

5 Actor-oriented institutional analysis

5.1 Introduction

In the second part of the thesis (chapters 5-9) the focus is on the *institutional* position of airports as cityports in the city-region, whereas in the previous chapters the *spatial-economic* position of these locations that function as a transport node, place to stay and a port to the city-region with its economic, infrastructure and urban dimension was central. Chapters 2, 3 and 4 offered insight in the object of the airport as a cityport in the city-region: regional competitiveness, the development of cityports, and the characteristics of the airport environment. The conclusion of the found results of cityport development near the airports pointed out that spatial-economic reasons alone can only partly explain these mixed results, and additional institutional analysis is called for.

This chapter will discuss the role of actors involved and the rules of the game that co-determine the final outcome of the spatial and economic development in theory. This theoretical and methodological framework will be applied to institutional analysis in chapters 6-9. With this institutional framework the second research question is addressed, which stresses the role of actors in actor coalitions, their strategies and the economic, financial, governance, legal and socio-cultural institutions involved in the process of airports as cityports in the city-region. This will frame the effective and less effective, efficient and less efficient institutions and institutional arrangements. Where hampering or problematic rules of the planning game are found, the third research question comes to the fore: which institutional changes are necessary to make better use of spatial and economic opportunities, and can institutional inertia be avoided or decreased? This issue of institutional dynamics will be addressed in theory here, and applied to the case studies in chapter 9.

This chapter first discusses actor-oriented institutional theory based on new institutional economics (5.2). This provides a scheme for understanding institutional dynamics in section 5.3. Institutional learning and feedback to economic development is discussed in 5.4. Chapter 5.5 attempts to make institutional analysis an applicable methodology for airports as cityports in the city-region. Conclusions are drawn in 5.6.

5.2 Actor-oriented institutional analysis

New institutional economics

The development process of airports as cityports in the city-region can be considered as a collective action problem, which focuses on the question how and to what extent actors and organizations are dependent on each other to make good exchanges or trades. For these collective action problems there is a need for a mechanism that manages this balance between supply and demand (Frances 1991). Mainstream economics focuses primarily on prices as the market setting

mechanism. Institutional economics however focuses not only on price setting, but also on trust and imposed rules as mechanisms: how do institutions affect the behaviour of individuals? In practice, markets are usually not open markets with free access; they also show characteristics of networks with limited access to newcomers, and hierarchies where actors in charge determine the access to the market.

In other words and in the context of this thesis, we argue that the economic (price-setting) factors discussed in the previous chapters are not sufficient to understand the process of actor coalitions striving for trades in order to develop the airport as a cityport; economic factors alone did not explain the different results in the development of airport areas in the case studies. Including institutions such as trust and imposed rules will contribute to a better understanding of development processes.

New institutionalisms

In institutional theory, Hall and Taylor (1996) distinguish three schools of thought: historical institutionalism, rational choice institutionalism or new institutionalism in economics, and sociological institutionalism. Here these three new institutionalisms will be briefly summarised and essential elements will be singled out for application in institutional analysis of the case studies.

Historical institutionalists define institutions by and large as formal or informal procedures, routines, norms and conventions embedded in the organisational structure of the political economy. Hall and Taylor (*ibid.*) summarize historical institutionalism by four characteristics. First, both cultural and calculus approaches to understand institutions are used eclectically in institutional analysis. The calculus approach focuses on strategic behaviour of actors, while the cultural approach stresses that behaviour is not fully strategic, but bounded by an individual's worldview. The second feature is the prominent role that power and asymmetrical relations of power play in institutional analysis; some groups of actors have disproportionate access to the decision-making process compared to others. Third, historical institutionalism is close to the perspective of historical development. Actors' behaviour is path-dependent, as institutions are seen as relatively persistent features of the historical landscape, often central factors pushing development along a set of laid-out paths. Fourth, institutions are not seen as the only causal force in politics; it is commonly accepted that socio-economic development and diffusion of ideas are also contributory.

Rational choice institutionalism focuses on the strategic behaviour of actors. It provided analytical tools such as property rights, rent-seeking behaviour and transaction costs for the understanding of institutions. Williamson (1975) argued that change in organisations could be explained as the result of an effort to reduce the transaction costs of undertaking the same activity without such an institution. First, rational choice institutionalists posit that the strategic actors have a fixed set of preferences and tastes and behave entirely instrumentally to attain these preferences. Second, they tend to see politics as a series of collective action dilemmas, where individuals try to achieve their preferences. Third, rational choice theory emphasizes the role of strategic interaction in the determination of political outcomes. Actors' behaviour is not driven by impersonal historical forces but by a strategic calculation that is deeply affected by the actor's expectation of the behaviour of others. Finally, Hall and Taylor (1996) see deduction as an essential characteristic: the organisational structure is focused on minimising transaction, production, or influence costs.

Sociological institutionalists argue that institutions should be seen as culture specific practises. They first define institutions much broader than political scientists by including formal rules, procedures or norms, but also symbol systems, cognitive scripts and moral templates. This breaks down the conceptual divide between institutions and culture; culture itself is redefined as institutions. Second, sociological institutionalists argue that individuals are socialized into particular institutional roles and that they internalise the norms associated with these roles. Therefore, what actors see as 'rational action' is itself socially constructed. Third, new institutional practises are not the result of advanced means-ends efficiency but because they are socially legitimate and appropriate. This is the logic of social appropriateness in contrast to the logic of instrumentality.

These schools partly overlap and, according to Hall and Taylor (1996), can be applied jointly in new institutional analysis if the most extreme assumptions of each school are relaxed. A combination into one new institutionalism makes use of the best elements of each school, while excluding weak elements.¹ Previously, institutional economics focussed mainly on formal organisations, juridical rules and contracts, here referred to as hard or formal institutions. Historical institutionalists like March and Olsen (1984) were followed by former rational choice institutionalists like North (1990) who acknowledge the importance of soft or informal institutions, for instance values and norms, behaviour and practises in institutional analysis. Since then, new institutional economics developed rapidly with the focus on social systems of production in the 1980s and 1990s, e.g. Cox (1987) and Piore and Sabel (1984). Hall and Soskice (2001) found that these studies went too far by overemphasizing the role of governments and unions and underestimating the role of the market. They aim to put back the corporation in the centre of analysis of capitalistic systems without ignoring the role of public institutions. Hall and Soskice (*ibid.*) therefore see institutions as socializing agencies where relationships with economic actors are central.

Actor-orientation and institutional dynamics

Traditional institutional theory tends to underestimate the importance of human acting in the creation and destruction of institutions (Scharpf 1997, 2000). Scharpf is a notable exception by including actors in institutional analysis (Hall and Soskice 1995). Persons are the players of the 'game' and represent the actors that act within the institutional rules of the game. As Visser and Hemereijck (1998) argue, the institutional context does not determine the policy outcomes, but it does define the way the game is played by the actors, canalising and shaping the policy arena in three ways.

First, the institutional context co-determines the relationships of power and influence between actors. Second, rules of the game influence the nature and style of decision-making. This decision-making process is sensitive to changes and preferences of actors. Third, institutions determine the intensity and scale of policy problems and thus co-determine the political agenda (Visser and Hemereijck 1998:72-73). The analysis of actors and their joint cooperation and competition as actor coalitions is therefore included in the theoretical framework here.

A shift towards a more dynamic institutional analysis is the issue of recent academic debates. A shift towards a dynamic process- and actor-oriented perspective has two advantages (Gualini 2004:61). First, sociological new institutionalism has opened up the traditional static conception of institutions with its tendency to determinism in explanation. Second, emphasis on the

processual and iterative dimension of institutions confers a crucial meaning to the institutions and action nexus. Institutions are therefore not seen here as static, but are changing over time and so does the structure of interrelated institutions, the institutional arrangement.

5.3 Scheme for institutional analysis

Exploring the theoretical notions on institutional analysis contributes to building a scheme for institutional analysis of the case studies. The essential notions incorporated in the scheme are combined elements of the three new schools of institutionalism as suggested by Hall and Taylor (1996). This in particular includes the path-dependent nature of institutions in historical institutionalism; the drive to strive for more efficient institutions in rational choice theory, with free riders and rent-seeking behaviour; and culture specific practises from sociological institutionalism. Furthermore, a more dynamic and actor-oriented approach is applied in institutional analysis, in order to acknowledge the importance of actor behaviour within institutional frameworks and the changing nature of institutions. This leads to the scheme of institutional analysis based on six stages in the development process in Figure 5.1, wherein the arrows are indicating directions and are not excluding other relations between the boxes.

Ad 1. Institutions can be seen as efficient (fitting and appropriate) or inefficient institutions (not-fitting, North 1990, see Figure 5.1 stage 1). For North, institutional development is a process of more efficient institutions replacing inefficient rules of the game. The more efficient institutions create opportunities for spatial economic development, or what Gualini (2004) calls institutional opportunity structure. Some rules of the game strengthen the regional economic development; some rules of the game are hampering this process. To make things more complex, these institutions are interrelated and influence one another, and therefore have to be considered within the entire institutional arrangement. Institutional complementarities in the arrangement occur if one institution increases the revenue or efficiency of another institution (Hall and Soskice 2001).

Ad 2. North (1990) has become more sceptical about the development towards more efficient institutions: despite a broadly felt urge for institutional change, some inefficient institutions remain. There are four main reasons for this inertia of institutions (stage 2 in Figure 5.1). First,

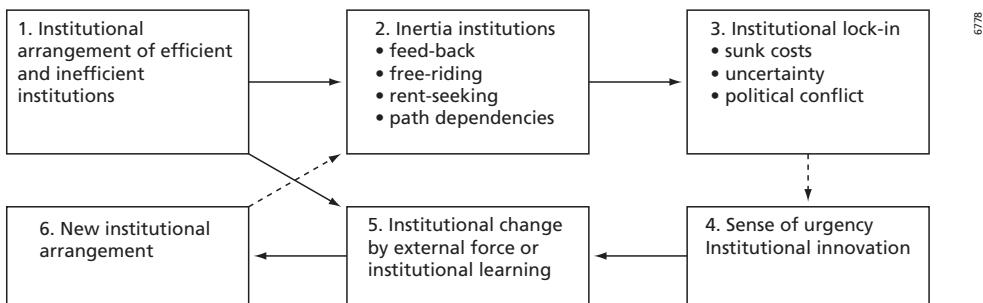


Figure 5.1 Stages of the institutional development process

the current institutions or institutional arrangement are dominant and ignorant of critique causing a lack of feed-back. Second, even though in sum institutions are inefficient, some actors benefit from the current arrangement and show characteristics of free-riding. In the case of rent-seeking behaviour by dominant actors, resistance from specific interests can arise. Fourth, inertia of institutions is caused by path-dependant behaviour: where one is going is co-determined by where one comes from and it is risky to take another path. Although path dependency plays a certain role in the institutional arrangements of the region, and history matters, Schmitz and Musyck (1994) argue that it is equally important not to become mentally imprisoned by history.

Ad 3. When institutions are unable to change and become more efficient institutional arrangements, and inefficient rules start frustrating the game seriously, a performance crisis can occur due to institutional lock-in (Visser and Hemereijck 1998, stage 3 in Figure 5.1). There are three main reasons for getting stuck in this stage. First, an institutional innovation has sunk costs; it is not exactly clear from the beginning what the new institutional arrangement might bring in costs or benefits in time and money. Second, there is uncertainty if the proposed institutional change will really work as expected. Finally, political conflict is necessary to have institutional change accepted, and a majority can be hard to achieve.

Ad 4. Sunk costs, uncertainty and avoiding political conflict can lead again to path-dependent behaviour. The lock-in can be severe and can lead to a performance crisis of the entire institutional system. When a performance crisis is not leading to a widely accepted sense of urgency (stage 4 in Figure 5.1), institutional change will not take place. A dashed line reflects this in Figure 5.1.

Ad 5/6. Institutional change in stage 5, either by occasion of a political lock-in situation breakthrough or direct implementation, can lead towards more efficient institutional arrangements in the final stage. This process of institutional change can be driven by external forces (for instance changing economic realities) or by internal forces: an institutional learning process (Gualini 2004). The former can be more effective but is not a matter of collective action; the latter is an effect of what Hall (1993) calls a 'powering' and 'puzzling' process of institutional innovation.

A well-known problem in the fifth stage is that merely new institutions are created (for instance round tables, customer-supplier conferences, and regional dialogues), without touching the existing institutions that badly need reforms (Sabel 1996), so that stage 5 leads back to the beginning stage. However, institutions can be changed and become more efficient and appropriate by a puzzling process for new institutional arrangements and political empowering of these new arrangements. In turn, this process of institutional learning can contribute to economic performance. This complex institutional learning process, vital for answering research question 3, therefore needs further exploration in the next section.

5.4 Institutional learning and economic performance

The fifth stage of the institutional development process (Figure 5.1), where institutional learning takes place, is essential and problematic in order to come to new institutional arrangements. It

is relevant here to see which kinds of institutional learning in international comparative case studies are meaningful and which ones are less successful. Therefore, first the process of learning is discussed. Then, types of institutional learning are explored. Finally, implications for the regional economic performance are discussed in 5.5.

Learning process

Whereas institutional *change* and development is encircled by coincidences, institutional *learning* contributes to the 'intelligence' of planning institutions (cf. Gualini 2001). Now that we have come to a better understanding of 'institutions', it is relevant to discuss the meaning of 'learning'. In general, a distinction is made between cognitive learning, social learning and institutional learning (Van der Knaap 2004). Cognitive learning contributes to understanding a particular situation or problem. This type of learning is carried out here by describing and analysing the case study in depth, as found in the first part of the book. It includes the ability to work interdisciplinary and link analytical skills.

Social learning is learning that improves the understanding of actions of other actors, mainly focussing on interactive learning processes in combination with cognitive learning. One of the dilemmas put forward by Hassink and Lagendijk (2001) is the focus on the object (what learning should lead to) and as opposed to the focus on the subject of change (the attitudes and roles of actors and the position of the researcher). Social learning in each case study is done by describing the strategic actors, their interests and their instruments in the case study and comparing this to the behaviour of strategic actors in other case studies. A third kind of learning is institutional learning where the formation and embedding of routines, attitudes and organisational forms underpinning learning is stressed. The capacity to learn about the institutional frameworks and to adapt and change these frameworks is important for the development of the regional international competitiveness.

These types of learning overlap with Argyris and Schön's notion of loop learning and deuterio learning. Argyris and Schön (1978) distinguished single loop learning (creative solutions in the given framework), double loop learning (solutions by changing the given framework) and deuterio learning. Deuterio learning involves focused on organising a constant learning process of the actors involved. This comes closest to our understanding of institutional learning here.

Internal and external institutional learning

Institutional learning is differentiated here in internal institutional learning and external institutional learning. This overlaps with Hassink and Lagendijk's (2001) application in geography of intraregional learning and interregional learning.

Internal or intra-regional institutional learning is the way actors and actor coalitions are able to learn from their own institutional problems on the regional and local level, and the ability to change institutional lock-ins, rent seeking behaviour and path dependencies. On the one hand, the internal learning process is problematic since strategic actors have to evaluate and change their own situation; on the other hand these actors know the typical characteristics of the city-region.

External institutional learning or interregional learning is of increasing importance within the globalizing economy and regional convergences. In external institutional learning one has to consider the socio-cultural contexts of institutions in international comparison, since harder instrumental institutions are functioning in tight relation to soft institutions such as

values, norms and convictions in planning culture, according to Hassink and Lagendijk (2001) the 'dilemma of regional institutional specificity'. The more conservative approach of external institutional learning offers the region a mirror to analyse its own problems in a different perspective by looking at the problematic institutions of another comparable region.

Institutional transplantation

An ambitious and far more sensitive approach of external institutional learning is institutional transplantation. The aim of institutional transplantation is to increase the speed of the development process and decrease the costs for implementation by adopting successful foreign ideas (De Jong *et.al.* 2002). Reid (1996) is worried about these copy/paste techniques and argues that 'successful' regional innovation systems cannot be replicated into other regional settings since these systems are based on intangible factors that cannot be repeated.

De Jong, Lanelis and Mamadouh (2002) test Reid's argument by analysing fourteen different cases of institutional transplantation on their effect. Most institutional transplantations were not very successful and the question is raised under which conditions transplantation can be effective.

In surgery, transplantations fail due to the body refuses new organs or because of a lack of blood. De Jong *et.al.* (*ibid.*) argue that although institutions are more kneadable than the medical metaphor suggests and the speed of transplantation is increased by globalisation, the effect of the institutional arrangement is sometimes not even proven yet in the donor country itself.

Two contrasting perspectives on institutional transplantation can be identified: an actor-oriented and a culture oriented perspective (*ibid.*). The actor-oriented approach focuses on the institutional design and takes into consideration the flexibility in implementation of local actors; adapting turns out to be more effective than copy/paste. This approach of institutional bricolage sets three conditions for institutional transfers: (1) Leading actor groups should support the new model explicitly; (2) these elites have to explore the legal context and the functioning of actors in the donor country and (3) a replica built by the leading actors has to fit in the local setting. Moreover, a looser interpretation of the model in a new context is more successful than a stricter institutional design.

The second perspective of goodness of fit focuses on the difference in cultures between countries. Here, evolution of institutions is more important than a new institutional design. Differences in culture are found between groups of family-states (e.g. Anglo-Saxon, German, Scandinavian; Newman and Thornley 1996) and national policy styles (Van Waarden 1999, see chapter 7). De Jong *et.al.* (2002) come to the remarkable conclusion that cross-family transplantation is more successful than like-to-like transplantation, since comparable backgrounds tend to lead to an underestimation of the conditions for institutional transplantation. Different backgrounds lead to more attention being paid to these differences. Multilateral lessons of suitable solutions have become more important than institutional transplantation. These multilateral lessons can be learned through benchmark studies, and come close to Sabel's idea of regional experiments that can contribute to the lock-in of regional institutions in Europe in a similar way that institutions can learn from the Japanese learning-by-monitoring approach (Sabel 1996). Furthermore, systemic comparisons of city-regions' architecture of economic policy and in particular stressing learning effects when there is a time lag involved are also becoming more rewarding (*ibid.*).

Institutions and economic performance

The problems in institutional learning in general and in institutional transplantation in particular show the limits to changing institutional arrangements. Not only for institutional but also for economic reasons, there is a need for more variety in institutional arrangements (Hall and Soskice 2001). Recent institutional case study analyses emphasize that in a context of a multi-level and multi-actor game, not one single direction (in particular the current dominant Anglo-Saxon model) but a variety of institutional arrangements can lead to economic success (or failure) in their different cultural and national settings.²

The differences in institutional structure favour one specific kind of sector development over another (Hall and Soskice 2001). In liberal market economies, radical economic changes and innovations are favoured and more effective, resulting in the successful development of the IT and biotechnology sectors. In the coordinated market economy case studies changes are slower and less radical and new ways of coordination are more effective for improving economic performance than a retreat of the state. Despite the slower reaction, the coordinated market economies have a track record of successfully adjusting to the new economic realities in a later stage and for a longer time (*ibid.*). This can be found in Germany's success in the machinery and pharmacy sectors. The bottom-line for the coordinated market economies is that the institutional setting favours cooperation between industry sectors and governments, and offers a regional embeddedness for specific sectors.

With the conclusion that every city-region has its own institutional competitiveness that contributes to economic competitiveness, Hall and Soskice (2001) answer the question left open by Storper (1997) not *how* but *why* in particular regions like Baden-Württemberg and Silicon Valley were economically successful in the 1990s. Baden-Württemberg guarantees a stable and high-quality production environment for motors, where the more wild and open entrepreneurial environment of San Francisco favours new innovations in IT. Every region has its own comparative institutional advantages, or what Hassink and Lagendijk (2001) call regional institutional specificity. Therefore, they conclude that different approaches are suitable for different capitalistic developed countries, and that benchmarking best practises amongst the developed countries are not sufficient to base policies on (cf. chapter 2.3). Aoki (1997) is one major proponent of this opinion, by arguing that the current Japanese institutional problems can only be addressed by a specific Japanese model; following the Anglo-Saxon model would in the end be an ineffective new institutional arrangement for Japan.

5.5 Actor-oriented institutional analysis in the case studies

With the provided theoretical framework in mind, we can construct a model for case study institutional analysis in the following chapters. Therefore it is essential to cross the bridge from institutionalism in sociology to economic geography and urban planning, and to develop a methodology. The methodology for further case study research is, as argued before, (1) based on new institutional economics, (2) includes actor and actor coalition analysis, and (3) focuses on institutional change and institutional learning.

First, in order to apply new institutional economics to the urban planning and real estate market, Healey and Barrett initiated a theoretical model in 1990. Developments on the land- and real

estate market are essential to understand the economic and spatial dynamics, but have been ignored in economic geography in the past (Healey and Barrett 1990). One of the main reasons for this is the difficult relationship between the empirical land- and real estate market trends and urban theory. The role of the disciplining market mechanism caused by supply and demand tended to be overestimated and in contrast the role of market rules for the actors involved was underestimated. New institutional economics acknowledges the role rules of the game play in market processes and final market outcomes.

Healey and Barrett emphasize the importance of understanding actors' behaviour on the real estate and land market by framing the driving forces behind these market processes: regional economic dynamics of the economic sectors; land and real estate demand; strategies of land owners, developers and asset managers; dynamics in the asset management market; and local, national and international competition in real estate investments. Van der Krabben and Lambooy (1993) add two major elements to this approach: location specific characteristics and the institutional contexts of the market players. This model is applied in the institutional analysis, in order to integrate empirical research of the land and property market, and to elaborate on the general notions on competitiveness of the city-regions addressed above. Regional economic dynamics, land and real estate demand, and location specific characteristics were already addressed in the first part of the book. Institutions of the land- and property market are, analysed in chapter 8.

Second, the importance of actors and actor coalitions is stressed. Therefore, chapter 6 will introduce all strategic actors and actor coalitions in the airport and airport area first. In this research, actors are divided in public and private actors on multiple levels, including local, regional and national governments, airport operators, influential policy advisors, landowners, asset managers, investors/developers and end-users. These strategic actors have a role to play in the urban development process because of their tools and power positions (Burie 1982).

Actors have to cooperate in public and private coalitions in order to be successful. In the second chapter this importance was found for the level of the city-region, but also on the local level it is essential to create effective public-private development coalitions. Actor coalitions are forged in urban development, for example in city politics as a result of power balance between the actors involved (cf. Mollenkopf 1992). On both levels actor coalitions are created to boost the competitiveness of the city-region, forming what Wilks-Heeg, Perry and Harding (2003) call the 'entrepreneurial city.'

The shift from urban management in the 1970s towards urban entrepreneurship in order to economically revive the cities in the 1980s and 1990s has led to debates. The main issue is whether powerful commercial actor coalitions, similar to the driving forces behind U.S. urban politics are becoming dominant in the European cities as well, and whether they are becoming too dominant in spatial-economic development (Le Gales 2000). In the scenario of the growth machine, growth dominates all aspects of local life, including the political system, the agenda for economic development and even cultural organizations like sports and museums (Logan and Molotch 1987). These growth machines become especially problematic when they are uncontested growth machines. With this comes a need for questioning what the aims and tools of the actors involved in urban projects are (Mollenkopf 1983).

Wilks-Heeg (*et.al.* 2003) and Le Gales (2000) however emphasize the differences between the European coordinated market economies and the US experience with growth coalitions. First,

European cities largely receive their income from a combination of central government grants and local tax income. Therefore, the growth coalition model is only of limited use in Europe, since these coalitions are less dominant and public actors often provide land. Furthermore, the public sector tends to play a leading role in European urban development projects. And fourth, in large urban projects such as airports, the national governments often play a major role. For these reasons, worries for dominant development coalitions that result in growth machines are not directly relevant in Europe, but might give insight in the infrastructure-related development in East-Asia.³

Third, in order to create coalitions for the development of an airport as a cityport, power positions and instruments (price, trust and imposed rules) are required. These instruments and power positions are used in the process of creating development coalitions amongst the actors involved. This cyclical process runs from identity, information, and relations, to tools and problem solving (Burie 1982). The main instruments that involved governments have at their disposal are legislation, taxes and subsidies, coordination policies, and strategic public investments (*ibid.*). The main instruments of advisory boards (either related to a specific interest or not) are knowledge and consultation. Landowners possess land that can be made ready for development. Long-term money for real estate and land development costs are the main tool of asset managers. Development capacity and short-term investment is the main tool of developers-investors. End-users have the user rights and an interest in the continuous quality of the location.

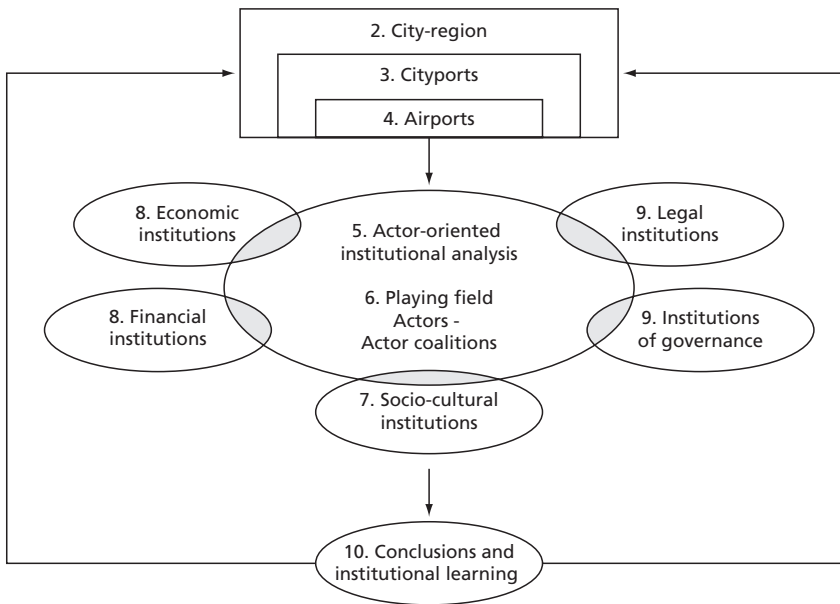
In order to categorise not only these instruments, but also to include values and norms and planning practises as soft or informal institutions into a model of institutional development, the following groups of institutions are distinguished. Here we distinguish institutional groups: socio-cultural, financial, economic, governance, and legal institutions in the spatial-economic development process. These groups of institutions are changing and learning, a dynamic process that is reflected in Figure 5.2.

Socio-cultural institutions are distinguished as important institutions in explaining the local embeddedness of rules, crucial for international comparisons. National habits are closely related to state regimes. These national and regional policy styles with historical roots for institutions are discussed in chapter 7.

Financial institutions include the governmental financial incentive structure to market actors, either in the form of inducements to private investors (subsidies, taxes) or through direct public investments, like public works and co-financing in area development. Financial institutions can therefore be seen as the engine for economic institutions in the area development process.

Economic institutions are the conditions under which market actors are interested in making spatial investments: their risk and returns, and their involvement in the planning process. This is analysed through the stages of the development process: land market, real estate development, construction and management. In the cityport development process, financial and economic institutions partly overlap and they are therefore discussed jointly in chapter 8.

Institutions of governance are the horizontal and vertical organisations of governments, increasingly also in cooperation with (semi-) private actors that codetermine policies. More complex relationships, with multi-actor and multi-level governance, are currently replacing the government-centred structures of the state (Salet *et.al.* 2002). The horizontal organisation



6778

Figure 5.2 Actors, actor coalitions and institutions in the frame of analysis

is focussed on horizontal cross-sector coordination; vertical organisation comprises the coordination between national, regional and local government.

The rules of the game as set by government and more recently by governance, and enforced by law. Therefore, legal institutions are the (formalized) continuum of government institutions. Legal institutions are defined as the either public or private legal rules of the game for actors involved in area development ranging from land-use plans to property rights and tendering. Since legal institutions are closely related to institutions of governance, these two groups of institutions are jointly discussed in chapter 9.

5.6 Conclusion

The spatial and economic position of the case studies has been analysed but this did not provide full understanding of the mixed results of airports developing as cityports in Schiphol in the Randstad, Frankfurt Airport in Rhein-Main and Narita and Haneda in the Tokyo Metropolitan Area. Therefore, this chapter presented a methodology for examining the position of airports as cityport in the city-region, based on institutional theory. The methodology is based on three conclusions of institutional theory.

First, the perspective of new institutional economics is used, with its focus beyond price setting and the inclusion of the importance of trust and imposed rules between supply and demand in spatial and economic development. It puts the enterprises back in the centre of attention without ignoring the importance of rules of the game for the market actors, in this case the airport area development process. Second, actors and actor-coalitions are included in

institutional analysis, acknowledging the possibilities of action within institutional contexts. Third, institutions are seen as dynamic and institutional change and institutional learning within the institutional development process are focussed on.

Regional economic development and institutional change turn out to be more closely interrelated than is often assumed. Institutional competitiveness is closely related to economic competitiveness. Arrangements of fixed and changing institutions are complementary and the fit to local specific situations co-determines economic performance in the end. Changing towards more efficient and more effective institutions however is a complex process due path dependencies, rent-seeking behaviour, and free riding of the actors involved. It is not a necessity that institutions become more efficient; they can also stay locked-in, even in a case of performance crisis or sense of urgency.

If the region is not capable of learning by itself, learning from other regions can be meaningful. Benchmarks are not sufficient to base regional policies on, since the regional institutional embeddedness can differ. This does not mean that comparative studies are useless for regional learning. An in-depth institutional analysis can bear more fruit, in particular if there is a time lag involved, so that institutional learning between regions can take place to avoid similar problems.

Transplantation of institutional systems from one country to another is problematic and has led to disappointing results. In international comparisons, it turns out that institutional transplantation between countries with similar institutional systems is not more successful than transplantation between countries with different institutional systems. Therefore, an international comparative study of case studies in the Netherlands, Germany and Japan should not be excluded based on the socio-cultural differences.

Furthermore, the current dominant Anglo-Saxon model is not necessarily leading in learning processes, since coordinated market economies have their own institutional comparative advantages, and need to reform their institutions rather than abolish (public) institutions. The coordinated market economies in the case studies should reinvent their own models of market coordination that favour specific sector development and improves regional economic performance. This notion can also be applied to the regional level for institutional analysis of the airports as cityports in the city-region.

Notes

- 1 The major advantages and disadvantages in the three schools of new institutionalism are the combination of calculus and culture in historical institutionalism, but the cost of eclecticism in terms of impreciseness; the more precise conception of institutions and behaviour in rational choice, but the simplistic image of human motivation; the combination of strategy and behaviour in sociological institutionalism but the blurring of institutions and culture (Hall and Taylor 1996).
- 2 See Salet *et.al.* (2002); Simmonds and Hack (2000) and in particular Hall and Soskice (2001). In their recent work, Hall and Soskice (2001) found that OECD-countries show a remarkably similar result in economic performance in terms of unemployment, inflation and growth of domestic product in the last thirty years for both liberal market economies such as the US, the UK and Australia and for coordinated market economies as Germany, the Netherlands and Japan. Economic and institutional competitiveness are on comparable levels

despite or thanks to the variety in institutional arrangements, albeit with striking differences in economic sector development.

- 3 In their global comparison of urban projects, Newman and Thornley conclude that city politics matters and that governance can shape global forces, but that planning also matters (2005). In this governance process they foresee a larger role for elected and strong mayors as mediators for mega projects, on the one hand putting the city-region on the international agenda and on the other listening to the needs of the citizens with local problems.

