

not need to be translated to practitioners. Drop the jargon, or explain it if you must use it.

Despite these weaknesses, the book, especially its case studies, contributes to the current worldwide debate about how we might build an effective environmental protection system that in fact and perception complements rather than conflicts with economic advancement. The discussion of how voluntary environmental regulation has been structured and is being implemented in two different political cultures is extremely helpful as the European Union adopts multinational standards for pollution prevention and environmental management systems. Similarly, exploration of the interplay between mandatory and voluntary industrial environmental regulation in the UK and Netherlands is instructive as countries (and states within countries) struggle with whether and how to use the International Standards Organization 14000 series of standards to enhance environmental performance. Gouldson and Murphy provide readers with a useful and timely window for viewing recent and important environmental policy experiments in two developed countries.

NOTES

1. Voluntary environmental regulation, as defined by Gouldson and Murphy, refers to business actions taken to protect the environment that are "unforced by law." They may, however, be motivated by the threat of legal action or the promise of financial rewards. Development of and compliance with industry-wide standards would be one example of voluntary environmental regulation.

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Class, Tax, & Power: Municipal Budgeting in the United States (Chatham, NJ: Chatham House Publishers, Inc., 1998), 248 pp.

by Irene S. Rubin

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American federalism permits, perhaps even encourages, diverse local practices in public budgeting. The states are sometimes said to be the laboratories of American democracy. So are the tens of thousands of municipalities, which have tried different forms of organization, and budgetary processes and methods. Their history of budget experimentation since the 1860s is the subject of Irene Rubin's *Class, Tax, & Power*.

The distinctiveness of this book lies in the detailed case studies of a half dozen cities scattered across the country presented in the larger context of American political and economic history. As such, it is a welcome addition to the library of public budgeting scholars and practitioners.

The municipal emphasis in Rubin's book complements several other budgeting books with a historical orientation.¹ The federal government story of debt and taxes is ably told by Makin and Ornstein (1994). Wildavsky (1964) and Wildavsky and Caiden (1997) since the 1960s has been a standard source of information about both the "old" and "new" politics of the federal budget process. More specifically, Fisher (1975) traced the uneasy relationship between executive discretion and congressional vigilance. Rubin's book completes the American history of public budgeting. In order to see the American case in a larger comparative international perspective ("why America was so different"), but still in a historical context, one would have to turn to the monumental volume of taxation and expenditure in the Western world by Webber and Wildavsky (1986).

Class, Tax, & Power also enriches the municipal finance literature in two ways. First, its predominantly descriptive case approach complements quantitative comparative studies exemplified by *City Money* (Clark & Ferguson, 1983). Unlike *City Money*, however, it does not present a tight theoretical model to incorporate citizen preferences, political leadership, the bureaucracy, and interest groups that affect urban fiscal policy. In this regard, Irene Rubin is practicing the lost art of storytelling, which unfortunately has become unfashionable in contemporary social science scholarship. Secondly, there are already several monographs on selective aspects of municipal finance: mayoral leadership (Fuchs, 1992), capital markets (Sbragia, 1983, 1996), and intergovernmental relations (Haider, 1974; Peterson, 1981). *Class, Tax, & Power* tie all the various influences on municipal fiscal affairs. As such, it provides a more comprehensive explanation of the evolution of municipal finance in America over the past one hundred and twenty-five years.

According to Rubin, American municipal budgeting began in the years after the Civil War. The history, therefore, is presented largely in a chronological order in four major periods. The first period runs from 1860s to the start of the Progressive

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Era; the Progressive Era itself around the turn of the century; the period from 1915 to the end of WWII in 1945; and the entire post-War period. In doing so, the author, implicitly at least, acknowledges that municipal budgeting is framed by larger social, economic and political forces of which cities were a part, but over which they had little control. Cities have been the beneficiaries of economic prosperity and the victims of economic downturns. They were also squeezed between the high-level governments, which preempt lucrative revenue sources, and taxpayers angry over high taxes and poor services. There is little wonder why Paul Peterson coined the phrase "city limits." It is in this context that the municipal budgets sought to play a circumscribed role as a means of resource allocation and expenditure control. However, in the larger context of the American public sector, the municipal budget was a foot soldier rather than the commander general in what Herbert Stein (1996) calls "the fiscal revolution in America." Nevertheless, municipal governments, being closest to the people, played a vital part in their lives and the budget was a means of financing and allocating services at the grass-root level.

The book contains nine chapters. After the introduction, Chapter 2 immediately picks up the "class" part of the title of the book by addressing tax limits, protests and revolts that signify the erosion of social consensus about how to finance government. These events are powerful reminders that budgeting is not merely a number-crunching technical exercise. During wars and major economic downturns, the incremental model of budgeting was rendered invalid. Most of the times, however, within the broad parameters set by prevailing political philosophy of the role of government, budgeting returned to its familiar place of being the periodical focal point of local politics throughout the past century. This major thrust is documented in the rest of the book. After an extended overview, the next three chapters trace the evolution of various institutional structures that influence municipal budgeting. These are followed by an informed discussion of the fluctuating role of states in regulating municipal budgeting and finances. Thus local politics and state regulation are considered to be the major sources of power affecting municipal budgeting.

Whereas citizens affect the federal budget through their representatives, and the budget numbers seem as remote as they are large, municipal budgets are different. They are small enough to be comprehensible and close enough to be relevant. At times, citizen participation in municipal budgeting resulted in tax-limit movements, protests and revolts. These popular moves disrupted the normal governmental process, of which budgeting was a part. These jolts destroyed incrementalism in budgeting, because they aimed at changing the rules of the game. They were rare occurrences and took a long time to ferment. Chapter 2 of *Class, Tax, & Power* shows how pressure accumulated and finally exploded several times in the past century when triggering events presented themselves. The causes were inevitable popular discontent over oppressive tax burdens. When they succeeded,

these citizen direct actions resulted in lower revenues and reshuffled priorities. The author selects cases to illustrate how American cities handled fiscal stress induced by economic recessions. For example, in Houston, the business elite dominated government and was able to solve the city's financial problems on its own terms. In San Francisco, on the other hand, it took a crusading new political party outside of government to instigate changes. The author sees a parallel in the tax revolt in Chicago during the Great Depression in the 1930s and the one in California in the 1970s. In both cases, property tax owners revolted against rapidly escalating property taxes. The need for less reliance on property taxes and revenue diversification seems to be the policy message of this chapter.

A busy reader can get the essence of the book by reading Chapter 3. It identifies the salient features of municipal budgeting in each historical period. After the Civil War, infrastructure construction and growing population exerted pressure on revenues and led to extensive municipal borrowing. When recession hit in 1873, cities turned to the budget as a means of fiscal control. The Progressive Era, with its ethos of honesty and governmental activism, fostered the tools of accountability and control such as accounting and the executive budget with line items. Afterwards, budget balance and fiscal control became the dominant theme during the Great Depression and the years leading up to WWII. The post-War economic boom gave rise to more forward-looking budget methods such as Planning-Programming-Budgeting System (PPBS) and Zero-Base Budgeting (ZBB), and analytical performance budgeting, although economic downturns led governments to practice target-based budgeting. These are broad sketches, for which the descriptive case studies supply illustrative details in subsequent chapters.

The sophistication of municipal budgeting in the early years ranged from merely adopting tax levies, to levies backed up by records of prior revenues and spending, and finally, to the enactment of annual appropriations. In Chapter 4, we learn that city councils were predominant in those days, although there was an incipient movement to have boards of estimates and apportionment (as in New York City) consisting of the mayor, the president of the board of aldermen and the city comptroller to provide technical expertise. Many current budget issues existed in those days as well: off-budget spending, transfers and contingent funds to circumvent spending limits, and the lack of separation of capital and operating expenditures. The budgetary process worked remarkably similarly to contemporary practice: departments submitted their (occasionally padded) requests to the mayor for review and approval, city council rubber stamped those requests, and mayors occasionally exercised their veto power. The mayor's coordinating and consolidating role meant that a kind of executive budgeting (much more so than the federal budget of the day) was already in practice.

The trend of the executive budget accelerated during the Progressive Era. From a scholarly standpoint, this period is notable for the emergence of budget scholarship pioneered by the New York Bureau of Municipal Research. The

bureau critiqued contemporary budget practices and proposed reform measures. Among the criticisms were the lack of meaningful categories and information about what money was to be used for, proper segregation of resources, inadequate budget coverage for debt-financed expenditures, and poor citizen participation. These led to program budgeting, line-item budgeting, fund accounting, unified budgeting and public hearings. A leading budget scholar of the era, Frederick Cleveland, challenged the chief executives to personally take charge of budget preparation and use the budget to control the bureaucracy. The use of cost accounting data and attention to efficiency were the precursor to performance budgeting proposed by the Hoover Commission fifty years later. In addition to technical improvements to the budget, institutional reforms were advocated. By and large, these tipped the balance away from politicians in favor of professional managers in the commissioner and later the council-manager forms of government. The expectation was that, coupled with the executive budget, these structures would result in more honest and efficient governments.

After reviewing the problems and solutions documented in Chapters 4 through 6 of the book, one easily gets the impression that perhaps there is nothing new under the sun in the budgeting world. Or government budgets simply deal with the stubborn issues of finding and allocating resources, the essence of which has changed little in the last one hundred plus years at the local level. One major reason is the tight institutional strait jacket in which municipal governments found themselves. Municipal governments, as Dillon's rule instructs us, are the creatures of the states (in the American sense of the States in the United States). Municipal budget practices at a minimum have to meet the legal requirements of the states. Even home rule municipalities are not entirely free to do what they want. Chapters 7 and 8 of *Class, Tax, & Power* provide a sampling of how states set tax and debt limits, and monitored local budgets and finances. Given the slow pace of fiscal reform at the state level, some historical accounts appear amazingly contemporary.

The book's conclusion assigns a larger role to the business elites than is supported by the materials in the cases. This "interest group" interpretation is challenged (or at least complemented) by the more familiar "separation of powers, checks and balances" theory. That is, except in periods of upheavals (ch. 2), the municipal budget was an intra-governmental phenomenon. The budget process adopted was the result of the tension between the legislative and the executive branches of government. The budget methods used reflected the rigor and details of legislative oversight. Indeed, the book is at its best when it presents historical evidence of how power shifted between politicians and professionals, lawmakers and administrators, elected officials and bureaucrats. These shifts were periodically cemented in institutional structures such as boards of estimates, commissions, and city managers. And old budget methods (such as segregating resources into funds, and line-item appropriations) never died; they did not even

fade away. Self-proclaimed reformers condemn the leisurely pace of the wheel of history. Astute observers attribute the resilience of old-fashion budget ideas and practices to the checks and balances that turn revolutionary ideas into evolutionary practices. In this sense, *Class, Tax, & Power* helps to solve the puzzle of budgetary evolution co-existing with fiscal revolution in American history.

Perhaps one should not try to indulge in too much theorizing and judge the book as if it is a theoretical treatise. It is not. If there is a theory, the theory is a byproduct of immersing in historical and contextual details. The book grew out of six case studies of municipal budgeting. As the author tells us at the outset (p. 1), "I found that I could not tell the story of these six cities without explaining the earlier history of municipal budgeting more generally." The six cases were St. Louis, Phoenix, Dayton, Rochester, Tampa and Boston. Actually, additional materials came from New York City, Chicago, Baltimore, Boston, Berkeley, Houston, as well as the states of Illinois, Ohio, New York, North Carolina, Oklahoma, Indiana and Massachusetts. A good historian is a good storyteller. We should be glad that the author chose to tell the stories, albeit in the enlarged historical context. For there may exist a creative tension between letting the story unfold and tailoring the story to fit a theoretical plot. It appears that the author seems to be quite content to let the stories flow. Thus even though the author does not conclude the book with a theoretical synthesis, as Webber and Wildavsky (1986) did with a cultural theory of governmental growth and (un)balanced budgets, she has furnished us with the historical "dots" for the readers to connect into a theoretical pattern.

In summary, in Irene Rubin's *Class, Tax, & Power*, we have a worthy companion to Aaron Wildavsky's politics of the (federal) budget process. The accessibility of factual materials about municipal practices made possible by Rubin's book, I hope, would encourage comparative studies of local and federal budgeting. Certainly there are some similarities. But there are also many differences as well. For example, the federal budget has to do the macroeconomic heavy lifting, making it more influential on the economy. Students of the politics of federal budgeting have to go beyond the basic notion of separation of powers and checks and balances to master the many parliamentary rules in the congressional budgetary process. There does not exist a single American public budgeting story. This brings out a weak point in this book.

In a sense, this book needs another chapter, a chapter on federal-local relations. The federal government is conspicuous by its virtual absence. This omission is regrettable in view of the rapid acceleration of federal leadership, perhaps even dominance, since New Deal in domestic affairs. It is true that federal dollars and initiatives have risen and ebbed with each administration's interpretation of federalism. Nevertheless, local governments, especially those in urban areas, have come to depend on federal largess for a sizeable portion of their budgets. Along with the federal dollars came not only impacts on spending priorities, but also budget

process requirements of public hearings, as well as numerous accountability reporting provisions. (As a case in point, this reviewer's career got a boost from a HUD grant to improve local government fiscal capacity through better accounting standards.)

The approaching new millennium has given rise to a wave of retrospectives about the twentieth century. *Class, Tax, & Power* has made more complete our understanding of the historical roots of current municipal budgeting practices. For scholars, history is worth knowing for its own sake. For practitioners and reformers, knowledge of history will hopefully save them from mistakes of the past. Irene Rubin has rendered a useful professional service to both of these groups.

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Creating Public Value: Strategic Management in Government (Cambridge, MA: Harvard University Press)

by Mark Moore

Reviewed by Ashley Symes

In *Creating Public Value: Strategic Management in Government*, Mark Moore argues that public managers are explorers who seek to discover, define, and produce public value. As innovators rather than mere implementers, public managers must dispense with the presumption that politics and administration are