

SUBNATIONAL GOVERNMENT ORGANISATION AND PUBLIC DEBT CRISES

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Multilevel governments can be organised according to two basic principles: the principle of autonomy and the principle of vertical public administration. In between, there are a number of mixed systems which are questionable from the point of view of distribution of responsibilities. Subnational public debt crises typically occur in mixed federal systems. Preferable to such systems are pure systems with clear responsibilities. Nevertheless, courts can establish clear liability rules and hence contribute to a stabilisation of federal systems. However, court decisions do not supersede a political choice between either of the two pure systems. Two case studies on local governments illustrate under what circumstances a system of autonomy is preferable and how this result can be applied to the European Union.

A tendency towards mixed federal systems

In recent years, a number of changes have taken place in the vertical structure of national states. On the one hand, unitary states have become, in theory at least, more decentralised states practising 'mixed systems' of federalism. The United Kingdom granted regional autonomy to Scotland and Wales; the French regions now form a new layer between the central government and the Départements; Belgium, once a unitary state, now consists of three regions; some Spanish provinces are now autonomous. On the other hand, the European Union has emerged as an association of multiple national states that is in fact a mixture between a confederation and a federation. These new developments need to be evaluated according to their influence on governments' financial stability. A number of the recent debt crises have occurred in states with mixed systems: New York City 1975, Orange County 1994, Indonesia and other Asian nations in 1997, Russia 1998 and Argentina 2001. Therefore, the question arises: are mixed systems incompatible with financial stability?

The tendency towards mixed federal systems has been criticised by a number of economists. They

fear that nations with mixed systems may become prone to debt crises as their *macro*-economy gets in disarray, e.g. Krueger (2003) of the IMF reminds us that, with regard to public debt stability, '[a] sound macroeconomic framework is, or should be, the objective of all . . . countries'. More explicitly, Prud'homme from France warns against 'The Dangers of Decentralization', that is susceptible to financial crises (Prud'homme, 1995). Similarly, Wildasin suggests that fiscal decentralisation may result in policies that are 'simply chaotic . . . Although fiscal decentralisation has played a critical role in the reform of the public sector throughout the world in recent years, it might be desirable to reverse this trend if it contributes to dysfunctional fiscal performance' (Wildasin, 1997, p. 2). Furthermore, Tanzi (2000) concludes: 'I do not belong to the group of optimists who believe that fiscal decentralisation is often the solution to many problems' (Tanzi, 2000, p. 13).

In this paper, we take a critical stance towards mixed federal systems, as well. But we start from a *micro*-economic point of view. We focus on the distribution of responsibilities in mixed systems. Though mixed federal systems may differ in the way they are organised, they typically practise a system of *vertical fiscal imbalance*, i.e. a vertical division of

labour between taxing and spending. The central government is specialised in taxing as it is assumed to be more efficient in taxation whereas the state–local governments specialise in spending as they are closer to the citizens and are therefore assumed to be more efficient in spending. A tax pool is created at the federal level from which the federal as well as state and local governments tap in order to finance most of their tasks. In effect, lower-level governments spend the money taken from taxpayers by central government for which they are not directly responsible to their voters. Their individual budget constraints are weak and their incentives to spend more than they are supposed to are large. Over time, they accumulate an amount of debt that cannot be serviced any longer by them alone. Rather, federal and other state governments will be held jointly liable. The story ends with a bailout of the insolvent lower-level governments by the federal government as the latter has the deepest pocket.¹ The main thrust of this paper is to show that most of the dangers in mixed systems can be avoided in ‘pure systems’ of multilevel governments.

In the next section we define two pure systems: *the principle of autonomy* and *the principle of vertical public administration* and we explain why they should be preferred over mixed systems. We then present two case studies showing that courts can play an important role in overcoming some of the shortcomings of mixed systems or in continuing the ambiguity of mixed systems. We then evaluate which of the two pure systems is likely to perform better and how each of them could be improved. We show the importance of bankruptcy procedures for improving the principle of autonomy. The conclusions are then applied to develop reform proposals for the European Union.

Pure forms of fiscal federalism: autonomy and vertical public administration

Mixed systems are characterised by various forms of vertical fiscal imbalances, whereas pure systems are clear-cut. They embrace the mixed systems as two polar cases. At one end there is the *principle of autonomy* according to which the citizens of jurisdictions of any level decide on their own on the amount of public good provision and taxation. Partition of the general tasks between the different federal levels is predetermined at the constitutional level. The central government is normally responsible for defence, state or regional governments for higher education, and local governments for primary education, police etc. The financial consequences of all budget decisions are internalised in each jurisdiction. Under these conditions, the federal system meets the principle of *institutional congruency*. Neither can a jurisdiction shift the burden of its budgetary outlays to other

jurisdictions nor can other jurisdictions shift parts of their tax burden to the former jurisdiction. Institutional congruency is also important for decisions on public debt. If a jurisdiction wants to raise debt, the lenders can evaluate its financial situation. With increasing indebtedness, the risk of insolvency also increases inducing the lenders to require a higher rate of interest or to ration credit. Jurisdictions, in turn, will be urged to be cautious concerning their debt level. Increasing interest rates serve as an effective signal and as a brake against excessive credit expansion. The debt of each jurisdiction is internalised within its boundaries. To summarise: institutional congruency can be considered as a counterpart to vertical fiscal imbalance.

Within *the principle of vertical public administration*, jurisdictions are vertically integrated. Municipalities constitute *de facto* branches of the state administration which in turn is a branch of the federal administration. Citizens pay their taxes to the federal government which allocates the means to the subordinate state and local governments to allow them to fulfil their tasks. Subnational governments are strictly required to balance their budgets. Only the federal government is allowed to raise debt. Hence, all consequences are internalised and the problem creating externalities by shifting debt to other jurisdictions is eliminated. Institutional congruency is implemented.

Both paradigms can be illustrated by practical examples. The purest case of the principle of autonomy is the US Confederation of 1776 until 1787 which lacked any central taxing power and consequently could barely practise common pool financing.

France is traditionally at the other end of the spectrum with its close approximation to the principle of vertical public administration. At local level, citizens elect their mayor, the ‘Maire’, and the municipal council. However, both are recipients of orders of the centrally appointed Préfet of the Département who again receives orders from the ministry of the interior in Paris. Municipalities are under strict obligation to balance their budget. Similar regulations are in place for the Départements. Should expenditures of a fiscal year exceed revenues, the deficit has to be made up in the following year.²

To summarise: both the principle of autonomy as well as the principle of vertical public administration aim to establish clear responsibilities, the former through market control of budgetary deficits and the latter through rewards and punishments in vertical chains of control. However, most federal systems are mixed ones. Though their budgetary revenues and expenditures may be properly allocated to the particular jurisdictions, there is substantial ambiguity with regard to who has to pay for ‘unforeseen deficits’

thus generating moral hazard and jeopardising fiscal stability. Often, the resulting conflicts come before the courts who can then either require moves towards either one of the pure systems or they can adopt an in-between position and prolong the ambiguity of the existing mixed systems. In the first case, they contribute to a stabilisation of expectations and to a build-up of law as a social capital; in the latter they further erode the social capital of law (Buchanan, 1975). In the next two sections we present an example for either case.

Restoring pure systems: the case of Leukerbad/Valais (Switzerland)

In an investment frenzy, from the mid-1980s until the end of 1998, the Swiss resort of Leukerbad accumulated debt of 346 million Swiss francs (£153 million). The municipality was declared insolvent and was put in sequestration as the first Swiss municipality since the federal law on municipal sequestration came into effect in 1947.³ As municipal obligations were always serviced, the default came as a complete surprise for the creditors. They thought that, if the municipality defaults, at least the canton (the state) will take over its obligation and bailout the municipality as could be expected in a mixed system. However, the canton refused, and consequently the case went to the Swiss Federal Court. In a noteworthy ruling on 3 July 2003, the Court dismissed the lenders' complaints against the canton Valais.⁴ Lenders and the municipality of Leukerbad as debtor were not able to convince the Court that the canton Valais should bailout the municipality and guarantee the outstanding debt.

The arguments of the Court can be summarised as follows.

First, the Federal Court concedes that the Valaisian constitution provides for a municipal supervisory duty by the canton, but it states that the wording of the legal provision for this purpose, particularly in budgetary matters, is 'rather briefly developed'. The Valaisian municipalities are rather supposed to have a comprehensive self-dependent framework of action with own taxes on income and wealth out of consideration for municipal autonomy according to the intention of the canton's legislator. The canton shall indeed supervise municipal financial stability. However, neither a duty to obtain a permit nor a legal debt limit does exist for annual accounts yet. The canton shall intervene only if it is a question of protection of the municipality and their property not that of creditors: 'That municipal supervision aims additionally at the protection of creditors, which are neither directly nor their assets mentioned in the law, does not follow from the rules of the law about the municipal code.'⁵

Secondly, the Federal Court argued that the creditors of a Valaisian municipality could get information about the financial situation of the

debtor on their own. This seems a lot easier in the case of an entity under public law than with a private borrower. Under certain circumstances, creditor protection to encourage municipal credit can be in the public interest, but in this case, this purpose does not follow directly from the law. Furthermore, the special federal law on municipal sequestration⁶ does not intend any liability of the canton for municipal debt. Consequently, creditors of Leukerbad cannot make the canton of Valais liable for the municipality's debt because of a breach of its supervisory duties.

Thirdly, divergent from that is the argumentation against Leukerbad's complaint. According to the Federal Court's interpretation, the canton would have had to intervene after the canton's financial inspectorate was advised of Leukerbad's situation in August 1996. Nevertheless, the breach of its cantonal supervisory duties that was identified by the Federal Court does not imply any cantonal liability. The fault of the municipality, especially the behaviour of its mayor, weighs so heavily that the necessary causal connection between the failure of the canton and an implied damage was broken.

After the examination of constitution and law, the Federal Court decided that for the canton Valais the principle of autonomy is basically valid. Explicitly, there is no officially determined upper limit of indebtedness, and generally the Valaisian municipalities are subject only to legal supervision but not specialist supervision. Because of this autonomy, Valaisian municipalities are liable for their own debt.

The lamentation of those affected by the Court's ruling was huge. However, the decision can also be read differently. The collapse could only happen because the participants were not aware that the rules of the principle of autonomy apply and that therefore they had to bear the risk of debt being extended. It is to the Court's merit that it has clarified these rules, stabilised expectations and contributed to the capital stock of law. From now on, the principle of autonomy can send out its signals, and creditors and debtors are able to make efficient arrangements.

It is true that creditors would have preferred a model with bailout and risk-free lending. But this is exactly the kind of framework that led to Leukerbad's fiasco. Had the Federal Court given in, Leukerbad could have developed to be a precedent for the whole of Switzerland: the mixed system of federalism could have become the general rule. Municipalities would have relied on cantons' support and would have been able to accumulate excessive debt without being responsible for it. That would have annulled the restraining function of the credit market and could have added to moral hazard.

As the Court resisted the temptation of a bailout, it contributed to a complete wrap-up of the institutional organisation of the market for

municipal and cantonal credits. On the one hand, credit pools vulnerable to moral hazard of the Leukerbad-type disappeared. On the other hand, rating agencies try hard to uncover the financial situation of the cantons and their municipalities and especially to analyse the relative financial dependence of municipalities according to their constitutions; see Daldoss and Angelini (2005); Gasser and Rappl (2005).

Prolonging ambiguous mixed systems: the municipality Oderwitz/Saxony (Germany)

Germany has switched several times between the principle of autonomy and the principle of vertical public administration. Until the First World War, the principle of autonomy was applied. German municipalities had the right to impose their own taxes and surcharges on the state income tax with which they financed about 40% of total government spending (excluding social security). Until then, there was no intergovernmental fiscal equalisation mechanism. The municipalities had to take care of themselves. After the First World War, the founders of the Weimar Republic feared that a decentralised decision-making could jeopardise Germany's unity, and therefore turned to the principle of vertical public administration with central tax collection and revenue allocation to each level of government. In the Federal Republic of Germany of 1949 a mixture of the two principles was adopted. On the one hand, municipalities were granted a constitutional guarantee of self-government including the power to raise a business tax and a land tax (Article 28, para. 2, Basic Law); on the other hand, they were regarded as parts of the *Laender* (the states) implying that they were subject to specialist supervision regarding their tasks and to legal supervision for the rest of their activities. If municipalities want to raise debt they have to obtain permission from the district government which cannot be declined if the debt is in accordance with the principles of sound budgeting. But what is sound budgeting? In fact, this set-up is one of mixed systems.

The difficulties originating from this ambiguity can be seen in the case of Niederoderwitz, a small German municipality in Saxony (3,900 inhabitants), located close to the Czech border. In 1996, the municipal council of Niederoderwitz entered a contract with a private investor to build a new gymnasium which was a free decision of the municipality, not an assigned task.

The construction costs of the building were about DM3.9 million which were to be raised by the investor, who would be compensated through a 30-year leasing contract. After this period had expired, the municipality would have the right to buy the gymnasium. Permission for this contract was given by the district authority in early 1997.

In February 1999, the Saxon Court of Auditors criticised the municipality for having signed an uneconomic contract. Thereupon, Oderwitz (now legal successor of the merged municipality Niederoderwitz) went to court and sued the district authority for compensation because it had given permission to raise the credit amount to finance the uneconomic contract. The case went to the court of ultimate resort, the German Federal Court of Justice, which in its verdict of 12 December 2002 decided that the head of the district as the relevant inspectorate must be blamed.⁷ He is culpable for official (state) liability (according to §839 German Civil Code in connection with Article 34 of the Basic Law) for granting the required permission. A contributory negligence of Oderwitz has been regarded as out of the question in spite of assessed negligence of the mayor.⁸

The Court clearly ascertained the priority of the principle of vertical public administration versus the principle of autonomy and self-responsibility justifying its view in an analogy to the law of regulating foundations. According to that law, state supervision may be required to protect the foundation from unsound decisions of its management. The critical difference between a municipality and a foundation is, however, that the former has an accountable citizenry who elected the local mayor in a direct vote where the latter does not. In treating municipalities in the same way as foundations, the Court states clearly that it ignores the constitutional principle of local citizens as autonomous decision-makers.

However, such a far-reaching decision is beyond the domain of the Court's competence. Therefore, the decision on Oderwitz's gymnasium cannot stand as a precedent for a general shift towards the principle of vertical public administration. In this way, the Court rather reinforced the mixed system of federalism with all its ambiguities.

Seen from an incentives point of view, the situation has become even worse. The municipalities acting as planning authorities for local activities are likely to ignore the risk of their projects from now on as they can anticipate that the district has to step in for wrong decisions as soon as it has given its consent.

Which pure system is preferable?

So far, our analysis has shown that pure systems are preferable to mixed ones. But which of the two pure systems should be preferred? Oates (1999) pleads for a 'federalism' organised according to the principle of autonomy. Federalism, he says, functions as a 'laboratory' in which many autonomous jurisdictions execute decentralised experiments on their own account. Such a system is 'creative'. It generates its own reforms. It is a 'discovery process', in the words of Hayek (1968).

However, similar improvements are rather difficult under *the principle of vertical public administration*. Experiments have to be planned and their transformation into politics requires central government decisions. Past attempts to improve the rationality of such planning systems quite often ended with less responsiveness to citizens' demands, less innovative activity and higher implementation costs. An oft-quoted example is the local government reform in England, Scotland and Wales in the 1980s and 1990s. Prior to the reform, 60% of local services were financed by local sources; thereafter only 25% (2005).⁹ Chisholm (2002) reports that the revenue gap was mainly made up by central government transfers. Moreover, he showed that the reform resulted not only in strict central control but also in rent seeking from the bottom-up as large sums of money went to unelected local boards by-passing the elected district councils. All in all, the reorganisation of regional and local governments in England, Scotland and Wales generated costs far exceeding the projected outlays. Therefore, the municipalities had to raise debt and it is unclear whether the expenditure incurred will be recouped by long-term savings.

Of course, one could ask the question whether it would not be better to practise the principle of autonomy and to let jurisdictions search for their own improvements. Feld and Schnellenbach (2004), from the University of Marburg, have shown that financially independent local governments in Switzerland are more prepared to experiment with new management techniques than dependent local governments. So far, the principle of autonomy seems preferable to the principle of vertical public administration. Governments of mixed systems may experiment too (within the range of their autonomy). But they have fewer incentives to do it efficiently as they can always assume that they will be bailed out by upper-level governments if they fail. A simple declaration that from now on the principles of autonomy and no bailout will hold and experiments have to be made on one's own account is barely credible. Rather, a scheme is required that explains how to achieve this status starting from the present position.

We propose that all lenders commit themselves at the time they sign a government loan to adhere to a strict bankruptcy procedure, i.e. to rules on how to proceed in case of insolvency. Such bankruptcy rules, as successfully used in the private sector, can help to stabilise expectations and to reduce creditors' risk in the public sector too.¹⁰ They should rest on at least five principles:

1. To enforce the bankruptcy procedure, a bankruptcy trustee must be appointed either *ex ante* by the creditors or *ex post* by the responsible court.
2. The task of a bankruptcy procedure is not to partition and to liquidate the municipality but

to re-establish its economic and legal capacity to act while distributing the burden of debt on the creditors – bond holders and municipal contractors and employees – and on the municipal taxpayers. The burden of the taxpayers must not be excessive because they would otherwise vote with their feet by emigrating, but it should still be large enough to allow a gradual, at least partial, repayment of the debt.

3. The bankruptcy trustee has to be provided with the necessary authority to sell parts of the municipal assets or to use them otherwise to reduce the debt. However, the municipality has still to be left with as many assets as necessary to fulfil its duties. Consequently, the discretionary influence of the bankruptcy trustee should be minimised by *a priori* rules of good conduct.
4. The no-bailout principle is to be strictly enforced. Neither creditors nor debtors must be able to speculate on a white knight releasing them from their financial troubles. In other words, the bankruptcy procedure has to distribute the burden exclusively onto the insolvent entity and the affected creditors, i.e. exclude external parties from the burden.
5. The bankruptcy procedure has to be designed in such a way that it prevents *a priori* strategic behaviour of particular creditors. The obtained compromise represents a public good for the creditors as a whole group. It allows compensation for at least some of the losses. Nevertheless, the burden that should be shouldered by each of them is a private cost. Therefore, the rules should prevent individual creditors obstructing a compromise by delaying-tactics or torpedoing it by individual seizure of selected assets in order to receive a bigger stake of the bankrupt party's assets. This might be implemented, for example, by a qualified majority rule that was agreed upon by creditors *ex ante* and that is embodied in the municipal code (see Klaiber, 2006).

Bankruptcy procedures designed in such a way can help to clarify the rights and duties of creditors and debtors in the case of default. They contribute to an orderly devolution and avoid precipitous action guided by moral hazard of self-interested stakeholders. As the bankruptcy procedure is signed in combination with the loan agreement, the no-bailout itself may become credible and hence politically enforceable.

Bankruptcy procedures for EU Member States

In this section we extend our conclusions on bankruptcy procedures to the level of the European Union.

With the European Community becoming an 'ever closer Union' since the beginning of the 1990s, Member State governments became aware of the close financial inter-relatedness of their economies. As none of them wanted to be responsible for the financial stability of the others, they agreed on the *no-bailout clause* of Article 103 EC:

'The Community shall not be liable for or assume the commitments . . . of any Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project. A Member State shall not be liable for or assume the commitments . . . of another Member State, without prejudice to mutual financial guarantees for the joint execution of a specific project.'

The intention of this article was to establish the principle of autonomy within the European Union. The declaration that no Member State will be obliged to be responsible for the public debt of the other should provide incentives to the individual Member States to pursue sound budgetary policies. But the declaration has not been regarded as fully credible. If one Member State becomes insolvent, the others can hardly stay apart: the expected contagion effects might be simply too large. One Member State's default will affect other Member States' financial stability. Therefore, the powerful words of Article 103 EC turn out to be a weak fortress against unsound budgetary policy of the Member States. As the governments were aware of this, they added the Maastricht criteria of Article 104 EC and the Stability and Growth Pact.¹¹ The former requires the maximum yearly debt-to-GDP ratio not to be higher than 3% and the maximum indebtedness rate not to exceed 60% of GDP. The latter clarifies the procedure step by step as to how these criteria should be applied. These bastions should be so strong that the case of financial instability shall never happen and thus Article 103 should never be tested. Unfortunately, the expectations were not fulfilled. At the Brussels summit of 22–23 March 2005, the Stability and Growth Pact and with it the Maastricht criteria have been watered down.¹² Fifteen rather broadly defined exceptions to the rule have been conceded.¹³ Hence, the no-bailout declaration became much weaker, lacking credibility. If an insolvency of a government were to happen now, the story is likely to end in a bailout with the help of the neighbouring governments.

A way out of this dilemma is to make no-bailouts manageable, politically acceptable and credible. This can be done through bankruptcy procedures, as shown above. With bankruptcy procedures in place, every participant can calculate what he or she should expect in the case of the insolvency of a government. The above procedures provide ways and means of how to reinstall a

jurisdiction after it has become insolvent. It is the trustee's task to find an arrangement to apportion the burden of debt: determine what share has to be borne by the taxpayers, what proportion by bondholders and what proportion by other creditors. As creditors have agreed to bankruptcy procedures by signing their loan contracts, such procedures can become credible. Therefore, bankruptcy procedures are positive instruments of restructuring insolvent governments. They have nothing to do with a break-up of the jurisdiction and a liquidation of its assets (as there is usually little to liquidate in a public jurisdiction compared with the amount of its debt), but rather with setting a clear signal that an insolvent jurisdiction will not be bailed out, but subject to an orderly bankruptcy procedure. Clear signals enable creditors to form expectations that they can neither expect a full recovery of their loans nor a full loss, but rather a predictable due process.

Conclusions

The global critique against fiscal decentralisation of governments expressed by some authors is not justified. Rather, clear responsibilities are required. Therefore, we discard mixed systems of federalism as an institutional form and propose either to pursue the principle of autonomy or the principle of vertical public administration. Both seem on a par in terms of ensuring responsibility for decision-making, but from the point of view of satisfaction of preferences, innovation and cost containment, the principle of autonomy is clearly preferable to the principle of vertical public administration.

The European Union can be characterised as a mixed form between the principle of autonomy and the principle of vertical public administration. In order to overcome its tendency to moral hazard and mutual bailout we propose to apply formal bankruptcy procedures coping with government default and sending ahead clear signals to the relevant actors. An EU regulation could require all issuers of public loans to allow the creditors to sign a proviso that a binding bankruptcy procedure will be applied in the case of a default. It would be for the Member States to determine the rules of that procedure.

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1. There are only a few exceptions to this principle. In Canada, fiscal equalisation provides only a floor subsidy for the poorest provinces. Provinces cannot count on central government's support. Rather provinces may be obliged to support the federal government (Landon and Smith, 2000; Rodden, 2004).
2. Up to now, the recent formation of the regions has not changed this vertical structure significantly.

3. Bundesgesetz über die Schuldbetreibung gegen Gemeinden und andere Körperschaften des kantonalen öffentlichen Rechts SR 282.11.
4. Decision of 3 July 2003: municipal bond bank of Swiss municipalities (proceedings 2C.4/1999), Basler Kantonalbank (proceedings 2C.1/2001), municipalities Rheinfelden und Oftringen (proceedings 2C.4/1999) as well as Leukerbad (proceedings 2C.4/2000) in each case versus canton Valais; cf. www.bger.ch. The municipal bond bank of Swiss municipalities acts as a credit-enhancing organisation by pooling several municipalities' borrowing wishes into a single bond bank debt issue, thereby enabling a better credit rating as well as bigger issues.
5. See note 4.
6. Bundesgesetz über die Schuldbetreibung gegen Gemeinden und andere Körperschaften des kantonalen öffentlichen Rechts SR 282.11.
7. Decision of 12 December 2002: BGH III ZR 201/01, cf. www.bundesgerichtshof.de.
8. Among other things, the financing transaction was not put out for tender.
9. *The Guardian*, 21 April 2005, p. 1.
10. For the United States see Chapter 9 of the US Bankruptcy Code aimed at a reorganisation of insolvent municipalities, not at their liquidation.
11. Council Regulation (EC) No. 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies (*Official Journal of the European Union*, L 209, 02/08/1997, pp. 0001–0005). Council Regulation (EC) No. 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (*Official Journal of the European Union*, L 209, 02/08/1997, pp. 0006–0011).
12. Council Regulation (EC) No. 1056/2005 of 27 June 2005 amending Regulation (EC) No. 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (*Official Journal of the European Union*, L 174, 07/07/2005, pp. 0005–0009).
13. Monthly Report of Deutsche Bundesbank, April 2005, p. 17.

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