New Localism and Neutralizing Local Government: Has Anyone Bothered Asking the Public for Its Opinion?

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ABSTRACT

New Localism has attracted growing interest among both researchers and practitioners who deal with local governance. Although most research on the subject has emphasized institutional and national points of view, this study aims to elucidate public opinion toward a governmental policy that for some fundamentally contradicts and for others goes hand in hand with the principles of New Localism: namely, an end-case scenario under which the central government neutralizes failing local authorities. Following Ford's (Ford, Richard T., 1999, Law's territory (A history of jurisdiction), *Michigan Law Review* 97:843–930) pioneering work "Law's Territory (A History of Jurisdiction)," we suggest a model that predicts the members of the public, based on individual- and community-level characteristics, who are likely to support the neutralization approach and further test the model using a field study of 1,321 residents of Israeli local authorities. Our analyses identified two individual-level factors (satisfaction with local services and social trust) and three community-level characteristics (socioeconomic status, ethnic majority versus minority population, and previous history of neutralization) that influence whether individuals are likely to support or oppose the neutralization approach. Implications of the findings are developed and discussed.

INTRODUCTION

The justification for local government and localism is well rooted in theoretical and practical concepts of pluralism, diffusion of powers, responsiveness to local needs, efficiency of local services, opportunity for political participation, and the democratic right to elect, be elected to, and fill local executive roles (Jones and Stewart 1983; Mill 1991; Pratchett 2004). Subsidiarity is a more recent justification that has been integrated into national policies throughout the Western world (Council of Europe 1985, art. 4; Pratchett 2004). However, as we will show in this article, some dimensions of localism act as a double-edged sword. More specifically, the granting of legal status to organic jurisdictions—distinct social and political communities—may be aimed not at

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supporting their autonomy but at ensuring their subordination to the state as a tactic to maintain effective centralization (Ford 1999).

Political theory devotes a great deal of attention to the interrelated ideas of local democracy, local autonomy, local governance, central-local relations, decentralization, and, more recently, New Localism (e.g., Pratchett 2004; Stoker 2004a). New Localism challenges two traditional competing approaches to dealing with the tension inherent in central-local relations—namely, localism and centralism. Localism emphasizes the inherent rights of local communities, whereas centralism favors the concentration of power in a central authority. Pratchett (2004), representing the localist perspective, argues that local autonomy is a fundamental concept, implying freedom from central interference, freedom to effect particular outcomes, and a reflection of local identity. Accordingly, problems perceived to be primarily local in nature should be addressed locally, and the community should have the responsibility to develop policies in those areas (De Vries 2000). Scholars approach the question of decentralization—transferring authorities, responsibilities, and resources to lower tiers—from different points of view. (1) The public administration approach concerns itself with the extent and appropriateness of measures to devolve power over policies from the national to the local level (De Vries 2000; Mosca 2006). (2) The local fiscal choice approach focuses on competition among local authorities for taxpayers and businesses (Bennet 1980). Finally, (3) the social capital approach deals with the effect of decentralization on localities' ability to form "social capital"—the capacity of individuals to work together that results in better performance (Putnam 1993).

In accordance with these views, New Localism is defined as *a concept, strategy, and thus policy aimed at devolving power and resources away from central control and towards sub-national governance, front-line managers, local democratic structures and local consumers and communities, within an agreed framework of national minimum standards and policy prioritie*s (Morphet 2004). Hence, New Localism reflects a significant shift in our understanding of localism. It offers a third way, which aims to balance the tension between centralism and localism. Recognizing that a wholly independent locality free from all higher bureaucratic control is not realistic, proponents of New Localism argue that it represents a compromise, an integration of local and central ambitions into a practical, dual-headed policy of decentralization with agreed central constraints (Coaffee 2005).

Drawing the boundaries of a central-state policy of New Localism raises the question of how deep central interventions into local affairs ought to be. Failing local authorities may serve as end-case scenarios that take central-local relations to a boiling point, where delegated authorities, dictated standards, and national priorities are brought into question (Beeri 2011; Grubnic and Woods 2009; Stoker 2004b). Failing local authorities put the central government's orientation to the test, forcing policymakers to choose between alternatives. The way the central government reacts will reflect the extent of its espousal of and tolerance toward New Localism.

Scholars and practitioners are divided over what New Localism means in practice (De Vries 2000). Is it a caprice of local politicians striving for greater power? A calculated cynical policy of new centralism? Or is it a well-grounded aspiration of local residents and communities? Most research on New Localism has emphasized the institutional point of view, with the aim of identifying better national policies

(e.g., Ellison and Ellison 2006; Pratchett 2004), analyzing central-local relations (e.g., Coaffee 2005; Stoker 2004a), or advancing political theory pointing to the nature of the state (e.g., Brenner and Theodore 2002). Yet, such research agendas ignore a key player, one that has a strong interest in New Localism and that deserves a say in the policies (such as neutralizing local authorities) that shape its meaning and implications in practice: namely, the public.

The current research aims to give the public a voice on the question. For the first time, to our knowledge, we investigate the attitudes of members of the public toward the case where central-local relations reach a boiling point, to the extent that the central government intervenes and neutralizes failing local authorities. Further, we aim not only to measure the extent of public support for such policies but also to identify characteristics at the individual and communal levels that are related to a tendency to either support or oppose them. To do this, we develop a theoretical model that is anchored in the vast body of literature on public sector management theory and organizational politics in general and that more specifically draws on the research of De Vries (2000), Morphet (2004) and Stoker (2004a). We then empirically investigate this model based on a survey of 1,321 residents of Israeli local authorities, combined with secondary data at the communal level published by Israel's Ministry of the Interior and the Israel Central Bureau of Statistics (CBS 2010).

Our discussion proceeds in five stages. The first section presents theoretical background on New Localism, its inherent consequences for decentralization and central-local relations, and its compatibility with a governmental policy of neutralizing failing local authorities. The second section develops the model and hypotheses concerning the relationship between individual and communal characteristics and support for neutralization. In the third section, we present the case of Israel and its potential contribution to the issue discussed. In the fourth section, we describe our analyses and their results. The findings are discussed in the final section, followed by implications and suggestions for future research.

NEW LOCALISM

Since the late 1990s, there have been calls for a shift in the approach to reforming governance in most Western European countries and European Union member states (e.g., Stoker 2004b), which have been frequently entitled by politicians and scholars "New Localism." These countries have tended to strive toward New Localism by adopting the general competence principle, subsidiarity, and a partnership model of local governance (over the agency model), with the aim of decentralizing decision making, revitalizing local democracy, and boosting community renewal (Chandler 2008). In some measure—and in line with Coleman (2005), who maintains that centralization will always fail in the end—these countries have preferred communal over utilitarian values (Hoorens 2008), greater collaboration between service sectors, and broader participatory structures, yet within an agreed framework of national standards (Coaffee 2005; Duncan 2007). Following Stoker's (2004a, 118) argument, defenders of the ideology and policy of New Localism offer three lines of reasoning: "First, it is a realistic response to the *complexity* of modern governance. Second, it meets the

need for a more engaging form of *democracy* appropriate to the twenty-first century. Third, New Localism enables the dimensions of trust, empathy and *social capital* to be fostered and as such encourages civic engagement."

Clearly, the blurring boundaries between local autonomy and central constraints and between the public and private sectors under the new governance model and the New Localism approach can be seen as a retreat of both the central and local governments, making way for an open power structure, a new role for civil society, and opportunities for all players to participate in the decision-making process (Kersting et al. 2009). New Localism encourages new types of participation, such as the production of services by citizens and public-private partnerships, within an effective democratic form of government that relies on broad public engagement, accountability, and transparency. Proponents of New Localism argue that it improves the execution of national policies and overcomes the limitations of national planning because it allows scope for many potential partners to contribute their skills and experience. Potentially, it can cut through red tape, increase sensitivity to problems, and improve administrative capabilities, flexibility, innovation, effectiveness, and creativity (De Vries 2000; Osborne and Gaebler 1993).

However, various arguments cast doubt on the efficiency and fairness of New Localism. First, according to Vetter and Kersting (2003), international trends and problems (e.g., globalization and sustainability) threaten the ability of local authorities to cope with many of the complex challenges confronting communities. New Localism increases the range of activities that fall under a local authority's purview, while failing to supply local communities with the resources needed to address them in the face of these global trends (Stoker 2004a).

Second, policymakers who have pushed for decentralization and New Localism have promoted the idea that local authorities should adopt a market orientation, driven by results. Yet, the market approach raises the possibility that some local authorities may be too small or weak to act efficiently. If there is an ideal size to which local authorities should aspire, perhaps smaller authorities should be merged—an idea that contradicts New Localism's philosophical foundation (Vetter and Kersting 2003).

Third, the flexible pattern of public decision making fostered by New Localism may deteriorate into loose networks, groups, coalitions, associations, and individuals located in diverse organizations and territories (John 2001). Thus, eventually, some local stakeholders may lose access to decision making. Moreover, replacing formal hierarchies with abstract norms could lead to corruption, as broad networks diffuse the lines of accountability and control (Beeri and Navot 2012).

Finally, transferring decision-making processes to autonomous actors may produce unilateral results that are not congruent with regional and local representatives' preferences and agendas. This could weaken one of the most important democratic-political roles of local representatives—namely, accommodating competing interests and promoting political action for local residents and communities who find it difficult to articulate their needs. Undermining representation of local interests excludes the weaker strata of society, weakens the legitimacy of the local authority, and negatively affects the political process and local performance (John 2001; Kersting et al. 2009; Vetter and Kersting 2003).

New Localism—whether or not it is justified and effective—is thus a complicated idea that may generate contradictory recommendations for policy and practice. *Neutralizing failing local authorities*—a governmental policy that, for some, fundamentally contradicts the principles of New Localism, and for others, goes hand in hand with those principles—is thus an exemplar of the complexity inherent in this idea. The current research seeks to understand whether a policy of neutralizing failing local authorities enjoys public support and whether different members of the population are more (or less) likely to support it. We do this by examining the relationship between different individual- and community-level characteristics and support for the neutralization approach.

CENTRAL INTERVENTIONS TOWARD FAILING LOCALITIES

In accordance with the spirit of New Localism, central governments in most Western democracies have, over recent decades, tended to adopt a policy of decentralization, meaning that the central government will not intervene at the local level unless local governments deviate from some fiscal standard and fail to fulfill their financial obligations and roles (Coaffee 2005; De Vries 2000). In fact, some local authorities have encountered huge difficulties delivering services even of minimal standards (Clark 2003), eventually ending up in organizational failure (Boyne 2002; Cornforth and Paton 2004). The competitive atmosphere created by New Localism, along with the rhetoric of excellence associated with the New Public Management philosophy, have made national governments less tolerant toward local failure (Boyne 2002; Cornforth and Paton 2004). Consequently, central-local relations repeatedly take the form of regulations directed at reshaping failing local authorities. During the 1990s and the 2000s, national governments across different traditions have been keen to find ways to achieve organizational turnaround for poor-performing local authorities (Boyne 2006).

Stoker (2004b) identifies four governmental strategies toward noncomplying localities that have failed to meet national standards: the enabling, promotion, intervention, and neutralization approaches. Under the enabling approach, even when a poor performer has deviated from accepted norms, the government sets aside formal rules in favor of compromise and negotiation, while avoiding direct intervention or sanctions. Accordingly, although governments in the United States, Australia, Canada, and New Zealand impose market discipline on the local level, employing a credible no-bailout policy (Beeri 2013b; Joumard and Kongsrud 2003), other countries, such as Finland, Germany, Norway, and Sweden, offer financial support to localities in distress. Under the promotion approach also, both central and local governments are motivated by a spirit of engagement rather than intervention (Stoker 2004b). This may involve a consensual set of fiscal rules to rebalance the local budget, combined with financial penalties on the local government, as employed in Denmark and Italy (Joumard and Kongsrud 2003).

However, poor performers can also face more intensive interventions. The intervention approach may involve relatively lenient measures, such as conditional government grants or the removal of certain powers from local hands. Alternatively, it may mean more intrusive strategies, such as appointing an external accountant who

reports to the central government and must approve all local expenditures or forcing formulation of a recovery plan that specifies targets according to national priorities. Sanctions of the latter type essentially restructure the local authority into an agency of the central government (Chandler 2008).

Because neither inspection nor recovery plans guarantee full recovery (Beeri 2013a; Beeri and Navot 2013; McKiernan 2003; Snape and Taylor 2000), as a last resort, central governments may merge local authorities or may take the final, most severe measure: dismantling the local leadership by dismissing elected officials (e.g., the mayor and council members) and transferring their powers and responsibilities to a committee convened on behalf of the government (Ben-Bassat and Dahan 2009; Grubnic and Woods 2009; Stoker 2004b). Only a few democratic countries employ this neutralization approach; those that do include Ireland, Iceland, Japan, the Netherlands, Norway, and Israel (Beeri 2013a; Joumard and Kongsrud 2003). Although multiple, interrelated internal and external factors (i.e., internal administrative or political factors, on the one hand, or global, macroeconomic factors on the other) typically contribute to local failure and recovery (Beeri 2009, 2012; Walshe et al. 2004), the neutralization approach views failure as rooted in internal causes. Accordingly, the main goal of neutralization—whether expressed by merging local authorities or taking them over—is to bring about a recovery of local performance based on local and internal resources rather than a redistribution of resources (Beeri 2011).

Taking into account that New Localism gives preference to local institutions and leadership while maintaining national standards (Coaffee 2005), the enabling, promotion, and intervention approaches respect the legitimacy of the local authority and so accord with the concept of New Localism. That is, these approaches uphold the two complementary sine qua nons of local autonomy: *freedom from* central interference and *freedom to* effect particular outcomes (Pratchett 2004). The neutralization approach no longer plays according to the same rules. Indeed, in these circumstances, both sides could be said to simultaneously deviate from the principles of New Localism: The local authority breaches its obligations by failing to meet national standards, and the central government abrogates the assumption of "freedom from" and makes local autonomy conditional on the oversight of higher tiers (Wilson 2003). Additionally, democratic deficit—where democratic organizations, institutions, and governments are seen as falling short of fulfilling the principles of democracy in their practices or operation (Nabatchi 2010)—is inherent in the neutralization policy. Given this, the neutralization approach may be perceived as fundamentally at variance with New Localism. Yet some might argue the opposite: that is, that the neutralization approach reflects one possible dimension of New Localism and plays precisely by its rules. Under this view, the neutralization approach maintains the trade-off between autonomy and inspection: greater autonomy ending in failure requires greater inspection; or greater marketization of state-owned agencies goes hand in hand with greater central intervention (Pratchett 2004).

Although numerous scholars have questioned both the lawfulness and the effectiveness of central policies toward poor-performing local authorities (e.g., Mosca 2006), this study examines, probably for the first time, public opinion toward the neutralization approach. That is, we ask members of the public to weigh the effectiveness of these practices against the resulting democratic deficit, aiming to understand

the dominant factors responsible for the distribution of tendencies and perceptions among the public toward the neutralization approach. As will be shown in the next section, the ambivalent nature of the neutralization approach means that the public's support for this policy is complex and multifaceted.

THE NATURE OF PUBLIC SUPPORT FOR THE NEUTRALIZATION APPROACH: MODEL AND HYPOTHESES

In his influential work "Law's Territory (A History of Jurisdiction)," Ford (1999) portrays jurisdictions as the product of both a national political philosophy and a practical policy toward localities. Political jurisdiction defines subnational territories and thus serves as the mechanism by which governments manage large states. Territorial jurisdiction is deployed through a rhetorical strategy that defines or delineates some territories as simply administrative districts (i.e., synthetic jurisdictions) and others based on their habitation by distinctive social groups (i.e., organic jurisdictions). Thus, jurisdiction not only determines territorial sovereignty but defines local identity—the identities of citizens and communities.

Following this view, political jurisdiction forms the basis on which governments claim authority over their populations. Yet, as Ford (1999) put it, the establishment of local jurisdictions is an effective strategy for ensuring both the centralization of political power and the creation of local differences (i.e., local cultures). Therefore, centralization of formal power and the existence of subnational jurisdictional subdivisions are not antithetical. Both policies are indispensable and may serve different normative aspirations toward localities at the same time.

However, jurisdiction does not by itself shape the social space of localities. Economic and social forces, political conflicts, and planning methodologies and policies that reflect changes in redistributive tendencies, whether purposeful or unconscious, have in different ways contributed to a more complex social structure in local society. Writers from different eras have addressed the ongoing tension between integration and segregation in local communities (Fainstein 2010).

Concentrations of rich and poor in different localities are not new. Indeed, social divisions and segregation comprise a perennial phenomenon that has appeared under different names and guises, first in Europe and later in the United States (Hamnett 2001). A strategy of promoting social heterogeneity dominated for a relatively short time following the Second World War in Western Europe (Fainstein 2010) and in the United States (Skocpol 2003). This tendency was challenged as early as the 1970s, motivated by changing socioeconomic policies and shifts in planning philosophies in favor of outcome-oriented physical planning. This changing atmosphere intensified local differences and perpetuated urban spatial and functional segregation (Fainstein 2010), producing a growing social inequality that was manifested particularly strongly in and around major cities in the United States (Fainstein, Gordan, and Harloe 1992), though generally less so in European cities (Hamnett 2001). These circumstances helped concentrate residents between localities according to class, race, and ethnicity (Lehrer and Milgrom 1996).

During the 1980s, urban income inequality grew dramatically while the middle class declined, dividing local society more sharply into two distinct concentrations—the

rich and the poor (Hamnett 2001). The politics of urban segregation and polarization along class-based, ethnic, and racial lines deepened further during recent decades under strongly capitalistic political-economic policies and neoliberal models of urban development (which emphasize profit-based forms of urbanism) and political polarization (Brenner, Marcuse, and Mayer 2009). The result has been that communities today are marked by sometimes extreme differences, with one extreme characterized by poverty, crime, gangs, and drugs, and the other by self-segregation into secure, walled-off "gated communities" for the wealthy (Atkinson and Kintrea 2004). At the same time, various European countries, communities, and social groups have adopted strategies designed to mix residents from various backgrounds, for instance, through building affordable housing (Fainstein 2010).

Financial Soundness of Communities and Support for the Neutralization Approach

In light of the literature reviewed above, it is clear that each community has its own strengths, weaknesses, neighborhood conditions, and sociocultural environment and, consequently, its own aspirations and communal interests. As such, it is worth exploring the relationship between personal and communal values, perceptions, interests, and experiences on the one hand and public support for and opposition to the neutralization approach on the other. In this study, therefore, we ask whether differences between communities in socioeconomic status, ethnicity, and experience affect attitudes of community members toward neutralization.

Our first hypothesis suggests that members of financially sound communities are more likely to support the neutralization approach than members of communities that are not financially sound. Following the literature described above, in this study, we define the financial soundness of a local authority though three dimensions measured at the local authority level: (1) its dominant socioeconomic status; (2) its dominant ethnicity (i.e., the proportion of its population belonging to the national majority); and (3) its neutralization history over the previous 5 years.

Socioeconomic Status

Various arguments suggest that residents and communities are likely to pursue local autonomy and reject the neutralization approach (Blume and Blume 2007; Hiskey and Seligson 2003). The first finds expression in the dual principles of "freedom to" and "freedom from" (Clark 1984; Pratchett 2004)—the notion, which goes back to the ideas of Jeremy Bentham, that the leadership of a local community should have discretion to act without interference from the central government.

Second, from an administrative perspective, residents will tend to oppose the neutralization approach on the grounds that local provision of services, in contrast with centralized provision, is likely to be more flexible, effective, and efficient. Being closer to the issues, local administration is more likely to encourage innovation at the local level and can make use of local goodwill, enthusiasm, and knowledge. Thus, municipal services can be more easily tailored to local requirements, can show sensitivity to local problems, cut through red tape, and result in better penetration of national policies (De Vries 2000; Osborne and Gaebler 1993).

However, a primary reason for multiple and distinct territorial jurisdictions is undeniably to separate distinct groups of people with distinct attitudes and desires (Pratchett 2004). Thus, one may assume that not all individuals and communities will oppose or support the neutralization approach to the same extent. We will offer through our theoretical model that residents of communities characterized by high socioeconomic status are more likely to support the neutralization approach as a national policy. We will base this presumption on the following three arguments: (1) the policy of earned autonomy, (2) "not in my backyard" politics (NIMBYism), and (3) the principle of equality.

Earned Autonomy

According to Blume and Blume (2007), short-term interests prevent functional cooperation, for instance, by merger of local authorities. Richer local authorities have an "objective" long-term interest in strengthening their core agglomeration, and thus, their "subjective" short-term interest often prevents them from entering into agreements to cofinance regional public goods. Bovaird and Downe (2006) found that communities are more likely to defend their local autonomy and resist central intervention imposed on their local leadership if their residents have the power and resources to take joint action, push for lobbying, and purchase professional advice. These arguments suggest that residents of sound local authorities will be more likely to oppose the neutralization approach if it is employed against their own local leadership.

At the same time, however, residents are also aware of the policy of *earned autonomy*, in which poor performers face intervention while excellent performers reap rewards, powers, and lighter-touch inspection (Game 2006; Wilson 2003). Therefore, the public, and particularly residents of sound communities, correctly assume that the neutralization approach is most likely to be employed against poor performers that deviate from dictated national standards. Indeed, in Israel, since 2004, the neutralization approach has been typically applied toward local authorities that failed to meet fiscal rules and that were characterized by low socioeconomic status. Sound communities that maintained balanced financial performance—typically located close to the center of Israel and characterized by high socioeconomic status—were out of danger (Beeri 2011; Carmeli, Yitzhak, and Vinerski-Peretz 2008).

NIMBY Politics

Assuming that local autonomy is constrained by capitalism, the "dual state thesis" (Saunders 1984) implies that local issues will always be subjugated to the national government's concern for production (Pratchett 2004). The aim of decentralization is thus a competitive environment that pits local authorities against each other as they attempt to attract businesses and taxpayers (Tiebout 1956). As Ford (1999) put it, "Within the community the ethos may be sharing, but among communities it is 'every group for itself'." As a consequence, New Localism appeals to a *NIMBY* politics, which aims to maintain and even reinforce inequalities (Stoker 2004a). In accordance with this view, De Vries (2000) found that perceptions toward centralization arise largely from rational self-interest rather than from normative or ideological views. Therefore, local residents of financially sound communities will strive to maintain their community's current prosperity without sharing their resources with weaker local authorities. This goal may be accomplished, inter alia, by supporting a central policy of intervention

that forces other chaotic local authorities to recover based on their own resources—as under the neutralization approach.

The Principle of Equality

Prosperous communities may argue for radical central intervention imposed on weak performers if avoiding central regulation is a threat to the principle of equality before the law (De Vries 2000). For instance, communities with low fiscal capacity are likely to assign lower priority to environmental protection, even where this is mandated by laws or regulations. However, well-off communities may be unwilling to tolerate such behavior vis-à-vis issues, such as the environment, that affect society at large. Thus, it is in the interest of municipalities that follow the rules that the central government should step in to enforce the same standards on neighboring local authorities—as under the neutralization approach.

Taking these factors into account, we suggest that residents of sound local authorities will oppose neutralization as a tactic imposed on their own local leadership; yet at the same time, they will support the neutralization approach as a national policy, knowing that it will be imposed only on weak local authorities.

National Majority and National Minority

Partly because of broad economic and political constraints, individual local authorities differ in the extent to which they exploit their autonomy and enhance the well-being of their residents (Ellison and Ellison 2006). These differences depend both on internal factors (Pratchett 2004) and on extraorganizational factors (Rhodes 1988). These can include th consideration whether the local authority draws its population chiefly from a socially advantaged group or from a disadvantaged group, such as a national minority (Duncan 2007). National minorities have a shared history of exclusion from opportunities and choices, as a result of discrimination and economic disadvantage. They are more likely than the rest of the population to live in deprived neighborhoods, have low incomes, and be the victims of crime and antisocial behavior.

Though decentralization results in greater representation for minority ethnic groups, it can also be used for centrally oriented purposes and ideologies (De Vries 2000). That is, organic jurisdiction by which administrative borders are drawn around ethnic populations can be a product of efforts by the central power to justify the uneven treatment of individuals and communities by the state, while promoting the view that individual jurisdictions are autonomous and therefore responsible for their condition (Ford 1999). Indeed, in Israel, since 2004, the neutralization approach has frequently been applied toward local authorities that are populated mainly by minority groups (Beeri 2011; Carmeli, Yitzhak, and Vinerski-Peretz 2008).

Duncan (2007) argues that discrimination against minorities is commonly based on the belief that minority groups are corrupt and incapable of effective governance. However, when minority-populated local authorities are given autonomy under decentralization policies, they frequently face structural limitations, in that they lack the power and resources to meet local needs and national standards. The result is a compounding of social gaps (DeFilippis 1999; Ford 1999). In response, members of minority groups may argue that cultural differences reflect authentic expressions of organic social groups and that a failure to respect these differences is a form of tyranny. In some cases, broader

political questions may be involved as well, as in Israel, where some Arabs reject the status, jurisdiction, or composition of the state (Hiskey and Seligson 2003).

Indeed, one of the dominant questions in the literature dealing with minorities is the concept of acculturation as assimilation. A leading thesis suggests that as minorities become better educated, they oppose discrimination (Wenzel 2006). In accordance with the principle of "freedom from," Hiskey and Seligson (2003) found that minority groups are more likely to favor decentralization and to have more negative views about the national political system. In accordance with the principle of "freedom to," the interests of ethnic minorities are better protected when they have control over their own affairs (Wenzel 2006). Accordingly, in comparison with the national majority, we would expect minorities to oppose the neutralization policy, as it will constrain their autonomy, nationalist interests, and immediate economic interests.

A History of Neutralization at the Local Level

Empirical evidence and theoretical arguments suggest that communities that experience neutralization do not like it. For instance, Game (2006) argues that the first instinct of local authorities that have undergone neutralization has been to challenge national agencies, present injunctions, and appeal to the courts. Similarly, Blume and Blume (2007) and other scholars reported that citizens were strongly opposed to the loss of autonomy through the creation of merged municipalities. In a similar vein, Hiskey and Seligson (2003) provide one of the few empirical investigations into public opinion toward the neutralization approach. According to the authors, residents who experienced interventions that struck at local democracy—for example, removal of the mayor by the central government—expressed far more negative attitudes toward national political systems, national institutions, and national policy than respondents who had not had such experiences.

Other scholars portray the costs imposed on residents of local authorities that have experienced the neutralization approach. Razin (2006), for instance, points out that government appointees fill salaried positions and provide lucrative opportunities to make rational local decisions—yet such appointments frequently cause friction with the local authorities. El-Taji (2008) argues that Israeli Arab residents do not view appointed local councils as instruments that ensure needed services. Rather, they view such councils as a threat and fear that their land will be transferred to the state. For example, Arab representatives in the Israeli Parliament have protested against what they called "occupation" of neutralized local authorities. During 2005–10, there were numerous violent incidents directed against convened committees in Arab communities in Israel, with the most radical case involving an attempt to assassinate the head of the convened committee.

Accordingly, we would expect a resident that has experienced neutralization activity toward his/her local authority to hold negative attitudes toward this approach. All in all, we suggest *H1* as follows:

H_1: Residents of communities defined as more financially sound—that is communities that are characterized by higher socioeconomic status, that are populated by the national majority, and that have not been recently neutralized—will be more likely to support the neutralization approach.

Financial Soundness of Communities, Satisfaction with Local Services, and Social Trust

In this section, we consider the relationship between the three dimensions of soundness discussed earlier and concepts that are measured at the individual-resident level—that is, satisfaction with local services and social trust.

New Localism essentially changed the reciprocal relationship between residents and their political and administrative local leaders. In fact, it appears to have affected these relations in different ways for different social groups within municipal borders (Aspden and Demelza 2005; Bovaird 2007; Kersting et al. 2009; Stoker 2004a). Theoretically, New Localism provides a mechanism that is broadly expected to encourage residents to actively participate in local democracy and delivery of local services. This mechanism is supposed to be indifferent to social differences. Indeed, being actively involved is perceived as being in residents' self-interest, as it may improve satisfaction with local services (Kersting et al. 2009; Vetter and Kersting 2003).

However, empirical data have seriously challenged these theoretical expectations. It has become evident that features of New Localism may improve satisfaction among certain social groups but fail to suit disadvantaged populations (Aspden and Demelza 2005; Duffy 2000). For instance, transferring the delivery of services to residents requires people with different skills and qualifications, in addition to heavy, voluntary investment of resources such as time, money, and training. Such skills and resources tend to be lacking in communities that are lower in socioeconomic status and are populated mainly by members of national minorities (Aspden and Demelza 2005).

A vast literature has arisen on satisfaction with local services, including both scholarly works that seek to identify different factors that influence satisfaction and citizen surveys conducted by local governments (Van Ryzin et al. 2004). Findings from various studies suggest that lower socioeconomic status and unemployment tend to be associated with lower satisfaction. Ethnicity is also associated with satisfaction levels; members of nonwhite ethnic groups in the United States have been found to be far less satisfied with public services than members of the white majority (Brown and Coulter 1983). Duffy (2000) suggested that residents of deprived areas are less satisfied with certain local services, a finding that they attribute not merely to poor performance but also to other factors, including less demanding behavior on the part of residents, a lack of access to service delivery, and different priorities and expectations.

Finally, studies that simultaneously investigated both individual- and jurisdiction-level factors found that citizens evaluate their local government and its services more positively to the degree that those citizens are integrated into the community and have psychologically invested in community life (e.g., DeHoog, Lowery, and Lyons 1990)—or, put differently, to the degree that these citizens have high levels of social trust. Here again, Duffy (2000) found that the extent of local fund-raising and volunteering is lower in deprived areas, which he related to a wider problem of greater mistrust or suspicion of public services. In general, much evidence supports the view that the more residents engage in decision making, the greater the redistribution of power tends toward those that are already high in resources. Because this involvement is necessarily highly political, it calls into question values such as proportional representation and local democracy (Bovaird 2007).

The New Public Management philosophy suggested ways in which service providers could be made more responsive to the needs of different communities while assuming that communities can actually participate in the planning and delivery of services (Joshi and Moore 2003)—the only realistic hope for improved quality of life in many poor communities. However, it is well documented that communities high in resources in terms of human, social, and political capital are those whose residents act to improve local performance and, in consequence, are more satisfied with local services. This conclusion underlies our second hypothesis:

> H$_2$:   The financial soundness of a community will positively affect satisfaction with local services and social trust.

Satisfaction with Local Services, Social Trust, and Support for the Neutralization Approach

Satisfaction with Local Services

The argument for the expected relationship between support for the neutralization approach and local performance lies in the localist view of financial autonomy (Jones and Stewart 1983). Put briefly, the argument for financial autonomy as a basis for self-government rests on the notion that legal, political, and organizational autonomy—and consequently, the notions of "freedom to" and "freedom from"—are meaningless without the resources to realize the benefits of such autonomy.

Realization of the benefits of financial autonomy in municipal terms means maximizing revenues, inter alia through local taxes, and maximizing the gains from these revenues, inter alia by providing the best possible municipal services. As real incomes within a community rise, the authority's capacity to raise income increases, and residents demand more investment in costly projects (Gerber and Gibson 2009). If local communities and individuals realize the benefits of financial autonomy and are satisfied with the quality of municipal services, they tend to trust their local government and, as a consequence, they are more likely to prefer New Localism over centralism, as it is perceived to best serve local interests (Van Assche and Dierickx 2007). Thus, the more residents agree that a current local policy locates control effectively, meets communal goals successfully, and appropriately resolves local problems, the more they are inclined to favor local responsibility and oppose the neutralization approach if it is employed against their own local leadership (De Vries 2000; Ellison and Ellison 2006; Hood 1995).

Yet, realization of the benefits of financial autonomy is not solely an internal, but also an external, battle. In accordance with the local fiscal choice approach (Bennet 1980), and in an era of decentralization (De Vries 2000), the result is a competitive environment that pushes local authorities to compete with each other. Accordingly, local authorities strive to control land and property and to attract profitable businesses and affluent taxpayers (Tiebout 1956).

Moreover, because well-off communities strive to maintain their wealth, they will seek to avoid "free-rider" problems. Free-rider problems arise when one municipality finances and subsidizes a public service or product—for instance, a theater, festival, or seashore—such that neighboring municipalities and their residents

benefit without sharing the costs (De Vries 2000). On the other side of the coin, the selfsame municipalities may themselves seek to free ride on the backs of others, passing on their responsibilities to other political actors. The phenomenon is fairly simple: everybody will prefer a free ride if one is available, and nobody will offer to provide the necessary vehicle—a result predicted by game theory, where each player is a rational, self-interested actor, determined to maximize his material welfare regardless of the costs to others (Wang 2011). An important corollary to this rule is that it is very difficult to make self-interested actors collaborate together. The inability of local authorities to cooperate to resolve free-rider problems then becomes the rationale for the central government to use its coercive powers to intervene (De Vries 2000).

Accordingly, the interests of residents of high-performing authorities go hand in hand with central government intervention and neutralization of their poor-performing free-riding neighbors. That is, in line with the desire to maximize their financial autonomy, residents who benefit from excellent local services will favor solutions—such as neutralization—that avoid redistribution of resources to failing authorities.

Social Trust

Social trust is a key component of social capital, defined by Putnam (2000) as the collective added value that accrues when features of social life, networks, norms, and trust enable participants to act together more effectively to pursue shared objectives. In most Western nations, the quality of an individual's social life, family life, and personal relationships are largely not the direct responsibility of the local government. Yet, social capital and the social trust that is inherent in it are important in tackling the complex challenges that Western democracies now face. Within communities, "trust and the sense of shared values, norms and citizenship that is encouraged through social capital can make people willing to go the extra mile in the search for solutions; it can enable agreements and collective action" (Stoker 2004a, 121).

New Localism, in the sense of local and community governance, is a means by which the components of social capital can be brought together to effectively achieve collective outcomes (Kampen 2010). High stocks of social capital promote an environment of productive cooperation, economic growth, institutional performance, and personal satisfaction (Teles 2012). Thus, strong social capital was found to be related to trust in municipal government (Van Assche and Dierickx 2007). Following Putnam (2000) and Stoker (2004a), we assume that communities with high levels of social capital—expressed through high levels of trust in other community members—will value local and community governance and, thus, reject top-down interventions imposed on their local authority.

However, various philosophers—including Putnam, Bourdieu, Portes, Teles, and Fukuyama—have raised questions about the importance of social capital among different social classes (Pichler and Wallace 2009). Putnam (2000) distinguishes between two types of social capital: *bridging* and *bonding* social capital. Bridging social capital refers to "weak ties"—that is, relatively loose connections among individuals. In contrast, bonding social capital constitutes a kind of sociological superglue that forges a common identity within a homogeneous group, along with antipathy toward groups

with a different social profile. Hence, the bonding form of social capital can be advantageous for a given social group, but by fueling conflict among different groups, it can allow some individuals to dominate others (Svendsen and Svendsen 2003).

Picking up Putnam's terminology, both the idea of bonding social capital and the concept of New Localism export political tensions and conflicts of interests to subnational units (Coaffee 2005; De Vries 2000). Thus, social capital can have both positive (constructive) and negative (destructive) effects. In this sense, social capital is convertible to economic capital: it helps legitimate capitalism, making it seem natural and inevitable (Smith and Kulynych 2002). Accordingly, New Localism neither naively expects a sort of romantic faith of individuals in other communities nor does it expect communities to come up with solutions for the common good (Stoker 2004a). According to Ford (1999), the position of security that a sound community enjoys requires the subjugation of subordinate groups, which in turn means intimidating, excluding, and reducing the opportunities available to them (Ellison and Ellison 2006).

All in all, for some, social capital is much more "*power over*" than "*power to.*" It is ultimately rooted in economic capital, plays a role in the distribution of existing resources, and serves primarily as a concept to legitimate the reproduction of class, power, and status inequalities (Smith and Kulynych 2002). Therefore, individuals and communities characterized by high levels of social capital will likely strive to maintain local and communal achievements that stem from social capital—for example, economic growth, institutional performance, and personal satisfaction—and they are expected to support governmental mechanisms, such as neutralization, that restrict the freedom of other communities and prevent the redistribution of resources.

In accordance with the foregoing arguments, we hypothesize the following:

H_3: Local performance and social trust will positively affect support for the neutralization approach.

The Research Model: Predicting Support for the Neutralization Approach through Individual- and Communal-Level Characteristics

The three hypotheses proposed above, taken together, constitute a logical chain such that (1) a positive relationship will be found between the soundness of a community (high socioeconomic status, populated by the national majority and not recently neutralized) and support for the neutralization approach (H_1); (2) the soundness of the community will positively affect local performance and social trust (H_2); and (3) local performance and social trust will positively affect support for the neutralization approach (H_3).

In short, we argue that community-level characteristics have both a direct and a mediated effect on support for the neutralization approach, where the mediated effect is via individual-level characteristics—namely, satisfaction with local services and social trust. Figure 1 presents the two paths of relationship between the research variables and support for the neutralization approach, as a state government policy. The full model is summarized in hypothesis 4:

H_4: High soundness of community will lead to high local performance, which will lead to strong social trust, which will lead to support for the neutralization approach.

Figure 1
Theoretical Research Model
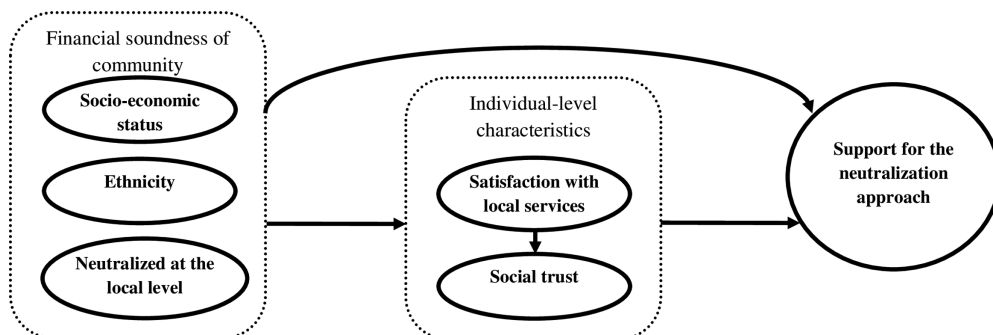
NEUTRALIZING FAILING LOCAL AUTHORITIES: THE CASE OF ISRAEL

In this study, we analyze the institutional dynamics of Israeli central-local relations, focusing on their transformation since 2003, when the Minister of Finance at the time, Benjamin Netanyahu, initiated a policy of strict fiscal rules toward local authorities. The change in policy and the adoption of typical neoliberal formulas makes the Israeli case an interesting instance of an ongoing struggle between localism and nationalism.

Israel is characterized by a tendency toward centralization that is rooted in the British Mandate of 1917–48. For instance, the Minister of the Interior is authorized to control local finances and to remove and replace elected councilors and mayors. Consequently, Israel's 257 local authorities are generally dependent on and closely inspected by the central government (Beeri 2013b; Derry 1994). Over the years, local authorities have taken on extra responsibilities, such as absorption of immigrants and internal security, which led to self-entrapment involving overly heavy burdens without appropriate budgeting from the state. The dominant Finance "superministry" has traditionally taken a neoliberal view, persuading policymakers that local economic crisis is a threat to national economic stability (Ben-Elia 2006).

In 2003, following more than a decade of severe fiscal and functional crises, the central government declared that local deficits would no longer be automatically covered. As a result, local governments faced a situation of deep economic and functional crisis, especially in Arab local authorities (Ghanem and Mustafa 2009). In 2004, 76% of Israel's local authorities operated under deficits, more than 50% activated efficiency and recovery plans, and 21% held back the wages of thousands of employees for months (Carmeli, Yitzhak, and Vinerski-Peretz 2008; Israel CBS 2010).

In response to this crisis, the Israeli government adopted policies and legislation aimed at preventing further deterioration by merging local authorities and by allowing for the government to dismiss failing local councilors and mayors and to replace them with a convened committee until the next election, for not less than 3 years. Such neutralization can follow three possible paths. The administrative path is subject to a Commission of Inquiry recommendation and it is triggered when the local authority does not appropriately administer the functions assigned to it by law and fails to put into operation efficiency and recovery plans. The financial path is set in motion when

the authority accrues an excessively high deficit or does not achieve adequate collection rates for property taxes and water payments. The local politics path is activated when the local authority fails to approve an annual budget on time as set by law. In both the latter cases, the council members are dismissed automatically and the Minister appoints a convened committee (Beeri 2013a; Carmeli, Yitzhak, and Vinerski-Peretz 2008).

During the short period between 2004 and 2007, 25 local authorities (10% of all Israeli authorities) were merged into 13 local authorities, and local councils were dismissed in 28 local authorities (11% of all Israeli authorities); in 23 of these, the mayor was dismissed as well (9% of the total). The convened committees appointed to take over leadership of these authorities faced an enormous challenge: stabilization of the local system, building mechanisms to examine and treat the causes of local failure, and leading the local authority toward regeneration and functional independence. This history makes the Israeli case a particularly fertile research site for assessing the complex dynamics of state-local power relations under global neoliberalism.

METHOD

Sample and Procedure

This study was based on quantitative data collected from residents of Israeli local authorities nationwide, using a survey designed to empirically test the relationship between various characteristics of residents at the individual and community levels and support for the neutralization approach. The population of the study was defined as residents of local authorities in Israel, while a resident was the research unit.

The questionnaire was distributed in 2010 and 2011, based on a random quota sampling method, whereby cities and communities were sampled based on their geographic location and the size and structure of their populations. A direct return method was used to increase the response rate and to ensure anonymity. Interviewers met participants in various locations such as public places, government institutions, and homes. No data were transferred to us via the local authority.

The final sample comprised 1,321 residents of 156 (out of 255) Israeli local authorities—a response rate of 75%. The high response rate strengthens the representativeness of the sample. Most of the respondents (53.2%) were female (compared with 50.58% of women in the overall population, according to the Israel CBS). Respondents' average age was 35 years (standard deviation, SD = 11.89), and they averaged 14.72 years of education (SD = 3.15). More than half the respondents, 51.5%, earned less or much less than the average (based on net monthly income), 23.5% earned close to the average, whereas 25.0% earned more or much more than the average. Even though the demographic characteristics of the sample are not identical to the population distribution (i.e., our respondents are better educated), the sample is relatively representative of the general Israeli population (Israel CBS 2010).

Measures

The questionnaire included 46 items, in which participants were asked to rate their own local authority and community and to evaluate state government policy

directed toward local government. The questions were designed to measure a broad conceptual framework of constructs, from among which we focused our empirical investigation on three, according to the theoretical foundations outlined above. In addition, we drew on three objective variables at the community level, taken from independent sources published by the Israel CBS and by the Ministry of the Interior.

Dependent Variable

The dependent variable, *support for the neutralization approach,* was measured at the individual level and reflected the respondent's support for policies that entail central government neutralization of failing local authorities, that is, replacing the local leadership or merging local authorities, on a five-point Likert scale (1 = hardly at all, 5 = to a very large extent). The scale comprised eight items worded as follows: (1) "The state government has the full right to inspect and be involved in local affairs"; (2) "In cases of local crisis, replacing the elected leadership with a convened committee appointed by the Minister of the Interior is an appropriate decision"; (3) "The policy of replacing city councilors with a convened committee is undemocratic" (reversed); (4) "The policy of replacing a mayor with a convened committee head is undemocratic" (reversed); (5) "A convened committee is highly likely to bring about recovery in a local authority in crisis"; (6) "In cases of local crisis, merging local authorities is an appropriate decision"; (7) "The policy of merging local authorities is undemocratic" (reversed); and (8) "The policy of merging local authorities is highly likely to bring about recovery in a local authority in crisis." This eight-item scale was borrowed from Hiskey and Seligson (2003) and was verified as a reliable measure in the current study using Cronbach's reliability tests (α = .76).

Independent Variables

According to the suggested research model, three concepts are expected to influence the extent of public support for the neutralization approach: the soundness of the community, residents' satisfaction with local services, and residents' social trust.

Financial Soundness of the Community

This was operationalized based on three independent variables at the community level: (1) the socioeconomic status of the authority; (2) whether the local authority was neutralized during the previous 5 years; and (3) whether the local authority was populated chiefly by the national majority or minority. These data were drawn from the Israel CBS and from data published by the Ministry of the Interior. The 156 local authorities represented in our sample ranged across these characteristics and reflected well the variability within the Israeli local government system. Fourteen percent of participants belonged to local authorities that had been neutralized in the previous 5 years. Most of the respondents (88.3%) belonged to local authorities largely populated by the national majority (Jewish), whereas 11.7% belonged to local authorities largely populated by minorities (non-Jewish, i.e., Muslims and Druze). The socioeconomic status of local authorities ranged between 1 and 10, with a median of 5 (10 represents the highest socioeconomic score).

Satisfaction with Local Services

This variable was adapted from Mason, House, and Martin (1985), Smith (1981), and Vigoda (2000) and measured the respondent's level of satisfaction with a broad range of public services provided by the local authority on a five-point Likert scale (1 = totally dissatisfied, 5 = very satisfied). The scale comprised 15 items (sample item: "Maintenance of infrastructure (e.g., public buildings, sidewalks)," which were integrated into our survey questionnaire. Cronbach's alpha for this scale was .91.

Social Trust

This scale was adapted from Putnam (2000) and was designed to reflect respondents' trust and confidence in their communities, social environments, and close social circles on an 11-point Likert scale. The scale comprised three items, as follows: (1) "Do you think, generally, it is possible to trust most people, or is there always room for suspicion?" (0 = there is always room for suspicion, 10 = it is possible to trust most people); (2) "Do you think most people would try to abuse you if they had the opportunity, or would they try to be fair?" (0 = most people would try to abuse, 10 = most people would be fair); (3) "Do you think most people deserve your trust, or do very few people deserve your trust?" (0 = very few people deserve trust, 10 = most people deserve trust). Cronbach's alpha for this scale was .80.

Data Analysis

We used the Statistical Package for Social Sciences (SPSS) 18.0 software and structural equation modeling (SEM) with Analysis of Moment Structures (AMOS) software for the data analyses. We first examined the linear relationships between the variables using the Pearson coefficient. Second, we applied a hierarchical multiple regression analysis to examine the relationship between the independent variables and support for the neutralization approach. Then, a path analysis was conducted among the relevant variables to test for a mediating effect—that is, to determine the sequential relationships among the hypotheses presented herein.

FINDINGS

The initial research findings describe the distributions and correlations among the study variables. Table 1 presents the means, SDs, and correlation coefficients for the research variables. Support for the neutralization approach was normally distributed, with a moderate mean value (M = 3.22, SD = 0.60), indicating reasonable variance among participants. Looking at the data on support for the neutralization approach, as expected, there were significant relationships with both individual- and community-level variables.

The results support the validity of a community's financial soundness as predictive of residents' attitudes toward the neutralization approach. Residents of local authorities that had not been neutralized during the previous 5 years, of local authorities that were largely populated by the national majority, and of local authorities characterized by high socioeconomic status were significantly more likely to support

Table 1
Multiple Correlation Matrix and Descriptive Statistics for the Research Variables (Cronbach's α in Parentheses)

	Mean (SD)	1	2	3	4	5	6	7	8	9	(α)
1. Support for neutralization	3.22 (0.60)	—	.113***	.214***	-.088***	.082***	.075**	.061*	.088****	.007	(.76)
2. Socioeconomic status	—		—	.534***	-.051	.263***	.022	.012	.064*	-.031	—
3. Ethnicity (majority)	—			—	-.213***	.251***	.097***	-.033	.060*	.017	—
4. Neutralized local authority	—				—	-.104***	.036	.000	.184***	-.003	—
5. Satisfaction with local services	2.96 (0.78)					—	.196***	-.056*	.028	-.051*	(.91)
6. Social trust	5.43 (2.14)						—	.104***	.177***	-.041	(.80)
7. Education	14.72 (3.15)							—	.170***	.015	—
8. Age	35.03 (11.89)								—	.059*	—
9. Gender (female)	—									—	—

Note: N = 1,321.
*p < .05; **p < .01; ***p < .001.

the neutralization approach ($r = -.088$, .214, and .113, respectively; all $p < .001$).[1] These findings support the first hypothesis (H$_1$) of the research model. As expected by our second hypothesis, our data also show a positive relationship between the soundness of a community and both satisfaction with local services and social trust (H$_2$). However, these results were stronger for satisfaction with local services than for social trust, as can be seen when we look separately at the results for each of the three component variables of community soundness. Specifically, all three components—not having been neutralized in the previous 5 years, populated by the national majority, and being high in socioeconomic status—were *all* significantly related to high satisfaction with local services ($r = .104$, .251, and .263, respectively; all $p < .001$). However, unexpectedly, we found no significant relationship between social trust and two of the three components of financial soundness, namely, neutralization history and socioeconomic status. The third component was only weakly (though significantly) related to social trust. That is, authorities that are largely populated by the national majority were weakly but consistently higher in social trust ($r = .097$, $p < .001$). Hence, H$_2$ found partial support among our sample.

Our second hypothesis (H$_2$) also assumes a positive correlation between satisfaction with local services and social trust. Indeed, as shown in table 1, the more satisfied residents are with the services provided by their local authority, the more trust they show toward other people ($r = .196$, $p < .001$).

Finally, our results provide solid support for our third hypothesis (H$_3$), which posited a positive relationship between residents' satisfaction with local services and levels of social trust, on the one hand, and their attitudes toward the neutralization approach on the other. Both greater satisfaction with local services ($r = .082$, $p < .001$) and greater social trust ($r = .075$, $p < .01$) were related to greater support for the neutralization approach.

Hierarchical Multiple Regression Analysis

Although these findings point to direct relationships between pairs of variables, our next analysis provides a more holistic view of the relationship between predictors at various levels and support for the neutralization approach. We applied a hierarchical multiple regression analysis to examine the relationship between the independent variables and support for the neutralization approach (see table 2). First, demographic variables were included in the model to control for gender, age, and education. Support for the neutralization approach was positively related to age ($\beta = .092$, $p < .001$). The second step included the predictors at the community level. Only one of these yielded the expected results. Specifically, support for the neutralization approach was positively related to whether the local authority was populated by the national minority or

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1   Independent samples *T*-tests revealed similar findings. Support for the neutralization approach among residents of local authorities that were not neutralized during the previous 5 years ($M = 3.29$, SD = 0.70) was significantly higher ($T_{(df = 1,431)} = 3.32$, $p < .001$) than among residents of authorities that were neutralized ($M = 3.11$, SD = 0.81). Support for the neutralization approach among residents of local authorities populated by the national majority ($M = 3.33$, SD = .70) was significantly higher ($T_{(df = 1,431)} = 8.283$, $p < .001$) than among residents of authorities populated by national minorities ($M = 2.85$, SD = 0.71).

Table 2
Findings of Hierarchical Multiple Regression Analysis (Standardized Coefficients) for the Relationship among the Independent Variables and Support for the Neutralization Approach

Variable	Support for the Neutralization Approach		
	Step 1, $\beta(t)$	Step 2, $\beta(t)$	Step 3, $\beta(t)$
Constant	2.881***	2.98***	2.422***
Demographics			
Gender	.005	−.002	.002
Age	.092**	.090**	.083**
Education	.050	.075*	.053
Community-level variables			
Neutralized local authority	—	−.045	−.046
Ethnicity (majority)	—	.210**	.202***
Socioeconomic status	—	−.015	−.015
Individual-level variables			
Satisfaction with local services	—	—	.047
Social trust	—	—	.013
R^2	.013	.060	.062
Adjusted R^2	.011	.055	.056
F	5.778***	14.180***	11.084***
ΔR^2	.013	.047	.002
ΔF	5.78***	22.31***	1.75

Note: $N = 1,321$.
*$p < .05$; **$p < .01$; ***$p < .001$.

majority ($\beta = .202$, $p < .001$). Interestingly, with the addition of the community-level variables, education (included in step 1) also became significant ($\beta = .075$, $p < .05$). The third step of the equation included the individual-level variables. These did not contribute significantly to the prediction of support for the neutralization approach.

However, elimination of the minority/majority variable from the second step (see table 3) produced a dramatic change in the results. Under this condition, all the research variables but one significantly contributed to the prediction of support for the neutralization approach. Among the community-level variables, support for the neutralization approach was negatively related to the local authority having been neutralized in the previous 5 years ($\beta = -.085$, $p < .001$) and positively related to socioeconomic status of the local authority ($\beta = .088$, $p < .001$). With reference to the individual-level variables, support for the neutralization approach was positively related to social trust ($\beta = .061$, $p < .05$). The only variable found to be not significant was satisfaction with local services.

These findings reflect the correlation in Israeli society between whether a locality is populated by the national majority or a minority and its socioeconomic status, as well as its susceptibility to neutralization. Together with the findings reported above, they imply a more interesting picture than that drawn by the analyses described thus far and point to the need for a more sophisticated test that might better expose the multifaceted relationships among the variables. We therefore turn now to SEM.

Table 3
Findings of Hierarchical Multiple Regression Analysis (Standardized Coefficients) for the Relationship between the Independent Variables and Support for the Neutralization Approach with the Exclusion of the Ethnicity Variable

Variable	Support for the Neutralization Approach		
	Step 1, $\beta(t)$	Step 2, $\beta(t)$	Step 3, $\beta(t)$
Constant	2.881***	2.645***	2.509***
Demographics			
Gender	.005	.006	.011
Age	.092***	.102***	.091***
Education	.050	.048	.043
Community-level variables			
Neutralized local authority	—	−.088***	−.085***
Socioeconomic status	—	.097***	.088***
Individual-level variables			
Satisfaction with local services	—	—	.030
Social trust	—	—	.061**
R^2	.013	.030	.035
Adjusted R^2	.011	.027	.030
F	5.778***	8.380***	7.031***
ΔR^2	.013	.018	.005
ΔF	5.78***	12.141***	.005*

Note: N = 1,321.
*$p < .05$; **$p < .01$; ***$p < .001$.

SEM Analysis

To clarify the interrelationships among the variables, we suggested an empirical model in which all the variables could be tested under a single framework. To determine the goodness of fit between the suggested model and the empirical data, we employed a SEM model using the AMOS software. SEM enables analysis of the patterns of causality between a set of variables so as to reveal not only the strength of the correlation between two variables but the direction of influence as well. The suggested paths in our empirical model follow the basic structure of the theoretical discussion above, while suggesting more complex relationships among the variables based on our earlier findings. Figure 2 illustrates the empirical model.

According to our empirical model, residents' support for the neutralization approach is predicted by the three community-level variables—whether the local government was previously neutralized, whether it is dominated by a Jewish or minority population, and the socioeconomic status of the local authority. However, in the empirical model, these relationships are in some cases indirect, mediated by satisfaction with local services ($\beta = -.07$, $p < .011$; $\beta = .14$, $p < .001$; *and* $\beta = .19$, $p < .001$, respectively) and partially mediated by social trust ($\beta = .08$, $p < .004$; $\beta = .10$, $p < .001$; $\beta = -.08$, $p < .006$, respectively). In addition, satisfaction with local services is positively related to residents' social trust ($\beta = .20$, $p < .001$), which, in turn, is positively related to support for the neutralization approach ($\beta = .06$, $p < .016$). Accordingly, the higher the socioeconomic status of the residents, the more satisfied they tend to be with local services and the more trust they put in their local community.

Figure 2
SEM: The Empirical Model
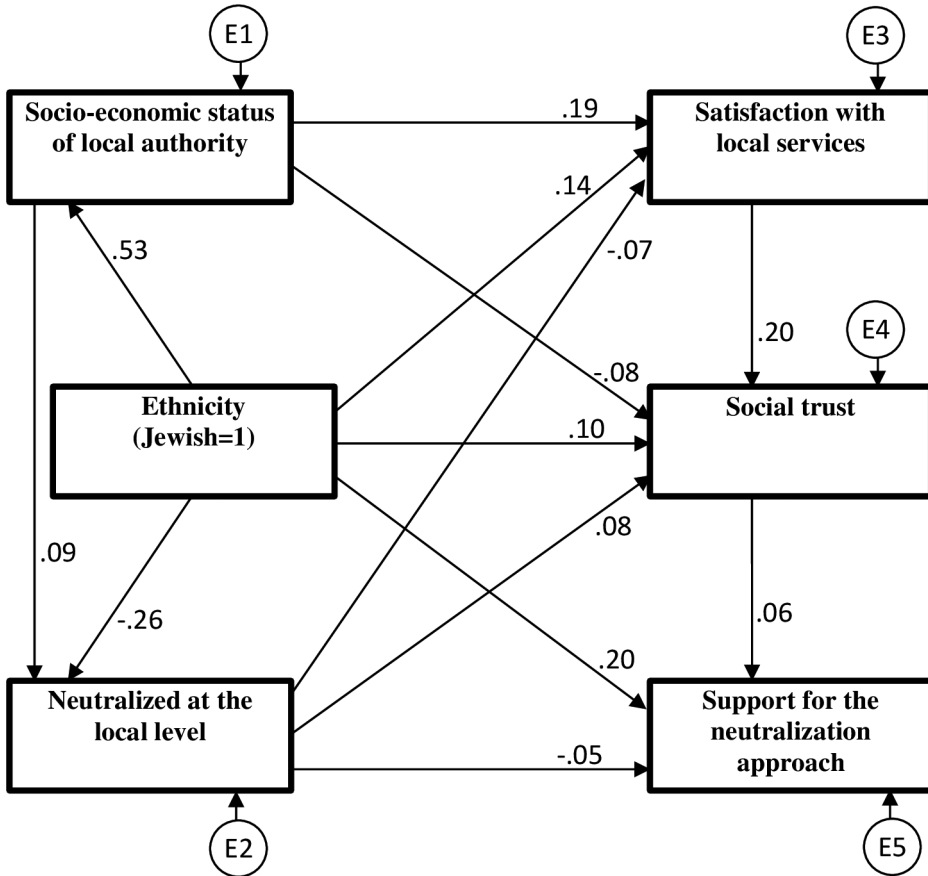
As can be seen in the model, overall, the support of Israel's Jewish majority for the neutralization approach is strong and follows three different paths. The two stronger paths are, first, the direct path ($\beta = .20$, $p < .001$), and second, the path mediated by satisfaction with local services through social trust ($\beta = .14$, $p < .001$; $\beta = .20$, $p < .001$). The third path, mediated by social trust alone, is weaker. In addition, the left side of figure 2 shows the interrelationships between the three components of our main independent variable, the soundness of the local community. Clearly, being populated by the Jewish majority is strongly related to both higher socioeconomic status ($\beta = .53$, $p < .001$) and lower chances of having been subjected to neutralization ($\beta = -.26$, $p < .001$). That is, those residents who enjoy the highest socioeconomic status, a high level of local services, and the lowest threat of being neutralized are the most supportive of the neutralization approach.

Finally, the fit of the path analysis model was very good, as indicated by its χ^2 of 3.97 with two degrees of freedom and its high level of insignificance ($p = .820$). The other goodness-of-fit indices—ratio of the minimum discrepancy to degrees of freedom

(CMIN/DF) = .199, root mean square error of approximation (RMSEA) = .000 (90% confidence limits = .000, .029), and normed fit index (NFI) = 1.000—also point to a high goodness of fit between the model and the observations. An RMSEA of < .06 indicates a reasonable error of approximation; however, in our case, the RMSEA = .000, indicating a high value of explained variance.

SUMMARY AND DISCUSSION

Modern local government faces a world of rapid change and increased expectations from governmental and administrative agencies in a globalizing and innovative environment. From a local perspective, these changes have led to a culture of open decision making, which encourages local communities and individuals to take a significant part in local affairs. Often, these complex motivations create duplications, competition, and conflicts. New Localism, which serves in this study as a concept and as a policy, expresses a compromise between the goal of local democracy and autonomy on the one hand and centralization on the other. This study borrows the idea of New Localism to advance our knowledge of local governance and central-local relations. Specifically, we examined local residents' support for the neutralization approach, which symbolizes a central government policy that, from one point of view, fundamentally contradicts the ideas and values of New Localism.

The findings of this study fall into four major areas: (1) the level and distribution of support for the neutralization approach; (2) relationships between predictors and support for the neutralization approach; (3) the sequential relationships revealed in our path model; and (4) implications for the Israeli case.

With reference to the first, scholars are divided over whether New Localism is broadly justified (Stoker 2004a) or inefficient, unfair, and rooted in cynical motivations (e.g., John 2001; Vetter and Kersting 2003). As our study is, to our knowledge, one of the few to examine the public's views toward national policies that affect the idea of New Localism—in this case, the neutralization of failing local authorities—our findings may add theoretical value to what is known in the field. Indeed, the range of opinions revealed in this study, from strong support to equally strong opposition, is in keeping with our initial conceptualization of New Localism as a complex compromise between two polarized ideas. Yet, as with many social phenomena (Petersen 1986; Stockman 2000), most of our respondents were grouped in the middle, which may indicate either satisfaction with or apathy toward the current policy. Interestingly, the findings showed that younger respondents were more likely to reject the neutralization approach and that better-educated respondents were more likely to favor it. These findings support previous studies that have pointed to a relationship between age, occupational status, and preferred level of decentralization (Mazzaferro and Zanardi 2008).

Several significant patterns were found in our attempts to relate support for the neutralization approach to individual and communal characteristics. With reference to individual characteristics of residents, our analyses showed that the greater the residents' satisfaction with local services and the stronger their sense of social trust, the more they are likely to support the neutralization approach. Regarding the communal predictors, the data revealed that residents who belong to financially sound

communities—that is, local authorities that are characterized by high socioeconomic status, are populated mainly by the national majority, and have not been recently neutralized—are more likely to support the neutralization approach. Here, we draw attention to the fact that attitudes toward New Localism and the neutralization approach may differ vis-à-vis respondents' own local authority and local government in the abstract. One possible explanation that our model suggests is that residents habitually oppose national policies that erode New Localism within their own local community. Yet, the more confidence that residents have in their own local leadership, performance, and community, the more they support the government's right to neutralize other local authorities where these are failing, even though such policies erode the basic principles of New Localism. We do not argue here that residents are hypocritical; rather, we suggest that our findings support the well-documented argument that New Localism pits local authorities against each other (e.g., Tiebout 1956). Thus, for residents of financially sound communities, New Localism is not a romantic ideal aimed at promoting local democracy but a means to maintain the status quo—to keep resources and power in their own hands. How national regulators should handle this problem—that is, maintaining positive and fair competition among local authorities while preserving weaker communities' right to autonomy—remains a serious unresolved question.

Third, the path analysis made it possible to determine the relationships among the research variables under one analytical framework, which provides a more comprehensive perspective on our research model. The strongest path revealed that residents of communities characterized by high socioeconomic status are more likely to be satisfied with local services. In turn, these conditions pave the way for greater support for the neutralization approach. In other words, it appears that, perhaps paradoxically, those residents who most enjoy the benefits of New Localism—communities and residents that have more control over power and resources, in addition to enjoying high standards of living and superior public, political, and communal systems—are the least perturbed about threats to other communities' rights and opportunities and thus accept the neutralization of other communities when the status quo and their self-interest are at risk.

Finally, with reference to the Israeli case, our findings lead to some interesting implications. In 2010, Israel was formally invited to become the 33rd member of the Organisation for Economic Co-operation and Development (OECD). The OECD's subnational policy gives preference to regional development policies and clearly states that opportunities "to build a stronger, cleaner, fairer world" exist in all types of subnational governments. Moreover, most growth occurs outside the largest urban hubs; indeed, many of the fastest-growing regions are second-tier cities, while many larger cities make little contribution to aggregate growth. In accordance, the "new" multilevel governance approach has increased in importance among most OECD members, compared with the "old" top-down and aid-based approach dominated by central governments (OECD 2011). The findings of this study thus raise the question of how Israel is positioned with reference to OECD instruments, standards, and benchmarks. To what degree do Israeli policies toward local government cohere with those of other OECD members? To what extent is Israel dedicated to achieving the OECD's fundamental aims?

Although Israel has generally promoted effective macroeconomic stabilization policies along with market-oriented structural reforms that have helped support a high average rate of growth and although the country's policy responses to the recent crisis of the 2008 recession have been appropriate (OECD 2009), there are some challenges Israel must face—and many of them are geared toward the local level. These include the unsatisfactory performance of the major municipal services—education, health, and social welfare; the relatively high income inequality between the center and the periphery; the promotion of ethical governance; the relatively low participation of minorities in the labor market; and the enormous investments in infrastructure needed in the periphery (OECD 2011).

Following on from the last point, Maman and Rosenhek (2012) argue that the institutional dynamics of the Israeli political economy have certainly changed from those of the classic developmental state. Yet, in contrast with the conventional stance, we argue that in Israel, the state has neither retreated from the economic sphere nor retrenched the *extent* of its involvement in the economy but rather has shifted the *mode* of its involvement. That is, in place of tight-knit control of state agencies over the mobilization and allocation of capital and a policy of strict fiscal rules (Levi-Faur 1998), private actors have won indirect measures of regulation and control. This shift in the state's action has been accompanied by changes in its institutional configuration, particularly concerning the roles, modes of action, status, and power relations among its different agencies. The questions to be answered in future studies are why local authorities have not won similar governmental treatment and what is the effect of this dissimilarity.

Our study has two main limitations, which may guide future explorations of New Localism. First, our survey investigates support for one specific national policy toward local government. Though the neutralization approach is strongly identified with a rejection of New Localism, future studies should explore public opinion toward other national policies. Second, our data were collected in Israel, and generalizations to other cultures should be made with caution. Yet, all things considered and despite its limitations, we believe that this study offers a different look at New Localism and is one of the first examinations of public attitudes toward how national governments enable or prevent it from blossoming.

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