

Economic Crisis and its Influence on Local Government Finance & Management

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Outline of the Lecture

- Introduction
- Fundamental changes in the world
- Economic crisis and the public sector
- National government plans (2010-2015)
- Intergovernmental relationship
- Local political institutions
- How cities can survive

Introduction

- 1966 Member City Council of Rotterdam
- 1970 Executive Regional Council Rijnmond
- 1975 Mayor of Capelle aan den Yssel
- 1988 Mayor of Zoetermeer
- 1994 Professor Local Taxation, Rotterdam
- 1998 Professor Local Public Finance, Tilburg University
- 2005 Mayor of Wassenaar
- 2008 Consultant Public & Private Sector

The Kingdom of the Netherlands

- One of the 27 European Union States
- The Nation – State (16 mln Inhabitants)
- Surface: 35.000 square kilometers
- 12 Provinces
- 418 Municipalities:
 - 25 municipalities > 100.000 Inhabitants
 - City of Zoetermeer: 121.500

Fundamental Changes

- Creating of the EU -> No more war!
- Creating of the Euro
- Explosion of Economic Growth
- Growing Importance of the BRIC
- ICT changes the World
- ICT gives Voice to the People

Decentralized Unitarism

- Constitutional Systems:
 - Dual Federalism (USA)
 - Central Unitary State (France)
 - **Decentralized Unitarism** (Netherlands)
 - Cooperative Federalism (Germany)
- European Union:
 - Treaty of Maastricht: Stabilization Pact
 - Treaty of Lisbon, recent developments
 - How to handle crises

National Politics

- Swing to the right of the political spectrum after the National Elections 2010
- Minority government
- Reducing government-expenditures:
 - Small Government
 - Less Taxation
 - Less Civil Servants
 - Less Rules
 - Less Politicians

National Legislation on Cities

- Intergovernmental Relationship
 - Municipal Law
 - Financial Relations Act
 - Agreement
 - Finance

Local Political Institutions

- Municipal Law
- Local Authorities:
 - Mayor; Executive of Mayor & Aldermen (Vice Mayors);
 - City Council
- Choice & Voice by the People:
 - Representative Democracy
 - Online-Participation

Fiscal Federalism in the Netherlands

- Intra-National Solidarity:
 - Full Equalization of Local Public Supply Capacity
- Resources of Local Income:
 - Local Taxation & Charges
 - General Grants (Municipal Fund)
 - Specific Grants
 - Loans

Good Governance

- Fiscal Equivalence
- Accountability
- Preference Revelation
- Cost-Leadership
- Respect for the Taxpayer

Discipline & Risk - Management

- Balanced Budget Policy for Municipalities & Provinces
- Treasury Management Charter
- Reducing Governmental Expenditures
- Extra Support for 'Municipality in Trouble'
- Bank of Dutch Municipalities (BNG)

Financial Management

- The Importance of Financial Management:
 - To give the (public) manager the tools to improve the effectiveness of the organization
- What can governments do?
 - Revenue forecasting
 - Pricing services more accurately
 - Perform cost accounting
 - Make technical analysis

After the Elections

- Local Elections (every four year)
- Coalition-building between the most of the minority-parties
- Executive Platform 2010 - 2014
- Election of the Aldermen (Vice-Mayors)

Conclusions

- We see remarkable differences between the Old continent of Europe and the inspiring Asiatic countries.
- Good collaboration between China & the Netherlands is very important
- The Sister- City relationship between Xiamen and Zoetermeer is very good for the happiness of our peoples