.000

<Table 11-8> *Correlation Coefficients between Socioeconomic Variables*

	POPDEN	% ELDERLY	% SCHOOL	% CAR	SAVING
POPDEN	1.0000	-.6833	-.2472	.8854**	.9372**
% ELDERLY	-.6833	1.0000	.4651	-.8570**	-.5112
% SCHOOL	-.2472	.4651	1.0000	-.4708	-.1647
% CAR	.8854**	-.8570**	-.4708	1.0000	.8051*
SAVING	.9372**	-.5112	-.1647	.8051*	1.0000
% TURN	-.6713	.7731*	.5175	-.7997*	-.4673
% DLP	.3611	-.4947	-.6188	.4590	.2369
% D	-.0574	.3005	.5218	-.2099	-.0414
% INDEPEN	-.5119	.3046	.1156	-.4021	-.3283

* at .01 and ** at .001

(continued)

	% TURN	% DLP	% D	% INDEPEN
POPDEN	-.6713	.3611	-.0574	-.5119
% ELDERLY	.7731*	-.4947	.3005	.3046
% SCHOOL	.5175	-.6188	.5218	.1156
% CAR	-.7997*	.4590	-.2099	-.4021
SAVING	-.4673	.2369	-.0414	-.3283
% TURN	1.0000	-.4271	-.0196	.7623*
% DLP	-.4271	1.0000	-.8368**	-.2072
% D	-.0196	-.8368**	1.0000	-.3619
% INDEPEN	.7623*	-.2072	-.3619	1.0000

* at .01 and ** at .001

<Table 11-9> Total Population (Persons), 1990

Locality	Population
Seoul	10,627,790
Pusan	3,797,566
Taegu	2,228,834
Inchon	1,818,293
Kwangju	1,144,695
Taejon	1,062,084
Kyonggi	6,154,321
Kangwon	1,592,512
Chungbuk	1,414,295
Chungnam	2,027,766
Chonbuk	2,069,848
Chonnam	2,522,515
Kyongbuk	2,865,676
Kyongnam	3,679,396
Cheju	514,608

Source: *Chiyok Tongkye Yonbo* (Regional Statistics Yearbook), Bureau of Statistics, Korea, 1992.

<Table 11-10> Population Density in Each Locality, 1990

Locality	POP Density (persons/ km ²)	Rank
Seoul	17,558	1
Pusan	7,173	2
Taegu	4,891	4
Inchon	5,732	3
Kwangju	2,285	5
Taejon	1,977	6
Kyonggi	571	7
Kangwon	94	15
Chungbuk	190	12
Chungnam	244	11
Chonbuk	257	10
Chonnam	214	13
Kyongbuk	147	14
Kyongnam	313	8
Cheju	282	9

Source: *Chiyok Tongkye Yonbo* (Regional Statistics Yearbook), Bureau of Statistics, Korea, 1992, p. 27.

<APPENDIX 2> MEASUREMENT OF URBANITY

The concept of urbanity is variously defined based on several concepts such as: (1) inhabitants (Bibby and Shepherd, 1990) (2) industrial structure (Ronnas, 1984, 9) and (3) social and cultural characteristics with an emphasis on the mode of living (Johnson, 1990, 5). These differing notions on urbanization create tremendous difficulties in attempting to make comparisons of urbanization either from country to country or within a given country.

In this study, the notion of urbanity was conceptualised in Chapter three as referring to ‘the relative degree of *internal* service needs generated in highly populated cities’. Therefore, this study focuses on the implication of the urbanity which takes place in an agglomeration of people. Habitational features are likely to characterise the relative degree of internal service needs. A consistent ordinal classification is made and its relevance is tested in chapter Seven.

<APPENDIX 3> REGRESSION EQUATIONS FOR CHAPTER SEVEN

Financial Sources

<Equation 11-1> $SOSE = 6.01328 + .21539 \text{ SUBS} + u$

<Equation 11-2> $HEAL = .622177 + .056175 \text{ LOTX} + u$

<Equation 11-3> $EDUC = -2.96568 + .13212 \text{ LOTX} + u$

<Equation 11-4> $SPOR = .29062 + .04937 \text{ EXTR} + u$

Socioeconomic Variables

<Equation 11-5> $SOSE = 18.673841 - .204852 * \text{CAR} - .057528 * \text{DLP} + u$

<Equation 11-6> $HEAL = -.54422 + .16784 * \text{Elderly} + 4.61525 * \text{E-04} + u$

<Equation 11-7> $ENVI = -.42668 + .01475 \text{ Elderly} + 7.125596 * 10^{-5} \text{ SAVING} + u$

<Equation 11-8> $CULT = 4.44432 - .0328 \text{ DLP} + u$

<Equation 11-9> $EDUC = 2.38069 + .001145 \text{ POPDEN} - 7.77409 * 10^{-4} \text{ SAVING} + u$

<Equation 11-10> $FIRE = 2.65994 + .031465 \text{ INDEPEN} + u$

Urban Hierarchy

<Equation 11-11> $\text{PARK} = 14.485714 - .810714 * \text{URBANITY} + u$

<Equation 11-12> $HEAL = -3.046512 + 4.360465 \text{ ADHI} + u$

<Equation 11-13> $EDUC = 1.085714 + .864286 \text{ URBAN} + u$

<APPENDIX 4> LOCAL GOVERNMENT EXAMINED IN RESEARCH ARTICLES

This section sets out to explore how far the changes and developments in Korean local government are mirrored in the research literature on the subject and how far the trends in research over the period provide an insight into changes in the perception of local government as a field of study. For this purpose, an analysis of the contents of the Korean Public Administration Review (KPAR) was selected covering the years 1970 - 1990. This is the professional journal published by the principal organisation in the public administration and policy field. KPAR provides data for the analysis of research trends in terms of subject content and of research method in local government studies.

Frequency of Local Government Articles

Table 11-11 shows the changing proportion of local government articles in KPAR from 1971 to 1990. Except for the year 1979 when there was a special issue on the promotion of local commerce and industry, local government topics had been underrepresented during the 1970s. Indeed they were totally neglected in five separate years (1974, 1976, 1977, 1978 and 1980).

In contrast, the second half of the 1980s brought increased awareness of local government issues. On the eve of the local self-governing era, writers in the field of public administration shifted their concern to local affairs (particularly in 1985, 1989 and 1990).

<Table 11-11> *Ratio of Local Government Articles (1971-90)*

Year	A	B	B/A	Year	A	B	B/A
1971	9	1	11.1	1981	10	1	10
1972	9	1	11.1	1982	18	1	5.6
1973	10	1	10	1983	17	2	11.8
1974	12	0	0	1984	36	6	16.7
1975	10	1	10	1985	32	7	21.9
1976	11	0	0	1986	30	1	3.2
1977	13	0	0	1987	26	3	11.5
1978	17	0	0	1988	28	1	3.6
1979	21	8	38.1	1989	43	8	18.6
1980	12	0	0	1990	44	10	22.7

A: N of All Articles of the Year

B: N of Local Government Articles

Topics of Local Government Research

Table 11-12 illustrates the changes of subject content within the field of local government studies. Some articles fit more than one research topic (for instance, rural development can be categorised both into unequal development and into economic development) and these were recorded under each heading in order to avoid any problems of arbitrariness. For this reason, the number of articles recorded in the total (Table 11-12) is larger than the number of articles analysed (Table 11-11).

In general, the relative proportion of research topics in the 'management' and 'administrative environment' categories seems to have fluctuated up and down. Most studies have accepted the view that local government was a peripheral agent of the central government.

More specifically, the table indicates that a heavy emphasis had been put on the administrative environment (especially economic development) until 1978. In 1979, there appeared a sudden and rapid increase of research interest in managerial issues. The number of articles on internal management topics increased to a peak in 1979 when

55.6 percent of local government articles dealt with this area. It may be that more writers in the field of public administration did feel the necessity to enhance local official's capabilities for the continuous achievement of economic growth which were initiated by the central government. Of the management topics, personnel and financial issues received most attention at this time.

<Table 11-12> *Local Government Topics examined in KPAR*

	71-4	75-8	79-82	83-6	87-90	Total
1. MANAGEMENT						37
Organisation	*	*	1	*	5	6
Personnel	*	*	5	3	3	11
Finance	*	*	2	5	3	10
Administrative Practice	*	*	2	*	6	8
Council	*	*	*	1	1	2
2. ADMINISTRATIVE ENVIRONMENT						34
Urbanisation	2	*	2	3	*	7
Economic Development	2	1	7	1	1	12
Transportation	*	1	*	*	*	1
Privatisation	*	*	*	*	2	2
Unequal Development	2	*	*	3	*	5
Citizen Involvement	*	*	*	3	4	7
3. INTER-GOVERNMENTAL RELATIONSHIP						12
Central-Local	*	*	2	4	4	10
Local-Local	*	*	1	*	1	2
4. RESEARCH/ EDUCATION						3
	*	*	*	2	1	3
5. FOREIGN CASE						5
	1	*	*	4	*	5

During the first half of the 1980s, the emphasis shifted to new research questions within the subject of the administrative environment. In particular, citizen participation became more popular as a topic while subjects like economic development and urbanisation experienced a steady decrease until 1987. Meanwhile, unequal development appears to have received constant research attention over the years examined, albeit at a low level.

Since the year of 1984 onwards managerial factors have attracted research interest again from a different perspective. A growing concern was the managerial aspects of local government such as finance, organisation and administrative management. Such a trend seems to have been nurtured by the emerging need to restructure local government itself for a self-governing era. Local finance especially was being referred to by most writers who accepted the conventional wisdom that increasing dependence by local government on central grants leads to increased central control of localities.

Research Methods in Local Government Studies

Finally, the articles were analysed in terms of the research methods used. Table 11-13 presents the numbers and percentages of articles by research method for different time periods. The table indicates that most of the studies have used empirical methods over the years. On the other hand, theoretical approaches have been overlooked in local government articles over the past twenty years. This suggests that local government studies are conducted mostly to meet the immediate needs of the public or private sectors of the time. As pointed out by Stalling and Terris (1988, 585), public administration writers have clung self-consciously to their emphasis on practice. 1989 appears to be exceptional in that relatively more articles were published on theoretical issues. The articles in this year anticipated the launch of the local self-governing system

in 1991. Several theoretical approaches were employed to cover such issues as local government theory.

Of the empirical studies conducted since 1979, quantitative methods have been increasingly adopted, reaching a high point in 1990 (when three of the eight quantitative studies were conducted using questionnaire survey methods). This is an indication that increased emphasis is being given to the general public. This trend is expected to continue over the next few years.

<Table 11-13> *Research Methods of Local Government Articles*

	71-75	76-79	81-84	85-88	89-90	Total
THEORETICAL	3	4	1	2	5	15
Qual.	1	5 (2)	3	5	5 (1)	19
EMPIRICAL						
Quan.	2	2 (2)	7 (1)<2>	7 (1)<3>	9 <3>	27

Note) Qual: Qualitative Study, Quan: Quantitative Study.
 (): N of Case Study in the Year.
 < >: N of Questionnaire Survey in the Year.

<APPENDIX 5> SCHEDULE OF INTERVIEWS*<Table 11- 14> Schedule of Interviews*

Lim, Kyung-Ho	
Director General, Local Tax Bureau Ministry of Home Affairs	October, 25, 1991 & November 17, 1991
Cho, Young-Taek	
Chief Officer, Department of Planning Board Kyonggi Local Government	December, 17, 1991
Unnamed Manager	December 14, 1991
Department of Social Welfare Kyonggi Local Government	
Shin, Hyun-Soo	
Manager, Department of Family Welfare Seoul City Government	December 14, 1991
Six Officers in Kyonggi	
Department of Planning Kyonggi Local Government	December, 19, 1991

The material collected in interviews is used extensively throughout the thesis.

<APPENDIX 6> QUESTIONNAIRE (TRANSLATION)

Dear Respondent:

This questionnaire survey is conducted for the launch and development of the local self-government system in Korea. Your answers will be kept strictly confidential and will be used only for the purpose of academic research. It would be appreciated if you find time to answer these questions.

*** Please answer the questions thinking of the budgetary process for 1992 ***

1. Please indicate which policy actor approached you most frequently during the period of expenditure decision-making?

- | | |
|--------------------|--------------------------------------|
| (1) Planning Board | (2) Mayor (Local Governor) |
| (3) Local Council | (4) Central Government |
| (5) Target Groups | (6) Others <i>specify</i> () |

2. Please indicate which policy actor you approached most frequently during the period of expenditure decision-making?

- | | |
|--------------------|--------------------------------------|
| (1) Planning Board | (2) Mayor (Local Governor) |
| (3) Local Council | (4) Central Government |
| (5) Target Groups | (6) Others <i>specify</i> () |

3. Please circle the relevant number indicating your level of agreement with the statement below.

1) "There is much competition between the departments in local government."

Strongly Disagree Strongly Agree

1 2 3 4 5

2) "Central government exercises noticeable control on local government."

Strongly Disagree Strongly Agree

1 2 3 4 5

3) "The Mayor (Local Minister) has considerable autonomy in policy-making."

Strongly Disagree			Strongly Agree	
1	2	3	4	5

4) "Local council has much influence on policy-making."

Strongly Disagree			Strongly Agree	
1	2	3	4	5

5) "Target groups participate in policy-making to a great extent."

Strongly Disagree			Strongly Agree	
1	2	3	4	5

4. If the functions of local government are simplified into economic and social policies, how would you say the following policy actors distribute their emphasis towards each of policy area?

1) Mayor (Local Governor)

Economic Policy			Social Policy	
1	2	3	4	5

2) Planning Board

Economic Policy			Social Policy	
1	2	3	4	5

3) Local Council

Economic Policy			Social Policy	
1	2	3	4	5

4) Central Government

Economic Policy				Social Policy
1	2	3	4	5

5) Target Groups

Economic Policy				Social Policy
1	2	3	4	5

6) Your Department

Economic Policy				Social Policy
1	2	3	4	5

5. "In general, expenditure decision depends both on past experiences and on new analysis." Please indicate the relative importance of the two in your case.

Past Experience				New Analysis
1	2	3	4	5

6. "It seems that policy-making needs both scientific analysis and political adjustment." Please indicate the relative importance of the two in your case.

Scientific Analysis			Political Adjustment	
1	2	3	4	5

7. Various resources are utilized by policy actors in the policy-making process. Which policy actor do you feel possesses the largest portion of each of the following resources? Please circle the appropriate number.

1) Political Legitimacy

- | | |
|-----------------------------|------------------------|
| (1) Mayor(Local Minister) | (2) Your Department |
| (3) Planning Board | (4) Central Government |
| (5) Local Council | (6) Target Groups |
| (7) Others <i>specify</i> (|) |

11. Please write a number showing the level of influence you think each policy actor exerts on the others listed above the rectangle. 1 refers to a weak influence and 9 means a strong influence.

Example)

If the local council has the amount of influence 3,5,1,2,3 on your department, Planning Board, Mayor, Local Council, Central Government and Target Groups respectively you should write:

	YODE	PLAN	MAYO	COUN	CENT	TAGR
1) Your Department						
2) Planning Board						
3) Mayor						
4) Local Council	3	5	1		2	3
5) Central Government						
6) Target Groups						

YODE PLAN MAYO COUN CENT TAGR

- 1) Your Department
- 2) Planning Board
- 3) Mayor
- 4) Local Council
- 5) Central Government
- 6) Target Groups

Note) YODE: Your Department, PLAN: Planning Board, MAYO: Mayor, COUN: Local Council, CENT: Central Government, TAGR: Target Group.

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