



UNIVERSIDADE DE SANTIAGO DE COMPOSTELA
Escola Politécnica Superior
Departamento de Enxeñería Agroforestal

INSTITUTIONS AND LAND-USE PLANNING. THE ADOPTION OF THE
LAND-USE ACT "LOUGA" BY LOCAL AUTHORITIES IN THE
AUTONOMOUS REGION OF GALICIA, NORTH-WEST OF SPAIN

Tese de Doutoramento

José María Tubío Sánchez

Madison, September 2014





UNIVERSIDADE DE SANTIAGO DE COMPOSTELA
Escola Politécnica Superior
Departamento de Enxeñería Agroforestal
G. I. 1934 Te-Bio - Laboratorio do Territorio

INSTITUTIONS AND LAND-USE PLANNING. THE ADOPTION OF THE
LAND-USE ACT "LOUGA" BY LOCAL AUTHORITIES IN THE
AUTONOMOUS REGION OF GALICIA, NORTH-WEST OF SPAIN

Tese de Doutoramento

Memoria para optar ó grao de doutor realizada por

José María Tubío Sánchez
Enxeñeiro Agrónomo

Directores e titor

Prof. Dr. Harvey M. Jacobs, Prof. Dr. Rafael Crecente Maseda, Prof. Dr.
David Miranda Barros

Madison, September 2014



Adicada a M. O.





Resumo

Durante os últimos 25 anos, a rexión de Galicia aprobou tres leis de regulación de usos de solo (1985, 1997 e 2002), que pretendían controlar a desorganización territorial en boa parte do territorio. Sen embargo, os feitos indican que despois destes 25 anos, moitos municipios seguen sen planeamento municipal e só un 12 % ten un plan aprobado con respecto á última lei, LOUGA, despois de case 10 anos de vixencia. Esta investigación pretende entender por que uns poucos municipios decidiron adaptarse á LOUGA mentres a maioría parece reacio a facelo. A aproximación teórica utilizada é a da literatura institucional. Na literatura institucional hai catro tipos principais de correntes: o institucionalismo racional, o histórico, o sociolóxico e o discursivo. Para cada un deles consideráronse tanto as razóns de cambio institucional que propoñen como as razóns de resistencia ó cambio. Como boa parte das razóns se centran máis na resistencia ó cambio que en analizar os propios cambios, elaborouse un modelo de cambio institucional baseado no concepto de contradición institucional co que se pretende entender tanto a aprobación da LOUGA como a adopción e non adopción da mesma por parte dos municipios.

Os resultados da investigación indican que o concepto de contradición institucional é útil para entender tanto a aprobación da LOUGA como o patrón de difusión que tivo nos municipios. A LOUGA aprobouse por un cambio legislativo a nivel estatal e que os municipios que se adaptaron fixérono non por mandato legal, senón porque a LOUGA creaba inseguridade xurídica á hora de conceder licencias dada a obsolescencia dos seus planeamentos. Sen embargo, na dirección e obxectivos que finalmente tomou tanto a LOUGA como os diferentes plans aprobados, obsérvase a influencia doutras fontes de cambio institucional e o papel da axencia. En canto ás razóns de resistencia hai que mencionar os efectos redistributivos que ten calquera cambio institucional. Os municipios que aínda non iniciaron os trámites non o fixeron porque ou ben non teñen apenas actividade urbanística, ou na súa maior parte porque teñen plans moi expansivos aprobados ó abeiro da lei de 1997. O custo político de retirar os dereitos de construción que concederon en plans anteriores explica a resistencia dos gobernos locais á hora de adoptar a LOUGA.



Resumen

Durante los últimos 25 años, la región de Galicia aprobó tres leyes que regulan el uso del suelo (1985, 1997 y 2002) y que trataban de controlar el desorden territorial de buena parte del territorio. Sin embargo, después de estos 25 años, muchos municipios siguen sin tener un plan y sólo el 12% tienen un plan aprobado con respecto a la última ley del suelo (LOUGA) después de casi 10 años de vigencia. Esta investigación tiene como objetivo entender por qué unos pocos municipios han decidido adaptarse a la LOUGA mientras que la mayoría parecen reacio a hacerlo. El enfoque teórico para comprender esta falta de aplicación de la ley es la literatura institucional. En la literatura institucional hay cuatro grandes tipos de corrientes: el institucionalismo racional, el histórico, el sociológico y el discursivo. Se consideran para cada uno de ellos las fuentes de cambio y resistencia institucional. Como buena parte de ellos se centra más en la resistencia al cambio que en analizar los cambios, se elabora un modelo de cambio institucional basado en el concepto de contradicción institucional, con el que se pretende entender tanto la aprobación de la LOUGA como la adopción y la no adopción de la misma por parte de los municipios.

Los resultados de la investigación indican que el concepto de contradicción institucional es útil para entender tanto la aprobación de la LOUGA como el patrón de difusión que ha tenido en los municipios. La LOUGA se aprobó por un cambio legislativo a nivel estatal y los municipios que se adaptaron lo hicieron no por mandato legal, sino porque la LOUGA creaba inseguridad jurídica a la hora de conceder licencias dada la obsolescencia de sus planes. Sin embargo, la dirección y objetivos que finalmente tomaron tanto la LOUGA como los diferentes planes aprobados, sólo se explica por la influencia de otras fuentes de cambio institucional y el papel de la agencia. En cuanto a las razones de resistencia hay que mencionar los efectos redistributivos que tiene cualquier cambio institucional. Los municipios que no iniciaron los trámites son aquellos que o bien no tienen apenas actividad urbanística, o bien en su mayoría tienen planes muy expansivos aprobados de acuerdo a la ley de 1997. El coste político de retirar derechos de edificación que concedieron planes anteriores explica la resistencia de los gobiernos locales a adoptar la LOUGA.



Abstract

In the last 25 years, the region of Galicia passed three land-use acts (1985, 1997 and 2002) aiming at controlling urban sprawl. However, after 25 years, many municipalities still do not have a plan and only 12% have one in compliance with the last land-use act, LOUGA, after nearly 10 years of being in force. This research aims to understand why a few municipalities have decided to adopt a plan in compliance with LOUGA while most of them seem reluctant to do it. The theoretical approach to understanding this lack of implementation is based on the institutional theory. In the institutional literature there are four main streams: the rational, historical, sociological and discursive institutionalism. In each of them, we consider the sources of change and institutional resistance. Since most of these paradigms focus more on institutional stability than on institutional change, we developed a model of institutional change based on the concept of institutional contradiction, aiming at understanding the passing of LOUGA and its adoption and non-adoption by the municipalities.

Results show that the concept of institutional contradiction is very useful to explain the passing of the LOUGA and the pattern of adoption by the municipalities. The LOUGA was passed due to a legislative change at state level. Municipalities did not adopt the LOUGA because it was a legal mandate, they rather adopted it because the LOUGA created legal insecurity for municipalities when issuing building permits because their plans were quite outdated. The scope and goals that eventually took both the LOUGA and the plans adopted can only be explained by other sources of institutional change and the role of agency. With regard to sources of stability, the distributional effects of all institutional changes play a key role. The non-adopters are either municipalities in remote areas, without any planning activity, or, most of them, municipalities in peri-urban areas that adopted very expansive land-use plans in compliance with the act of 1997. The political costs of taking away development rights that previous plans granted to landowners explain the reluctance of local authorities to adopt the LOUGA.



Publications

Chapter 1 is published in:

Tubío-Sánchez, J.; Ónega-López, F.; Timmermans, W.; Crecente-Maseda, R. (2013): "Institutional change in land Planning: Two cases from Galicia", *European Planning Studies*, 21(8), pp. 1276-1296.

Part of the case studies of Chapter 1 were published in:

Corbelle, E., Crecente, R., Tubío, J. M., Ónega, F.; 2010; "Challenges in collective action for natural resource management: A study of common property regimes in the municipality of Guitiriz (Northwest of Spain)" (pp. 157 - 162); Montreal; Sustainable Use of Biological Diversity in Socio-ecological Production Landscapes. Background to the Satoyama Initiative for the Benefit of Biodiversity and Human Well-Being. Technical Series 52. ISBN 978-84- 9887-343-6

An earlier version of Chapter 3 was presented at:

Tubío-Sánchez, J. M.; Crecente-Maseda, R.; Buitelaar, E.; 2012; "The relationship between the institutional environment and institutional change. The case of the land-use acts of Galicia (North-West of Spain) and the Netherlands", 6th Annual Conference of the International Academic Association on Planning, Law and Property Rights , Belfast, Ireland.

Earliest versions of Chapter 4 were published in:

Urbanismo en el rural. ¿Un instrumento para un rural vivo?, en Román Rodríguez González (Coord.), "Galicia, un mundo rural vivo", Universidad Internacional Menéndez Pelayo, 2012.

Tubío-Sánchez, JM.; Crecente Maseda, R. (2012). "Entendiendo el planeamiento municipal en Galicia. El caso de la LOUPMR", *Revista de Administración & Ciudadanía*, 7(2), pp. 7-25 .

An earlier version of Chapter 5 was presented at:

Tubío-Sánchez, J.M.; Crecente-Maseda, R.; Jacobs, H. M.: "Crecente-Maseda, R. (2012): "Aversion and the attachment to rules. An institutional approach to understanding why localities adopt (or reject) land-use planning.", 25 AESOP Annual Conference, Ankara, Turkey.

An earlier version of Chapter 6 was presented at:

Tubío-Sánchez, J.M.; Jacobs, H.M.; Crecente-Maseda, R. (2013): "Externalities as reason for land planning? Four exploratory cases", 7th International Conference in Portland, Oregon, USA .



I would like to express my deepest gratitude to my two advisors, Harvey M. Jacobs and Rafa Crecente, for making this dissertation possible, and to Daniel W. Bromley, Edwin Buitelaar, Erwin van der Krabben, Eduardo Corbelle, Quico Ónega and Barry Needham for his support and patience along the different phases of the dissertation.





Contents

Chapter 1: Institutions and Institutional change. A new approach to understanding land planning implementation.....	1
1. Introduction	1
1.1. Land-use planning in the region of Galicia	3
2. Problem-setting.....	4
2.1. The regulation of urban development in Galicia.....	4
2.3. Research question.....	6
2.4. Methodology.....	11
2.5. Sources of data.....	13
3. Literature review.....	14
3.1. Introduction.....	14
3.2. Implementation literature on land-use planning.....	14
3.3. Rational choice institutionalism.....	18
3.4. Historical institutionalism	21
3.5. Discursive institutionalism	23
3.6. Sociological institutionalism.....	24
4. Key definitions.....	25
4.1. A definition of institutions.....	25
4.2. A definition of change.....	28
5. Conceptual framework. A model of institutional change.....	29
6. References	33
Chapter 2: Institutional change in land planning: two cases from Galicia.....	39
1. Introduction	39
2. Theories of institutional change.....	40
2.1. Institutional change by evolution.....	41
2.2. Institutional change by design	43
3. Land property and the instruments to manage property in Galicia. The main multi-level processes.....	45
3.1. Introduction: the region of Galicia	45
3.2. Evolution of property structures and multi-level processes.....	46
3.3. Land planning.....	48
3.3.1. Land use laws.....	48
3.3.2. Structural measures.....	48
4. Case studies.....	49
4.1. The case of the 2002 land use law	49
4.2. The case of land banking in Galicia.....	51
5. Discussion	53
6. Conclusion.....	55
References.....	56
Chapter 3: Forcing and Avoiding change. Exploring change and continuity in local land-use planning in Galicia (Northwest of Spain) and the Netherlands.....	61
1. Introduction.....	61
2. The case studies.....	62
2.1 A brief explanation of land-use planning in Galicia.....	63
2.1.1 Explaining the pattern and exploring the sources of resistance to change.....	64
2.2 A brief explanation of land-use planning in the Netherlands	65
2.2.2 The pattern of adoption.....	66
3. Explaining the different degree of adoption in Galicia and The Netherlands:	

Adoption as an institutionalization process.....	68
3.1. Explaining diffusion	69
3.2. Resistance to the institutionalization processes. Sources of continuity.....	71
3.2.1. Rational institutionalism	71
3.2.2. Historical institutionalism	71
3.2.3. Sociological institutionalism	72
4. Explaining non adoption.....	73
4.1. Non adoption in Galicia.....	73
4.2. Non adoption in the Netherlands.....	74
4.3. Comparing not-adoption adoption sources.....	75
5. Conclusions	76
References.....	77
Chapter 4: Understanding local land use planning in Galicia: The case of the Local Planning and Protection of Rural Areas Act of Galicia - LOUGA.....	81
1. Introduction	81
2. The adoption of the LOUGA by Galician local governments.....	82
2.1. Influence of type and age of planning policy tools at the time of plan approval.....	83
2.2. Political colour of the administration in office and continuity over time	84
2.3. Physical, economic and social characteristics of the municipalities that adopted the LOUGA and of the municipalities that have not started plan- making.....	85
3. Explanatory hypotheses of adoption or not adoption of the LOUGA.....	87
3.1. The Architecture perspective.....	87
3.2. The Economy perspective.....	88
3.3. The Law perspective.....	91
3.4. The social perspective.....	92
4. Discussion and conclusions.....	93
References.....	95
Chapter 5: Aversion and attachment to rules. An institutional approach to understanding why localities adopt (or reject) land-use planning.....	105
1. Introduction.....	105
2. A short overview of land-use planning in Galicia.....	105
3. An institutional approach to understanding adoption and rejection of land- use planning.....	107
3.1. Sources of institutional change.....	108
3.2. Resistance to change. Sources of continuity.....	110
4. Methodology.....	112
5. Results of interviews and analysis.....	112
5.1 Sources of change.....	113
5.1.1. Sources of endogenous change.....	113
5.1.2. Sources of exogenous change.....	115
5.2. Reasons of resistance or continuity	121
6. Conclusions.....	123
References.....	123
Chapter 6: Poisoning the mother-in-law. Four case studies on land-use conflicts, externalities and planning.....	127
1. Introduction	127
2. The concept of externalities and the role of authoritative agents.....	128

2.1. The four features in the classical concept of externalities.....	129
2.2. Externalities and authoritative agents.....	131
3. Four case studies.....	132
3.1. Oleiros: an urban adopter.....	132
3.2. Ames: a urban non-adopter.....	135
3.3. Castroverde: a rural adopter.....	138
3.4. Abadín: a rural non-adopter.....	141
4. Discussion.....	143
5. Concluding remarks	148
References.....	149
Conclusions	153
References.....	161
Appendix I. Interview questions.....	163
Appendix II. Extended summary in Galician.....	165

List of tables

Table 1: Types of planning tools and number of municipalities where they are in force. Source: COAG (2011).....	8
Table 2: Municipalities with a LOUGA plan.....	10
Table 3: Municipalities that did not started plan-making.....	11
Table 4: The four case studies.....	13
Table 5: Main characteristics of the Galician and Dutch planning systems and the planning acts.....	68
Table 6: Number of municipalities and situation in relation to land use act 9/2002 (LOUGA).....	97
Table 7: Age of planning policy tools in municipalities in 2002.....	98
Table 8: Political parties governing during the terms 2003-2007 and 2007-2011. 98	
Table 9: Adopters of LOUGA by cluster and adopters with previous planning policy tools	100
Table 10: Percent municipalities by cluster that did not adapt to the LOUGA and percent municipalities with non-adapted land use planning that had previous planning policy tools.....	100
Table 11: Types of land use planning policy tool applicable in municipalities in April 2011.....	100
Table 12: Relationship between four variables (data of statistical medians) and type of planning.....	102
Table 13: Number of municipalities into the three categories and in relation to variation of population, developable area in their plans and colour of political party	102
Table 14: Non adopters and adopters that gained and lost population between 2001 and 2011.....	114
Table 15: Types of conflicts and the five characteristics of externalities.....	146
Table 16: The four mayor's expectations with regard to conflicts.....	147
Table 17: The four case studies and mayor's expectations	148

List of figures

Figure 1: Conceptual framework.....	33
Figure 2: Mean of the variation of seats in the local elections of 2003 and 2007	100
Figure 3: Map of municipal clusters.....	101
Figure 4: Increase of developable areas between 06-12 and percentage of seats by political party.....	102
Figure 5: Prices of rural land between 2008 and 2010. Source: Land Bank of Galicia.....	103
Figure 6: No. of amendments to plans adapted to the LOUGA by cluster.....	105
Figure 7: Relationship between variation of developable areas and increase of property tax revenue.....	105
Figure 8: Relationship between property tax revenue and seats of political parties	105



Chapter 1: Institutions and Institutional change. A new approach to understanding land planning implementation

1. Introduction

In 2004, the research group Land Laboratory (University of Santiago de Compostela, Spain) started working on the making of the land-use plan of Guitiriz, a rural municipality in the province of Lugo. The plan was based on the legal framework of the land-use Act passed in Galicia in 2002, called *Act of Urban Planing and Protection of Rural Areas* (LOUGA, Galician acronym). The team of planners developed a quite innovative approach to municipal comprehensive land-use planning in Galicia. The plan tried to combine zoning regulations with a strategic view for the development of the municipality based on its natural resources.

While plan-making was starting, the mayor of the municipality stated what would be one of the main goals of the plan. She considered the future of the municipalities was linked to its residential character and that once the land-use plan was approved, Guitiriz would become a municipality very attractive for people searching for a second home in a relaxing environment¹. Resources like its health spa, rivers and nature would become the key elements driving the plan-making by promoting the local natural resources along with the residential character.

Five years later, in 2009, the plan was ready for public exhibition, so that citizens could make amendments to it. The plan received around 800 amendments (14% of the population). At the same time, around six sectorial administrations also made amendments to the plan. In particular, the amendments made by the General Directorate of Cultural Heritage were quite numerous. Very often the amendments made by the sectoral administration forced the planners to change the answer to the amendments made by the citizens. Though no amendment was against the main goals of the plan, the corrections of the plan was a time-consuming task that considerably delayed the final approval. Parallel to the plan-making, an increasing building activity in the urban area of the municipality began in 2006. The building activity was boosted by the housing bubble and, presumably, by the approval of the plan as well, since the new plan would reduce the amount of developable areas. The building activity made inapplicable several of the original plan objectives with regard to preserving certain open spaces.

In a municipal council held on 4th of July 2009, the municipality approved the land-use plan on a provisional basis, awaiting a definitive approval by the regional government. In that municipal council, the opposition party, the conservative party, accused the plan of not having “concreteness” in regard to future development. Furthermore, the opposition party argued that the plan was “aggressive against the neighbors' property” and that the possibilities for growth in rural areas were scarce².

A couple of years later, the party in the opposition organised a meeting to explain the plan to the neighbors. Several hundred people attended that meeting,

¹ <http://www.lavozdeg Galicia.es/hemeroteca/2004/08/13/2935660.shtml>

² http://www.lavozdeg Galicia.es/lugo/2009/09/17/0003_7976082.htm

which aimed at setting up a platform of people affected by the plan. In a press release after the meeting, the neighbor association pointed out the plan restricts the growth of Guitiriz, for there are few developable areas. In addition they also said that not everybody was harmed by the plan in the same way. A few owners accumulated almost all developable areas. Many people understood that they had the right to have their properties in developable areas as well³. A few weeks after this meeting, on 22nd of may 2011, the conservative party won the local elections. The new mayor mentioned, among several reasons, the delay in plan-making and approval as one of the reasons for the victory in the local elections.⁴ The new mayor showed himself dissatisfied with the plan and rejected it. Today, one decade after starting the plan-making, the plan has not been yet approved.

One might think this is a very uncommon or unusual situation. Unfortunately it is not so. Since the LOUGA was passed in 2002, many municipalities have followed a similar pattern. The case of the municipality of Guitiriz raises us two main questions with regard to planning. How is land-use planning able to overcome forces such as private interests and be effectively implemented? Why is land-use planning very often not able to overcome those forces and therefore is not able to be effectively implemented? In the end, the main question is: why does planning exist? It seems, at first, a strange question. Academic planning departments offer many answers to that question in their courses. Are these answers wrong?

The core idea of the answers given by planning departments has usually been that planning exists because of the divergence between collective interests (or public interests) and individual interests (or private interests)⁵. This may be true sometimes, especially when it is possible to prove that such divergence exists and can be measured. But this is not usually the case in land-use planning. How can this divergence be measured when planning is about regulating noise levels, open space, the amount of farmland to be preserved, pollution levels, the preservation of natural and historical sites, and rural or balanced development? How is it possible to recognise the point from which planning emerges or takes place? In all these examples the “collective interests” is less clear than planners usually believe. For instance, a plan that preserves farmland may increase housing prices since it reduces the supply of land available for this use. What is the collective interest? Lower housing prices or larger areas of farmland?

The famous case of the Supreme Court of the United States “*Ambler Realty Co. vs. Village of Euclid*” (1926), which served to bolster zoning ordinances throughout the USA, also suggested the same difficulties to justify government intervention: “the ordinance must find its justification in some aspect of the police power, asserted for the public welfare. The line, which separates the legitimate from illegitimate exercise of power is *not capable of precise demarcation*” (emphasis mine). Then, the question is: when is it possible to make this demarcation?

A land-use plan can be understood from different points of view, but from an institutional perspective, a land use plan is just a set of rules to regulate land uses. Notice that this implies to regulate the behaviour of landowners. A land-use plan very often implies not only an assignment but also a reassignment of

³ http://www.lavozdegalicia.es/lemos/2011/05/01/0003_201105M1C7992.htm

⁴ http://www.lavozdegalicia.es/lugo/2011/05/24/0003_201105L24C7999.htm

⁵ The expression “private interest” can be substituted by “market”, and the expression “public interest” by government. Thus, planning can be understood as a divergence between the market's and the government goals.

property rights. Some landowners might receive property rights over land that they did not have in former assignments and some other rights might be taken away. Then, the question of why does planning exist could be similar to why do societies assign and reassign property rights?

The answer to this question differs widely depending on the perspective we take. Although everybody recognises that there are institutions and that these institutions regulate our behaviour, there is no consensus on the way they do that and for what purposes. The purposes of institutions, that is the purpose of planning itself, depends on the institutional paradigm or approach that frames the question and the answer to that question. For instance, for an old institutional economist like Commons (1931:331) planning arises to solve conflicts, when saying that property “is not only a claim but is also a conflict of claims to whatever is scarce, but rights of property are the concerned action which regulates the conflict”. However, from a more orthodox institutional point of view, property rights are regarded as an efficient institutional arrangement resulting from a costs-benefit analysis (Demsetz, 1967). An old institutionalist like Commons (1931:21) argues that institutions (in this case, land planning) “are the result of collective action, exercised in control, liberation, and expansion of individual action”. More orthodox approaches tend to neglect the role of collective action and political processes by relying on self-organization of society (Kingston and Caballero, 2009).

These are theoretical explanations of planning or lack of it. We face many events in the real world that sometimes are difficult to explain. For instance, there is at this moment wide knowledge about climate change and how it could threaten society and ecosystems. However, we still lack strong political measures to deal with it. In other cases, like that of acid rain, scientific data was able to generate a discourse that led to effective political action (Healey, 2006; Hajer, 1995). Sometimes one publication such as “Silent Spring”, with its assumptions and hypotheses about the use of pesticides can drive a political process that sets limits on the use of pesticides and went beyond that by creating the modern environmental movement. Very often what happens is that ideas about justice can also drive changes, like the regulations about child labour. Can we say something about the reasons why some of these changes took place and others did not? If we can, then we can also give reasons about the existence of planning. This dissertation tries to find these reasons as well as the reasons of resistance to planning by taking an institutional perspective. The work avoids normative approaches to planning, which are so frequent in academic planning departments when explaining the need for planning. Seminal works like “Reasons for and Against Planning” by Klosterman (1985) usually follow this logic. This dissertation does not try to find out what planning should do, which by the way is not the best perspective if the aim is to understand real planning process. The question is just: why do societies make land-use plans, and why not?

1.1. Land-use planning in the region of Galicia

The region of Galicia (Northwestern Spain) has some characteristics that make it a good laboratory to try to find the answers to the questions mentioned above. It is not a region with a long tradition in land-use planning. The Galician territory has been managed by informal institutions à la Ostrom for centuries (Tubío-Sánchez et al., 2013). Only in the last 25 years has the regional government carried out several attempts at providing a legislative framework that

could solve the problems of local land-use planning. Three land-use acts were passed in these 25 years, in 1985, 1997 and in 2002. However, until the end of the 1990s, most Galician municipalities did not have a land-use plan. One of the main features of Galicia is the fragmentation of land property. It has been argued very often that the fragmentation of land property (many owners and many small parcels per owner) and its consequences (environmental and social problems) is the basis of the main legislative attempts in Galician land policies (Crecente, Alvarez and Fra, 2002; Ónega-López, Puppim-Oliveira and Crecente-Maseda, 2010; Tubío-Sánchez et al., 2013), and at the same time there is a feeling that these legislative attempts did not achieve the expected performance because the fragmentation of land-property.

2. Problem-setting

In 2002 Galicia adopted a new land-use act (the third one in its history), called “Local Planning and Protection of Rural Areas Act” (from now on, LOUGA, the Galician abbreviation) which required each of the 315 municipalities to make one legally binding land-use plan for the whole municipal territory before the year 2006. The Galician government even arranged to cover the expenses for the plan-making. Notwithstanding this, almost one decade after having passed the Act, only 51 municipalities have adopted a land-use plan against 264 that did not. Almost all municipalities that did not adopt the new land-use plan are working on its making, while only 19 municipalities of them did not even start the process of plan-making. Therefore, in Galicia not adopting a land-use plan seems to be the rule rather than the exception. It is interesting, therefore, that almost 51 municipalities have evaded this rule.

LOUGA differs from prior acts because, for the first time, it tries to assign land-uses to the whole municipal territory paying special attention to rural land uses. This is so because the main goal of the act is to control urban sprawl in rural and peri-urban municipalities. The LOUGA is also a result of the increasing awareness of the Galician society about the problems related to urban sprawl (Tubío-Sánchez et al., 2013).

2.1. The regulation of urban development in Galicia

The land-use Act of 2002 is, as said above, the third land-use act in 30 years. To better understand why this land-use act came into force it is important to explain the process of urbanization in Galicia during the last decades. Compared to other Spanish regions, urbanization in Galicia was historically lagging behind. There is not an urban Galicia until the 1960s. Only after 1970 processes of considerable urban growth start taking place, which ended up in processes of urban sprawl, mostly located in coastal areas and in municipalities close to big cities (Torres Luna and Lois González, 1995). Although Galicia has always had a dispersed settlement pattern, the dispersion was in balance with the landscape. However, between the 1960s and 1980s Galicia experienced a marked transfer of population from the rural to the urban areas. In the 1980s and 1990s, and due to the improvement of the standard of living, the urban areas began a process of counter-urbanization, what led to the rise of settlements in peri-urban areas (Aldrey Vázquez, 2002). Some authors argued that this was the main socio-economic and socio-cultural change in the history of Galicia (Pino Vicente et al., 2010). This territorial change had led some authors to refer to Galicia as a diffused

city (Docampo, Dalda and Harguindey, 2005) or as a “rururban weft”, with characteristics both of urban and rural landscape (Oliveira et al., 2009). The dividing line between urban and rural has become blurred.

In the 1980s and 1990s Galicia passed two land-use acts (LASGA in 1985 and LSGA in 1997) that did not really address the problem that was causing the territorial transformation. The LOUGA passed in 2002, which replaced all previous acts, focuses for the first time on rural areas, what is clearly illustrated in the title: “Local Planning and Protection of Rural Areas Act”. The body of articles regulating urban planning are practically the same as in the two previous acts. The new part of the act addresses directly the protection of rural areas from urban sprawl.

The LOUGA introduces the comprehensive municipal land-use plan (CMLP), which regulates all uses to which land may be put in the whole municipality. Today 233 municipalities are working on a land-use plan. The plans have to be detailed and almost the whole plan design is prescribed in the land-use act. The room for discretion is, therefore, limited. Plans are normally made by a private planning bureau hired by the municipal local authority. The administrative procedure consists of six phases. In two of them the plan has to be presented to regional government officials in order to confirm that the plan is in compliance with the land-use act’s legal requirements. Many municipalities deliberately produce plans that do not meet the legal requirements of the LOUGA, and that, therefore, are not approved by the regional government, who is the agent that has the final decision regarding adoption of land-use plans after been approved at the local council. In this way municipalities can work on the land-use plans for years. Not only are the administrative procedures complex, there is also legislative instability: the LOUGA has undergone four modifications in eight years. This means that if one municipality is making a plan, it is forced to readjust the content so that the plan has to be in compliance with the changes in the act.

2.2. The research problem

The lack of implementation of land-use planning is subject of much of the planning literature in Galicia. This literature focuses usually on implementation failure. From the legal point of view, and with regard to the LOUGA, it has been argued that the act is too technical, which hampers implementation, since it is not flexible enough to cope with very different cases (Meilán Gil et al., 2009). This leads, in addition, to the loss of the visionary side of plans. Meeting legal requirements becomes the main goal instead setting a vision for future spatial development (Busquets, 2008). In addition, it is not only the instability of the land-use legislation which may be the cause of the problem, but also the unsettled legislation that land-use plans have to take in account. For example, 17 regional and state directives, which have effects on the application of the act, have been issued in the last five years. And this without taking into account additional legislation about cultural heritage, water, telecommunication and infrastructure, etc. that regulate land-use activities. This legislative body in continuous change makes plan-making much more complex (Mosqueira Lourenzo and Silva Méndez, 2005; Meilán Gil et al., 2009). In this sense, municipal authorities complain that they do not have enough human and financial resources to integrate all sectoral policies in the plan.

The goal of the LOUGA has also been criticised. Some authors point out that the goals of the LOUGA do not address the main issues of Galicia land-use

planning. The law came into being after a campaign by the most important regional newspaper, supported by a group of influential architects and geographers, who claimed the regional government was responsible for chaotic urban development. In those days, the term 'uglinism' was used to refer to how land development had gone out of control, damaging the aesthetic value of the landscape. But the aim of spatial planning is not only an aesthetic one, some author criticised, therefore, the act is not addressing the many other issues that a land-use act should address, such as the search of equity (García-Vidal, 2003).

There are also arguments from the perspective of local public finance. It has been pointed out that municipalities are reluctant to restrict land development via zoning because property tax revenues have become their largest source of income (Rodríguez González, 2008).

All this literature (which will be analysed more in detail in Chapter 4) seems to focus only on the reluctance of municipalities to approve a land-use plan. However, despite all the difficulties and setbacks that have been stated by the many scholars, 51 municipalities have been able to adopt a land-use plan according to the land act of 2002. This fact is usually overlooked in the literature. When understanding adoption of land-use planning, it is important to ask not only the reasons that lead to adoption, but the reasons that prevent municipalities from adoption as well. This leads to two different but complementary questions: why are some municipalities willing to adopt a land-use plan and why are most municipalities reluctant to do it?

2.3. Research question

To better understand the scope of the research question it is necessary to explain how the local land-use planning works. A land-use plan in Galicia is considered a tool to assign or reassign land uses, similar to zoning ordinances in the USA. Fischel (1987) defined zoning "as the division of a community into districts or zones in which certain activities are prohibited and other are permitted". This definition is also suitable in Spain, where zoning is also the most important tool of land use regulation undertaken by local governments (Fischel, 1999). Although Fischel (1999) considers in his analysis subdivision regulations, historic preservation rules or environmental regulation, which are often reviewed under a separate ordinance, as part of zoning, this work just focus on the act's mandate of having a land-use plan, without taking into consideration other land use regulations or going into detailed analysis of the plans. In Galician land-use planning, as in the American zoning, land classification can be changed without the consent of affected property owners.

The landscape of land-use regulations in Galicia is quite complex. As of 2011, municipalities may have adopted land-use plans in compliance with five land-use acts: the acts of 1976 and 1978, passed by the Spanish Government and the acts of 1985, 1997 and 2002, passed by the Galician Government. In terms of number of planning tools defined by these land-use acts, municipalities can be in eight different states. First, they may not have any formal land-use plan; this does not mean that municipalities without land-use regulations do not regulate their land-uses. In these cases the Regional Government provides the municipalities some guidelines that may help them to make decisions about land-uses. Municipalities without land-use plan may thus have:

1.- *Delimitation of urban growth boundaries (DUGB)*. This land planning tool is

quite simple. It only fixes the growth boundaries of urban areas without attempting to describe specific urban land-uses. The delimitation of urban growth boundaries is based on the sct passed by the Spanish government in 1978. It is therefore a very outdated planning tool, and it is not considered a land-use plan.

2.- *Provincial subsidiary rules (PSR)*. The development and land-use planning of many municipalities in Galicia (1/3) is guided by these rules that are set forth in the Parliamentary Ordinance 14/5/1991. They are guiding rules, instead of a land-use regulation. The main difference relies on that they are not legally enforced. Therefore, it can not be said that these rules are land-use planning tools, since they are something similar to a set of rules of best practices. The determinations of these rules have the following nature: a) they are subsidiaries of a comprehensive municipal land-use plan, that is, the work in the absence of this. These rules will be also applicable in the municipalities that have urban growth boundaries as land-use planning tool; b) they will complement the existing municipal land-use use planning tools, whatever they are. The complementary nature of the rules will apply: 1) in municipalities with a land-use plan in compliance with the act of 1976; 2) in municipalities that have urban growth boundaries with zoning ordinances; 3) meet the uncertainties and gaps in current municipal land-use planning, but in no case PSR can change the classification of land, or alter the land-use plans adopted by the municipalities.

PSR were created in 1991 to meet the needs of those municipalities for which the making of comprehensive land-use plan could be very complex and costly in terms of human or economic resources.

Second, municipalities may have one of the four land-use planning tools established by past and current legislation. These tools, and their main characteristics, are the following ones:

1.- *Subsidiary rules of municipal planning (SRMP)*. These rules can substitute a comprehensive municipal land-use plan, and unlike PSR, they are legally enforced. They are approved by the local authorities. A land-use plan made according to these rules is usually less complex and has less information. It can be said that this procedure is a step forward in providing municipalities with a land-use planning instrument when they do not have enough resources to make a whole comprehensive municipal land-use plan.

2.- *Regulation plan for rural areas (RPRA)*. The land-use act of 1997 envisaged the possibility that rural municipalities might adopt a planning tool that could meet their demands, particularly when processes of urban development were not the main issue. It is not a popular planning tool, since only nine municipalities have adopted it.

3.- *General urban plan (GUP)*. This has been the main land-use planning tool (in terms of level of detail and complexity) until the land-use Act of 1997. The making of this land-use plans was based on the Spanish land-use act of 1976 and the Galician land-use act of 1985. They are, therefore, very outdated planning tools, though it is still in force in 13 municipalities.

4.- *Comprehensive municipal land-use plan (CMLUP)*. The Act of 1997 abolishes the subsidiary rules of municipal planning (SRMP) and consider only two main instruments to plan land-uses: 1) Regulation plan of rural areas (RPRA) and 2)

Comprehensive municipal land-use plan (CMLUP). However it was not until the land-use act of 2002 that the CMLUP became the only tool to plan land-uses. From that year (2002) on, all municipalities with land-use planning tools had to adapt them to be in compliance with the new land-use act within a maximum period of three years. The municipalities that did not have any land-use regulations were legally enforced to make a land-use plan according to this law within a maximum period of four years, that is to say, in 2006 all municipalities should have adopted a land-use plan according to this Act.

To better understand the situation of land-use planning in Galicia, the next table shows the number of municipalities that have the planning tools described above. We differentiate two big groups: municipalities where local authorities have adopted own land-use planning tools and those municipalities where there are not any land-use regulation or these cannot be properly understood as a land-use planning tool.

	Without own land-use planning instruments (in these cases apply the subsidiary norms: <i>PSR</i>)	Municipalities with own land-use planning instruments				
Planning instruments	Without planning tool or only DUGB	<i>SRMP</i>	<i>RPRA</i>	<i>GUP</i>	<i>CMLUP</i>	
					land-use act 1997	land-use act 2002
Number of municipalities	68	109	9	12	64	53
Percentage of the total number of municipalities	21,5%	34,6%	2,8%	3,8%	37,1%	
	21,5%	78,5%				

Table 1: Types of planning tools and number of municipalities where they are in force. Source: COAG (2011)

Almost 22% of municipalities regulate their land uses using subsidiary norms (PSR), which are very general and their application is not legally enforced. The rest of municipalities (78,5%) regulate their land-uses with a true land-use planning tool. In this category it is observed that two tools are the most used: 1) subsidiary rules of municipal planning (SRMP) and comprehensive municipal land-use plan (CMLUP). With regard to comprehensive municipal land-use plans, only 53 land-use plans have been made according to the land-use act 2002. It is important to consider that many municipalities were working on their CMLUP in compliance with 1997 act when the LOUGA came into force. In those cases, the LOUGA considered two possibilities. Either municipalities could adapt the LOUGA through a transitional provision⁶ in the case the plan making were almost fulfilled, which 21 municipalities did. Or they could make a plan completely in

⁶ The transitional provision establishes: "Those municipalities that were making their land-use plans in accordance with the land-use act of 1997 can continue with the procedure due in that law up to a maximum of 6 months. After 6 months, all the contents of the plan have to be adapted to the land-use act of 2002".

compliance with the LOUGA in the case the plan making was in a early stage, an option that municipalities tried to skip. Municipalities were eager to choose the transitional provision instead of dealing with the complex process of adapting the contents of their plans to the new land-use act. However, many municipalities could not finish the plan within the period established in the transitional provision and their plans had to be adapted completely to the LOUGA. Therefore, among the 53 municipalities that in 2011 had a CMLUP in compliance with the LOUGA, 21 started their plan-making according to the land-use act of 1997. It is important to consider this because it raises some methodological questions in terms of what municipalities are going to be considered as LOUGA - adopters. By analysing adoption of one legal planning instrument, it seems reasonable to consider only those municipalities that first had the desire of adopting it, because the aim of this dissertation is to understand why municipalities decide to make a land-use plan in compliance with LOUGA. Thus, the municipalities considered as adopters between 2002 and 2011 are those that started the plan-making with the LOUGA. There was 53 municipalities adopters of the LOUGA, but 21 of them had either started the plan-making before the land-use act was passed, or their land-use plans were quashed by the regional government and were forced to make a new land-use plan in compliance with the LOUGA. In the following table are listed the municipalities considered as LOUGA – adopters in this study.



Municipality with land-use plan-2002	Previous planning tool	Year of approval of the previous plan	Year of adoption of LOUGA	Political party *
Arzúa	SRMP	1986	2008	BNG
Capela, A	PSR	1987	2006	PSOE
Cerdido	DUGB	1982	2006	PP
Oleiros	GUP	1997	2009	AV
Paderne	SRMP	1986	2009	PSOE
Pobra do Caramiñal	SRMP	1984	2007	BNG
Santiago de Compostela	GUP	1990	2007	PSOE
Toques	DUGB	1994	2007	PSOE-BNG-PP
Vedra	SRMP	1995	2007	PSOE
Zas	DUGB	1985	2007	PP
Touro	NSP	-	2010	PP
Dodro	NSPM	1977	2010	PSOE-BNG
Outes	NSPM	1977	2011	PP
Muros	-	-	2010	BNG
Castroverde	SRMP	1984	2008	PSOE
Paradela	PSR	-	2007	PP
Ribas de Sil	DUGB	1986	2009	PSOE
Sober	SRMP	1986	2009	PP
Pedrafita do Cebreiro	NSP	-	2010	PSOE
Esgos	PSR	-	2009	PP
Xunqueira de Ambía			2005	PP
Cualedro	NSP	1991	2010	PP
Sandiás	NSP	1991	2007	PP
Arnoia	DSU	1994	2010	PP
Sandiás	NSP	1994	2007	PP
Vilar de Barrio	SRMP		2009	PP
Vilardevós	without planning tool	-	2008	PSOE
Rodeiro	-	-	2009	IDR
Valga	PXOM	1998	2010	PP

Table 2: Municipalities with a LOUGA plan

* PP: right-wing party; BNG and PSOE: left-wing parties

In the rest of municipalities 284, either municipalities are working on the a LOUGA plan, at different stages of the plan-making (in many of them, around 146, the making is well advanced). The rest of municipalities (19) either started the plan making and are on a very initial start or did not start at all the plan making. In the following table are listed these municipalities:

Municipality without starting the plan-making	Planning instrument	Year in which it was adopted	Land-use act
Carral	NSPM	1993	
Coirós	PXOM	2002	Act 1997
Ferrol	PXOM	2000	Act 1997
Oza dos Ríos	PXOM	2001	Act 1997
Ponteceso	PXOM	2002	Act 2002**
Santa Comba	PXOM	2002	Act 997
Abadín	DSU	1997	
Negueira de Muñiz	DSU	1997	
Outeiro de Rei	NSP	1992	
Ribeira de Piquín	NSP	1991	
Boboras	NSPP	1991	Act 1991
Carballeda de Valdeorras	NSP	1995	
Castro Caldelas	PXOM	1999	Act 1997
Maceda	PXOM	2002	Act 1997
Covelo	PXOM	1999	Act 1997
Forcarei	PXOM	2002	Act 1997
Mondariz-Balneario	PXOM	2002	Act 2002**
Tomiño	PXOM	2001	Act 1997
Ames	PXOM	2002	Act 1997

Table 3: Municipalities that did not started plan-making

Though most part of the municipalities are working on the plan making, this dissertation does not try to explain why this group of municipalities are delayed in completion of the plan. The question that this research tries to answer is why some municipalities adopted the act and why others did not, in the time frame 2002-2011.

2.4. Methodology

The aim of this research is to understand what factors and reasons have had a critical influence on the adoption of CMLUP in compliance with LOUGA, as well as to understand what factors have an influence on the rest of municipalities for not adopting it after nine years, insofar as all municipalities operate within a similar institutional context. As we have explained before, this can be considered as a matter of time, since the most part of the municipalities are working on the plan-making. But trying to simplify the methodology and the research question, we will focus solely on the variable adoption or not adoption. As several authors have argued, a theory of institutional change has to explain not only why changes do occur, but also why changes can be blocked (Olsen, 2009; Immergut, 2006).

The methodology of this research is a mix methods research methodology. In general, mixed methods methodologies provide breath and depth of

understanding and corroboration of the hypotheses (Johnson et al., 2007). The qualitative method provides relationships, which may help disregard some hypotheses and generate new ones. On the other hand, the qualitative methods help to understand causation in the relationships discovered through qualitative analysis (Creswell and Clark, 2011). In this research, qualitative analysis is used to find out a pattern of implementation of LOUGA by identifying the characteristics –physical, socio-economic, etc. – of the adopters and non adopters. The qualitative approach allows to understand more in deep the reasons that municipalities may have to adopt or not adopt the LOUGA. It is important to mention that both methods are not used separately. The findings through the qualitative approach are intended to be reflected the qualitative methods and vice versa.

In the quantitative methodology, the aim was to characterise municipalities by using physical, economic and social variables to carry out a cluster analysis. These variables help us to group municipalities with similar characteristics in order to determine the relationship between such characteristics and the adoption or rejection of the LOUGA. Municipalities were grouped into five large groups or clusters, each of which had members with great similarities with respect to the ten variables mentioned in the above paragraph. The municipalities for the case studies were selected taking into account the results of this analysis. Ward's hierarchical clustering method was used to group municipalities with similar characteristics. The software used is R.

The qualitative analysis is divided into parts. In the first part a set of questions is developed containing the most important hypothesis found in the literature. The local planners of adopters and non adopters were interviewed. A semi-structured interview was carried out to find out the reasons of non adoption or adoption.

In the second part of the qualitative analysis, we undertook four cases studies. The case study is preferred in examining contemporary events, particularly when the relevant behaviour of the main authors cannot be manipulated. The case study strategy is also most likely to be appropriated for “how” and “why” questions and when the boundaries between phenomenon and context are not clearly evident. In addition, case study research will in this case facilitate the development of a theory of institutional change applied to land-use planning that will allow generalizations (Yin, 2009). Because of the multiplicity and involvement of different actors, case studies use multiple sources of evidence, such as documents, interviews, observations, etc., in order to contrast the information obtained by different sources.

In selecting the case studies, we wanted to find out the causal relationships that neither were found in the qualitative analysis nor in the semi-structured interviews. The choice criteria are set up to gain more knowledge comparing the cases in several directions. These criteria (having or not a plan before adoption of LOUGA, being rural or urban) were found to be the most relevant in explaining adoption and non adoption (see Chapter 4). The cluster analysis made in Chapter 4 is also used to select the case studies. Abadín and Castroverde belong to cluster 3, that is the group of municipalities with similar characteristics (they are rural) that have a higher percentage of adopters, but Castroverde is an adopter and Abadín a non-adopter. Oleiros and Ames are municipalities that belong to cluster two, the set of urban municipalities that showed a lower percentage of adoption. Oleiros is an adopter, and Ames is a non-adopter.

	Rural	Urban
With a previous plan	Ames	Oleiros
Without a previous plan	Castroverde	Abadín

Table 4: The four case studies

2.5. Sources of data

In the cluster analysis the variables analysed as well their source were: 1) Total number of building permits in 2000 and 2009 (Galician Institute of Statistics – IGE), 2) rural land prices between 2008 and 2011 (Land Bank of Galicia); 3) agricultural labour force in 2001 (IGE); 4) 2010 population density (IGE); 5) crop areas (Spanish Land Use Information System - SIOSE); 6) forest areas (SIOSE); 7) artificial land area (SIOSE); 8) population centres (INE); 9) human settlements (INE) and 10) proportion of labour force engaged in services (IGE).

For the quantitative analysis we use a mix of documents, reports, newspaper articles and interviews.

Documents:

-*Current and past land-use plans.* Land-use plans have a section where the justification of its making is explained. They also explain the planning history of the municipality and the main goals that have been achieved or not in the past. With the review of land-use planning we try to understand better which factors have influenced the adoption of new land plans. This information is available on-line:

<http://www.planeamentourbanistico.xunta.es/default.asp>

-*Local and regional press.* Local and regional newspaper pay attention to the land-use plan making. The electronic newspaper libraries are a good source to understand the conflicts related to the plan-making process, and therefore the reasons for and against the plan that were given by the main agents involved in the processes.

-Interviews:

-Local planners of the municipality adopters and non-adopters.

-Local authorities: Interviewing local authorities we try to discover who were the main actors that initiated the plan-making and the reasons that pushed them. With local authorities we mean mainly the mayor, the planning councillor and the municipal planner.

-Plan-maker: The plan-maker is a firm hired by the local authorities and responsible for the municipal land-use plan making. It has a close relationship with the local authorities, knowing very well the preferences of the municipality and the reasons for that preferences. The interviews with the plan-maker as useful to verify the information obtained from the local authorities.

-NGO's: Although NGO's do not have presence in all municipalities, they play a key role when land-use plans are made. NGO's are interviewed in order to obtain information about the land-use process that had not been offered by the more political agents due its political sensitivity.

3. Literature review

3.1. Introduction

The Galician literature related to the research question proposed in this work usually argues that the land planning in Galicia suffers from an implementation problem. Although implementation can be considered a neglected topic in planning literature (Calbick, Day and Gunton, 2003), there is a number of papers that have tried to identify key factors that enhance successful implementation. This literature usually emphasizes the role of planning staff, consistence and coherence of plans, or in the last times, stakeholder involvement to explain planning implementation. In doing so, implementation studies are regarding outcomes of the implementation process as the causes of the implementation. There is a sort of endogeneity in this kind of explanations. In the next section is presented a short review of planning implementation literature.

3.2. Implementation literature on land-use planning

There is a scarce literature about land-use plan implementation. Some authors have argued that implementation is a neglected field of research within the planning literature (Calbick, Day and Gunton, 2003). Other authors state that the research that does exist suggest that plan implementation theories has been quite ineffective in explaining effective implementation (Margerum, 1999; Burby, 2003; Joseph, Gunton and Day, 2008).

Implementation studies (non only on land-use planning, but on public policies) has shifted from old debates about competing paradigms labeled top-down vs. bottom-up to substitute it by terms such as government of governance and policy networks in order to better describe new realities (Saetren, 2005). In the 1970s, planning implementation was considered to be a function of plan-making and political mandates (Dalton and Burby, 1994; Mazmanian and Sabatier, 1989). It was believed that plan implementation required a strong public authority. It was argued that a key factor that allowed plan implementation is the quality of plans, where the objectives and strategies are well-defined (Dalton and Burby, 1994; Mazmanian and Sabatier, 1989). In this way, high-quality plans could be an effective implementation guide by serving to communicate, educate, and provide clear policy guidance (Berke et al., 2006). Thus, to achieve effective implementation, clear and consistent plans are considered one of the most important factors (Joseph, Gunton and Day, 2008). This has been the dominant idea about plan-making and plan implementation during many decades since the end of the World War II. Plans are considered as policy mandates and implementation is seen as unproblematic because societies were quite homogeneous and a basic common interests were well established.

In the last decades, with the increasing fragmentation of interest in the current societies, and the general loss of confidence in political systems as mechanisms for conflict mediation and management of collective affairs (Healey, 1996), plan implementation studies moved to a more sociological approaches, and in a context where the public sector lost part of its weight, governance arises as a way to “get things done”. Governance in planning is therefore the shift in the mode of decision-making and plan implementation, from one based in the bureaucratized welfare state, to another one more entrepreneurial (Healey, 2006).

On the other hand, the behavioural revolutions in political studies during the 1950s and the 1960s introduced an array of new ideas and aims, like its focus on science and methodology (aiming to transform political studies into a science), anti-normative bias, assumptions of individualism, etc. The behavioural revolutions tended to deny the importance of formal institutions for determining the outputs of the government and pay more attention to interest group activity and even less legal forms of articulations (Peters, 1999). It was recognised that planners can produce better plans and increase the potential for government action on issues that initially lack public support if they succeed in involving a broad spectrum of stakeholders in the plan-making process (Burby, 2003). This thesis argues that stakeholder involvement produces better plans and higher rates of implementation. Implementation success was considered the commitment of people that lead to stakeholder involvement (Butler and Koontz, 2005). Planners' activity in relation to implementation is seen, therefore, as an educational activity through a collective learning process, information exchange, and responsibility for policy decisions (Butler and Koontz, 2005; Moote, McClaran and Chickering, 1997).

The implementation problem of this line of argument is: how can stakeholder support be generated? The answer to this question in the implementation literature seems to be the recent development of collaborative planning (Joseph, Gunton and Day, 2008). Advocates argue that if stakeholders develop the plan, they are more likely to support its implementation. A key element in collaborative planning is the so-called consensus building, that aims to achieve agreement among stakeholders who would otherwise not talk to each other. This facilitates implementation because the consensus building processes are less likely to produce unhappy stakeholders who might sabotage implementation (Innes and Booher, 2004; Innes, 1996). In a paper about key criteria for implementation success, Joseph, Gunton and Day (2008) point out that all models of implementation stress the importance of strong support by stakeholders. Collaborative planning, in addition, would allow stakeholders to move from intense conflict to respectful negotiation, facilitating implementation by resolving conflicts (Frame and Gunton, 2004; Moote, McClaran and Chickering, 1997; Carr, Selin and Schuett, 1998). In addition, collaborative planning has also been viewed as a means to achieve more efficient decisions, by reducing negotiation time (Granberg, 2008; Pinson, 2002).

But in the realm of implementation, collaborative planning has been submitted to critics. Its predominant process-oriented focus leaves unexplored the question of how the institutional context affects collaborative processes and outcomes (Pinel, 2009; Newman, 2008). Collaborative planning often ignores the role of power in decision making, this means, it ignores the role of formal governments (Ploger, 2001). In addition, several case studies have shown that despite all the rhetoric and debate about governance and partnerships, the policy making is still rather traditional. Government can recognise the need for cooperation, but the implementation of decisions is made top-down (Teisman and Klijn, 2002; Ploger, 2001; Imrie and Raco, 2009), because implementation requires an enforcement power, and power has to eliminate unpredictable reasons, which are frequent in stakeholder involvement processes (Ploger, 2001).

On the other hand, the close relationship between plan implementation and planning practice that surrounds the recent literature comes from the work of authors like Healey and Faludi who attempt to link plan implementation to

planning practice (Berke et al., 2006). But this link is of the same sort as the link between implementation and planning agency commitment (Dalton et al., 1989), implementation and plan flexibility (Alterman and Hill, 1978), or implementation and the awareness and willingness of decision-makers (Alterman, 1980). In the following it will be explained that these terms are not cause-effect, rather they are the same, but at a different level.

All these concepts, that have evolved over time from a top-down paradigm to a bottom-up one, represent in the implementation literature what Bromley (2006) would define as a “deductive belief”, where the main axiom relies on “consensus building leads to plan implementation”. This sort of belief is, as Bromley indicates, descriptive (it might be possible that collaboration of actors and implementation take place simultaneously, but in spite many efforts to demonstrate it, it is still not clear (Newman, 2008; Margerum, 1999), and tautological. This allows some researchers to believe that plan implementation depends on planning quality, enforcement style, etc. when these characteristics may be the consequence of implementation processes, not their causes. The endogeneity of these explanations leads to a vicious circle that does not explain the reasons why plan implementation really happens.

A closer look to the concept of collaborative planning will provide some insights that help us to understand it better. Collaborative planning is a tool of so-called deliberative democracy. The central claim, according to Mouffe (1999), is that it is possible, thanks to adequate procedures of deliberation, to reach forms of agreement that would satisfy both rationality (understood as defence of liberal rights) and democracy legitimacy (as represented by popular sovereignty). Another important aspect of deliberative democracy is the insistence on the possibility of grounding authority and legitimacy on some forms of public reasoning and the shared belief in a form of rationality which is not merely instrumental but that has a normative dimension. But as Mouffe (1999) points out citing Wittgenstein, it is impossible to achieve agreement in opinions if there is no agreement in “forms of life”. Maybe an effective implementation requires some tools like collaborative planning, but it is difficult that collaborative planning can provide agreement among fundamental disagreements. The question of successful implementation underlines the necessity that a considerable number of agreements in judgements already exist in a society before a given set of procedures (whatever they are, from the top-down paradigm, skilled planning officials, or from the bottom-up paradigm, the consensus building formation) can work. Plan implementation, as institutional design, requires that there is a priori a partial source of social right, a postulated, a priori consensus (Ploger, 2001).

Because of all this, the literature on land-use planning implementation do not offer a conclusive answer to the question of why societies do implement land-use policies and tools. This literature has still been hanging over old paradigms. Land-use planning has been considered during several decades of the 20th century as a technical matter. It was thought that a land-use plan well-defined from the technical point of view and with clear objectives and consistent with a deep empirical analysis should not find barriers in the implementation process (Puppim de Oliveira, 2006). The main reasons behind this conception of planning are related to the view of physical environments as the main forces shaping societies and neglecting the capacity of societies to shape environments (Graham and Healey, 1999). A physical paradigm of planning, which Friedmann (1993) conceptualized as an “euclidian mode of planning”, was grounded on instrumental

rationality, where ends are rationally pursued and calculated.

Behind instrumental rationality underlies a difference between plan-making (or policy formulation) and plan implementation (or policy implementation). This separation can lead to paradoxical outcomes that cannot be understood within this paradigm. For example, if one plan or policy has well-established goals and can lead after their implementation to a situation B that is much better according to well-established indicators than a situation A, why was the plan not implemented? Take for example the Oakland Project from the influential study on implementation by Pressman and Wildavsky (1973). These authors differentiate the policy formulation of the project, carried out by the administration in Washington from the local implementation of the project⁷. The goals of the program were based on what it is called social justice, since it tried to develop the depressed areas of the United States. Pressman and Wildavsky (1973:6) pointed out that the main reasons of the implementation failure were “the difficulties of translating broad agreement into specific decisions, given a wide range of participants and perspectives; the opportunities for blockage and delays that result from a multiplicity of decisions points, and the economic theories on which the program was based”. One could argue that the failure was caused due to the high costs to achieve agreement. However, the failure of the Oakland Project could be interpreted in other way: maybe the depressed zones of the USA desired the plan goals, but the way of doing things proposed by the plans was interpreted by the main authors in ways that could be in contradiction with the plan goals. In this way policy formulation is closely related to plan implementation since policies are formulated as response to problems, and with problems is meant modes of acting that lead to undesirable outcomes. The separation between policy design and policy implementation is actually very common in all models of public policy implementation.

Some authors have developed implementation models of land-use plans (Joseph, Gunton and Day, 2008; Berke et al., 2006). All these models rely on the same conceptual framework. The implementation process is normally split into the following steps: plan implementation, and separately, goals definition. This is the classical model of plan formulation. This separation follows a means-end rationality, does not have explanatory power to depict real processes of implementation, because, as it will be shown along this dissertation, implementation processes start usually by imagining possible definition of problems (Taylor, 1998). Thinking about problems and solutions are the two sides of the same coin.

If a land use plan is regarded as a set of institutions (rules) that regulates land-uses (Buitelaar, 2007; Bromley, 2006), then institutional theory seems to be applicable to explain how and why do these institutions emerge and are adopted by societies. In this way, institutional theory could be a suitable theoretical framework that can better explain why institutions change and evolve over time and why they persist and are reluctant to change. However, it is not clear within institutional theory what institutions mean, and therefore what a land-use plan may be from an institutional point of view. The meaning of institutions, and by the way, the meaning of land-use regulations, depends on the institutional paradigm

⁷ This separation is very common since the earlier studies on implementation. For instance, although Pressman and Wildavsky (1973) pointed out that this separation of policy design from policy implementation is fatal, they also recognise that there must be something prior to implementation, like a policy or a programme.

used to define it. In the literature four institutional paradigms exist, and each one of them defines institutions differently. In the rational choice institutionalism, institutions are viewed as rules that constrain behaviour. The persistence of the institutions depends on the benefits they can deliver, like reducing transaction costs for making deals or arrangements (Buitelaar, 2007; Hall and Taylor, 1996). Historical institutionalism defines frequently institutions as “the formal or informal procedures, routines, norms and conventions embedded in the organisation structure of the polity or political economy”, emphasising the importance of path dependency to explain the reluctance to change as well to explain how new institutional arrangements depend on the arrangements made in the past (Hall and Taylor, 1996). However, within the paradigm of sociological institutionalism, institutions are defined in a much more broad way, insofar as it is defined culture of a given community as institutions (Hall and Taylor, 1996). Finally, discursive institutionalism lends insight into the role of ideas and discourse in politics while providing a more dynamic approach to institutional change than the older three new institutionalisms (Schmidt, 2008). The next sections describe the main assumptions of each institutional paradigm with regard to how institutions arise (the purpose of institutions) and evolve over time (the change and resilience of institutions).

3.3. Rational choice institutionalism

This institutional paradigm argues that actors use institutions to maximize their utility. In general rational choice institutionalism reduces collective behaviour to individual behaviour (Peters, 1999) and it is reluctant to accept the role of government in making institutional arrangements, because it tends to view institutional creation as a quasi-contractual process marked by voluntary agreement among relatively equal and independent actors (Peters, 1999; Kingston and Caballero, 2009). With regard to land-use planning, the most recurrent argument for planning given in this literature is that planning institutions are tools to deal with externalities (Pogodzinski and Sass, 1990; Chung, 1994; Sorensen, 1994; Needham, 2006:58; van der Krabben, 2009). In a first consideration it seems that rational choice institutionalism was the approach that had a widespread answer about the reason for planning. If fact, the question of why society chooses to adopt institutions of government regulation of land uses had already been stated by some scholars that find comfortable within this paradigm (Lai, 1997; Chung, 1994).

To better understand the reasons given by the rational choice institutionalism to the research question it is necessary to explain some key concepts used within this paradigm. The theoretical background discussed in rational choice institutionalism is provided mainly by Pigou and Coase. These scholars have had a considerable influence in how planning is understood and interpreted nowadays. In his work “The Economics of Welfare”, Pigou (1932) suggested that the free play of self-interest in markets does not lead always to allocative efficiency of resources, and, therefore, government intervention is required when market is hampered by inefficiencies. By allocative inefficiency of resources is meant that a market organization that is not Pareto efficient implies that a certain change in allocation of goods may result in some individual being made “better off” with not individual being made worse off. It is commonly accepted that outcomes that are not Pareto efficient are to be avoided, and

therefore Pareto efficiency has been an important criterion for evaluating economic systems or public policies (Frohock, 1979)⁸.

Taken this into consideration, a land-use plan can be regarded as a government intervention in the housing or land market when the market cannot achieve by itself an competitive equilibrium or Pareto-Optimality, that is to say, that the government can do better than the markets does. It is commonly argued that Pareto efficiency is not achieved because of existence of externalities. And again, in welfare economics these market failures are considered to be justification for government intervention, i.e., land-use planning. Coase (1960), when reflecting on the Pigou's approach, included a new concept called "transaction costs" which captured very well some of the flaws of the Pigouvian arguments. Transaction costs can be defined as "the costs involved in operating the various social arrangements" (Coase, 1960) or the costs of "operating the economic system" (Lai, 1997). For instance, when transaction costs are close to zero, markets achieve the most efficient outcome, that is to say, they achieve a Pareto-optimum. However, the world of economic transactions is full of transaction costs, and market transactions are almost never frictionless. Land planning can be understood as way to lower transactions costs in order to rearrange property rights more efficiently, and land use planning can be understood as an institutional arrangement to reduce transaction costs (Alexander, 2001).

The literature based on Coasian and Pigovian approaches recognizes that there are externalities and that there are land-use regulations exist to tackle these externalities. Also both approaches make a set of assumptions related to actors' behaviour. The source of externalities is the self-interested and goal oriented way of actors' behaviour, with a well-established scale of preferences (Héritier, 2007; Hall and Taylor, 1996). In both approaches is clear that, if the externalities are the reason, the driving force that gives a shape to new institutional arrangements to deal with negative externalities is the search of efficiency. Pigovians believe that markets should tend to a Pareto optimum with the government intervention whereas Coasians believe that new institutional arrangements are made or have to be made⁹ to reduce the transaction costs, aiming at avoiding externalities. Therefore, if zoning as institutional arrangement is still popular in our current societies it is because it provides a more efficient way to deal with externalities (Lai, 2005; Webster, 1998). In chapter 2 and more specifically in chapter 6, it will be shown that the Pigovian approach as well as the Coasian approach, are normative in terms of assigning external goals to markets. They do not explain how markets really work, they tell us how markets should work.

However, there is a difference in the two approaches. In the Pigovian approach, market intervention is justified when external effects move from the optimal Pareto-equilibrium to an inefficient state. Despite this, nothing is said

⁸However, this way of evaluation has been criticised by several scholars, for it makes not sense to compare real political choices with an attainable Pareto-optimum (Dahlman, 1979; Buitelaar, 2004; Needham, 2006).

⁹ Héritier (2007) divides rational choice explanation of institutional change into functional (intentional) approach which views institutions as an efficient and stable solution to a particular collective action problems (The most part of historical institutionalism could belong to this group) and a rational non-intentional evolutionary approach viewing the outcome of institutional change as a selection and adjustment process. The first approach influenced authors like Williamson, whereas the second one has little influence on explaining institutional change because it would focus more on how institutions survive over time rather than how and why they change (Kingston and Caballero, 2009; Hall and Taylor, 1996)

about the nature of these external effects. The Coasian approach goes a step forward and understands externalities as a consequence of high transaction costs. Even more, Coase (1960) pays attention to the role of courts in differentiating harmful effects from nuisances and in creating legal liabilities, which in the end means defining externalities. The Coasian approach, and Transaction Costs Theory based on property rights have been quite influential in recent times in trying to explain what kind of institutional arrangements in land-use regulation can better reduce transaction costs (Buitelaar, 2007; Alexander, 2001; Musole, 2009). However, this literature leaves several key questions unresolved regarding understanding institutional change.

- *Externalities*: If the main reason for the existence of land-use regulation are externalities, why does a society adopt and implement land-use regulations whereas other similar society in terms of externalities does not?

-*Efficiency*: Is the search of efficiency the driving force that shapes new institutional arrangements to deal with negative externalities?

With regard to the second questions, several scholars (Buitelaar, Lagendijk and Jacobs, 2007; Libecap, 1999; Bromley, 2006) have pointed out, rational choice institutionalism cannot explain why it rarely observes efficient institutional arrangements that persist over time. Within organisational studies, the idea that the search of efficiency drives institutional change has also been widely criticized. In their seminal paper, DiMaggio and Powell (1983) pointed out that institutional change in organisations seemed less and less driven by competition or by the search for efficiency. Accordingly, the rising interest in institutions reflects a growing disenchantment with theories that portray efficiency as the driving force behind decision making or that consider variations in formal structure as rational adaptations to technical and environmental conditions (Barley and Tolbert, 1997). Some of these ideas will be discussed in Chapter 2. The first question will be mostly discussed in Chapter 6, which is dedicated to understand the relationship between land-conflicts and externalities.

In conclusion we can say that rational choice institutionalism is not a well developed body of theory that accurately explain institutional change. There are several reasons for this lack of explanatory power. The first reason is that rational choice institutionalism has its real strength in explaining why existing institutions continue to exist, and this is about the economic benefits that institutions provide to the society (Hall and Taylor, 1996; Kingston and Caballero, 2009). In this way, rational choice institutionalism is not really addressing the question of institutional change. The second reason is that rational choice institutionalist is highly functionalist (Pierson, 2000; Héritier, 2007). The problems of explaining institutional persistence is confused with the problem of explaining institution's origins (Hall and Taylor, 1996; See also Robert Bates, 1987). The third reason is that many of rational choice analysis of institutional change are highly voluntarist, that is to say, they tend to view institutional creation as a quasi-contractual process marked by voluntary agreement (Hall and Taylor, 1996), tending to neglect the role of collective action and the political processes (Kingston and Caballero, 2009; Bromley, 2006).

Taking all this into consideration, rational choice institutionalism can explain only a small portion of institutional change in land-use regulations, those related to high information costs that can create uncertainty among the market actors. With regard to institutional stability, rational choice has found good

arguments in behavioural economics to explain reluctance to change. Libecap (1999) points out that it is difficult to make institutional arrangements that modify property rights because these arrangements usually entail redistribution of benefits.

3.4. Historical institutionalism

Historical institutionalism was virtually the first version of the new institutionalism to emerge in the discipline of political science. It was derived from the materialist views of Marx and the comparative history of Weber. For many years it was a perspective that assumed that the material interests of political and economic actors motivated politics and that these interests were institutionally determined (Campbell, 1998). In general, in rational choice versions of historical institutionalism, there are strands of economic institutionalism that also have a pronounced historical element. In this way, historical institutionalism can be considered a paradigm that is in the middle of sociological and economic institutional approaches, since it combines both “calculus” and “culture” (Immergut, 2005; Hall and Taylor, 1996; Ishiyama and Breuning, 2010). Historical institutionalism tends to conceptualize the relationship between institutions and individual behaviour in relatively broad terms, by developing an instrumental approach as well as a cultural one. The latter tends to see individuals as satisficers, rather than utility maximizers, and to emphasize the degree to which choice of a course of actions depends on the interpretation of a situation rather than on purely instrumental calculation. However, unlike rational choice approaches, it emphasizes the asymmetries of power and information associated with the operation and development of institutions. In addition, and unlike other approaches, historical institutionalists emphasize path dependence and unintended consequences (Hall and Taylor, 1996). For this reason, institutional change is usually considered by many historical institutionalists as gradual. There is a tension between the need for change and the old learned paths (North, 1990).

The concept that summarizes all these attributes is the concept of path dependence (Peters, 1999; Hall and Taylor, 1996). As we have said above, historical institutionalism is a mix of quite different institutional paradigms, namely rational choice and sociological institutionalism. Thus, it is expected to find definitions of path dependence that may be closer to a paradigm than to another. In fact, Thelen (1999) differentiates two ways of thinking about path dependence within historical institutionalism. The first one understands path dependence from an economic point of view and is quite deterministic in the sense that when a path is chosen, it then becomes “locked in”. The relevant actors adjust their strategies to accommodate the prevailing pattern. It is difficult to change initial selections because the costs (learning costs in the case of technologies or transformation in the case of political changes) are too high (see for example the explanation of David (1985) about the origin of the keyboard). The costs are high enough to the extent that actors will not change institutional arrangement even if more efficient alternatives in the long term are available.

In addition to the learning costs, the use of institutions has increasing returns; the more they are used, the more benefits they provide. North (1990), argues that “in a world in which there are no increasing returns to institutions and markets are competitive [transaction costs are zero], institutions do not matter”. Actors initially have incorrect models and act upon them, they either will be eliminated or efficient information feedback will induce them to modify their

models. However, with increasing returns, institutions matter. The concept of increasing returns, or what North (1990) calls “network externalities”, seems to add more complexity to the functional view of institutions elaborated under the paradigm of rational choice institutionalism. Planning literature based on rational choice institutionalism believes that is able to explain institutional change under scenarios of high transaction costs or Pareto-inefficiency. But this left unexplained why almost always in such scenarios institutional change does not occur. Path dependence as a result of increasing returns (David, 1985; Arthur, 1989), or of network externalities, complementarities, and economies of scope (North, 1990;1998) could explain the existence of inefficient institutional arrangements. Notice that, in this way, Demsetz's (1967) argument about the emergence of property rights (benefits provided by this institution are higher than the costs to maintain it) would be threatened by the concept of increasing returns since increasing returns may play a role in defining the pay-off of such equation, property rights may provide benefits because they are widely used and are not widely used because the benefits they provided at the beginning. Path dependence has already been used in the planning realm to explain the failure of the Dutch city-province (see Buitelaar, Lagendijk and Jacobs, 2007).

But to what extent is path dependency addressing the reluctance to institutional change despite the so-called external or internal pressures? Are we understanding correctly the nature of path dependence when arguing that decisions made in the past constraint the available choices in the future, and this leads, therefore, to inefficient institutional setups? It cannot be, on the contrary, that the major role of path dependence is to eliminate available choices and to provide certainty about the future, no matter if the past choices have been efficient or not? Is path dependency constraining the evolution toward more efficient institutional structures or it is providing and securing appropriate patterns of behaviour, in terms in which March and Olsen (1989) would refer to it? It seems that in many cases, there are always explanations of reluctance to change apart from those that rely on the path dependence.

Thelen (1999) argues that the second way to look at path dependence within historical institutionalism is from the point of view of sociological institutionalism. Zucker (1977) states that to arrive at shared definitions of reality, individual actors transmit an exterior and objective reality, while at the same time this reality defines what is real for these same actors. Generational transmission provides the clearest example of this process. The young are enculturated by the previous generation and so on. Cultural persistence can be explained, therefore, through a process of institutionalisation. This process affects directly three fields: transmission and maintenance (what some authors call institutional reproduction (see Seo and Creed, 2002)) and resistance to change. The reluctance to change cannot be explained by historical constraints, it is explained in an easier way: we act according to learned patterns of behaviour, and these patterns define what is real, what is a problem and how to face it. Ikenberry (1994) argues that once the path is set, it tends not to change, but not because it is costly to change, but because interests and behaviour get defined by the political culture. In a certain sense North (1998) is, as good historical institutionalist, close to this approach when arguing that “the informal constraints of norms, conventions, and codes of conduct that have deep seated cultural antecedents are particularly important as sources of path dependence”. The problem with this statement is the word “constraint”, for learned patterns of behaviour are not constraints, they are, as

Bromley (2006) points out, elements that allow for action. Culture itself would be, therefore, enough to understand the reluctance to change, and changes in culture (substitution of cultural elements, patterns of behaviour) can be considered as institutional changes. But how do explain change historical institutionalists?

According to Thelen (1999), historical institutionalism has developed two explanations of institutional change. The first one is based on what in the literature is called “critical junctures”. Policies emerge in certain founding moments, when a critical juncture forces actors to make collective decisions. The basic of the policies gets established at these critical moments, and subsequent changes tend to be a variation or extension on the well-established logic of policies (Ikenberry, 1994). However, in the literature these “critical junctures” have been criticized for being incomplete, as it is not clear what causes the switch from stability to instability (Immergut, 2006; Hall and Taylor, 1996; Thelen, 1999). Scholars have also been particularly weak in specifying the mechanism that translates critical junctures into lasting institutional arrangements, that is to say, in explaining the mechanism of reproduction (Thelen, 1999). Other explanations of institutional change for historical institutionalists point out that new institutions arise when groups in society perceive a possibility of availing themselves of profits that cannot be realized under prevailing institutional conditions. The reasons of institutional change are therefore “change in relative prices and fluctuations in population growth” (North, 1990; p. 158). However, it has been pointed out that changes in relative prices may at most, change the costs and benefits of collective action on the part of different classes, but they cannot predetermine the balance of class forces on the outcome of social conflicts (Bardhan, 1992). This means, that in a context of changing prices it is unclear how change in prices can drive a process of institutional change. With regard to institutional stability, historical institutionalists offered better explanations like path dependence. These ideas will be explored with more detail in Chapter 5.

3.5. Discursive institutionalism

The reviewed institutional paradigms pay more attention to the institutional structure and the stable character of institutions than to their mutability and the role of agents in institutional change. This gap is what discursive institutionalism tries to fill. Discursive institutionalism, which is quite close to sociological institutionalism in many aspects, explains institutional change based on the emergence of new ideas and discourses. Discursive institutionalism makes use of discourse analysis from the social constructivism point of view, to understand the processes in which some changes are organized into politics while other attempts do not succeed. In the end, institutional change occurs when one discourse wins over the others. Discourse analysis has a clear institutional dimension, for discourses are defined as a specific ensemble of ideas, concepts, and categorizations that are produced and transformed in a particular set of practices and through which meaning is giving to physical and social realities (Hajer, 1995). In this way, discursive institutionalism defines institutions as “simultaneously structures and constructs internal to agents” (Schmidt, 2008) and as factors internal to the institutional development (Buitelaar, 2009). This approach to institutions make for a more dynamic, agent-centered understanding of institutional change than in the older three institutionalisms, where institutions, even in the sociological approach, are considered external to the actors collectively (Schmidt, 2008). In discursive institutionalism, discourses are not

viewed as restricting the set of policy ideas that the decision-makers find acceptable, like for example in historical institutionalism. Discourses are not regarded as constraining political action, but as facilitating this action by providing participants in policy debates with a conceptual repertoire for actively framing the political options (Campbell, 1998).

Discursive institutionalism, however, does not provide an convincing explanation for institutional change. The main point of discursive institutionalism in trying to explain institutional change, relies on considering discourses as an interactive process. This is what enables agents to change institutions, because the deliberative nature of discourse allows them to conceive of and talk about institutions as objects at distance, and to dissociate themselves from them even as they continue to use them. In this approach, institutional change is endogenous to the mind of actors, leaving unexplained why some actor come up with certain ideas at certain specific moments.

3.6. Sociological institutionalism

North (1984) pointed out the important role that ideas and ideology have in the stability and of change in institutions. However, what today is called sociological institutionalism has its roots in organizational theory (Ishiyama and Breuning, 2010; Hall and Taylor, 1998) and it arose as an opposition to rational choice institutionalist and the means-ends rationality. Sociological institutionalists regard institutional rules, norms, and structures as not inherently rational or dictated by efficiency concerns, but instead as culturally constructed (DiMaggio and Powell, 1983; Barley and Tolbert, 1997; Meyer and Rowan, 1977). Sociological institutionalists usually take a normative approach to the study of institutions, tending to blur the line between institutions and culture (Ishiyama and Breuning, 2010; Hall and Taylor, 1998).

Sociological institutional arguments, like other types of institutional arguments, largely do not address the condition under which institutions change, beyond black-box expectation of exogenous shocks that may disrupt or render less salient norms, schemas, and their embedded resources. In addition, the origins of new norms and schemas raise questions of power that currently have little salience in sociological accounts. More generally, sociological institutionalism focuses on explaining stability around a dominant and consistent institutional structure. Instability around competing, contest sets of norms and schemas, led by different forces, lies largely outside the purview of sociological theory (Leicht, 2009). For example, some sociological institutionalist in planning, like Healey, have been criticized for not considering the power relationships in the construction of social reality (Pløger, 2001). Although institutional change is regarded within sociological institutionalist as the consequence of legitimacy search (Healey, 2006; Hall and Taylor, 1998), and that institutional evolution follows a logic of social appropriateness instead of a logic of social instrumentality (March and Olsen, 1989; Campbell, 1998). Nothing is said, however, about why do institutions turn inappropriate and therefore why does institutional change occur. For this reason, sociological institutionalist are said to be more concerned with institutional stability than with institutional change (Leicht, 2009).

4. Key definitions

4.1. A definition of institutions

A definition of institutions seems to be a controversial issue. Commons already pointed out in 1934 the “uncertainty of meaning of the word institution” (p. 69). Sometimes the concept institution, Commons argues, appears to mean behaviour of individual and other times “structure” (the body of regulations or laws). Although many attempts have been carried out to define institutions, this uncertainty around their meaning remains. For example, one of the most prominent scholars in the realm of institutional economics, Geoffrey Hodgson, wrote an article called “What are institutions?” (Hodgson, 2006). The reader who expects to find an answer there will be quickly disappointed. Hodgson uses an unbelievable amount of intertwined concepts to define institutions as conventions, rules, norms, constraints, laws, beliefs, habits, customs, organizations, values, etc. (and this set of words could double if adjectives such as formal or informal are added to each one). The logic of his definition of institution becomes chaotic and confusing. In a first instance Hodgson defines institutions as rules. Then he defines rules as customs (rules have to be customary to become institutions). Then he defines custom as habit (customs are shared habits of thought), and finally he defines habit with the broad concept of “psychological mechanism”. But, what is a “psychological mechanism”? If institutions are psychological mechanisms, does it mean all psychological mechanism are institutions? Although the reader does not find a satisfying definition of institutions in Hodgson's article, (s)he would also be disappointed if (s)he believes that at least the place where institutions are located is clear. Since institutions are psychological mechanism, they must be in the mind. However, Hodgson explains on the page 14 that rules are followed because they are normative beliefs (that is, they are in actor's mind), but there are rules as well that are followed because they are convenient for the actor, and therefore they do not need to be in actor's mind. At this point (almost the end of the paper), the reader neither knows what institutions are nor even where they are.

Hodgson's article offers however a couple of characteristics that seem to be immanent to almost all attempts carried out to define institutions. First, institutions are defined by most institutionalists not in terms of what they are, but rather in terms of what they do. Second, Hodgson's definition of institutions seem to be trapped by the duality structure-behaviour (or agency), mentioned by Commons above. To overcome that duality, Hodgson ends up relying on a psychological or mental explanation of institutions. This makes the concept of institutions both incomprehensible and of little use.

This flip-flop between structure/behaviour goes through the most relevant literature on institutions. Some institutionalists seem to understand institutions as structure –this means that they exists objectively and they have a kind of physical appearance –, whereas other scholars emphasize the meaning of institutions as an internalized but shared pattern of behaviour. As an example of the first category, we cite North (1990) and his definitions of institutions as the rules of the game, that is, as constraints that restrain behaviour. Many institutionalists have understood institutions as an inalterable structure (similar to the North's metaphor that defines institutions as “jail” or the one that is used by Commons that defines institutions as “building”), rather than as as structure modifiable according to the actors' purposes (Sewell, 1992; Hirsch and Lounsbury, 1997). In this sense, institutions are conceived as invariable and permanent over time. Accordingly,

institutionalists who tend to equate institutions with stability or durability, have developed various explanations of reluctance to change (Clemens and Cook, 1999; Dacin, Goodstein and Scott, 2002; Sorensen, 2011b). Institutions become institutions because of their invariability over time, for institutions are by definition “the more enduring features of social life” (Giddens, 1984; p. 24). Explaining institutions seems therefore equivalent to explaining their durability and persistence (Hodgson, 2006). However, we observe that in the real world, institutions are continuously in a process of becoming, that is, institutions change. By describing institutions as endurable, we are not describing anything real.

As mentioned above, other institutionalists take a step forward and understand institutions as internalized patterned behaviour. Institutions emerge after a repeated behaviour under certain circumstances. Institutions can be called institutions if they are internalized in the actors' mind. Notice, that this is also the second step in Hodgson's definition of institutions (from “rules” to “habits”). For these institutionalists, institutions are a sort of rules that bind expectations, like in the case of reciprocity rules (Ostrom, 1998), where actors act according to the expectations that other actors have. The same happens when actors act following what has been called “a logic of appropriateness”. In this case actors behave in different situations in the way that is more socially appropriate (March and Olsen, 1989; Olsen, 2009). In both cases, actors' behaviour is defined by society, to the extent that it shapes bound expectations in all members. Another interesting aspect is that, for these institutionalists, institutions seem to emerge like products of self-organization. It does not matter if we refer to institutions like property rights in the case of Demsetz (1967) or to institutions like “reciprocity rules” in Ostrom (1998). This concept of institutions seem to be very narrow and it does not describe all kind of institutions that can be found in the real world. For instance, many of the most relevant institutions are explicitly designed and are far away from being a product of self-organization processes.

Other institutionalists take even another step forward and consider institutions to be generated by interactions among actors, a sort of mental script – notice that this follows Hodgson's outline to define institutions, for mental script is what Hodgson meant by the concept of “psychological mechanism”. Mental scripts are culturally embedded in the mind of actors (Gioia and Pole, 1984; Lord and Kernan, 1987; Johnson, Smith and Codling, 2000). Human action is based in this case on mental scripts that give to the actors the correct (from the social point of view) choice for each situation. The idea that mind plays a key role in action can also be found in the old institutionalists. For instance, Veblen (1919; p. 239) defines institutions as “settled habits of thought”, which in the end are an “outgrowth of habit”. The idea that institutions are results of mental states, or at least are products of mental processes, has also been used recently by North (2005) under the concept of “mental models”. That institutions are somehow embedded in the actors' mind assures certain patterned behaviour. Hodgson (2006; p. 6) even argues that if institutions are not shaping a certain behaviour, they cannot be considered institutions. This is what makes institutions to be institutions. There can be a “structure”, there can be “reciprocity rules”, but if all these “things” are not in the mind, they do not shape behaviour, and therefore cannot be called institutions. However, if we consider that many institutions, particularly when they are secured by fiat and they are legally enforced, like the declaration of a Natural Park, the smoking ban in public spaces, or putting speed limits on roads (Hall and Thelen, 2009; Bromley, 2006), are almost immediately

followed by the actors, which role is played by the beliefs, mental scripts or mental models in these cases? Taking all this into consideration, the question becomes, then, do institutional explanations need to rely on the mind to explain behaviour? One actor can have certain beliefs and does not necessarily act according to them (Veblen, 1919), but the other way around is also true. One actor can follow a repeated behaviour without having explicit beliefs, mental scripts or models that induce that behaviour.

To sum up, for institutionalists that consider institutions as restraints, institutions seem to be placed out of individuals and imposed to the individuals from outside. For institutionalists that consider institutions as created from interactions among actors, institutions seem to be the rules in which these interactions materialize. For institutionalist that understand behaviour as motivated by mental scripts, institutions seem to be located in the mind of individuals. In this way, a holistic definition of institutions seem to be a line that links rules, mind and behaviour. Scott (2001; p. 51) speaks of three pillars of institutions (regulative, normative and cultural-cognitive systems). Scott conceives these three pillars form a continuum moving “from the conscious to the unconscious, from the legally enforced to the taken for granted”.

Although this is a good description, it is difficult to understand how institutions work for several reasons. How are the relationship among these concepts (mind, behaviour and rules) linked is confusing and problematic. The problems with this are mainly two: 1) If there is an institution that is in the mind, shapes behaviour and is considered a rule for many actors, but not for all actors, how many individuals need to follow the rule to consider it an institution? To say there is an institution only for the individuals that follow the rule is misleading. Although many individuals do not follow a rule, we do not stop talking of institution in those cases; 2) Many times, and this seems to be the case in land-use regulations, actors do not have any mental script, but they follow the rule, even more when they are clearly against the rule because there are substantial net advantages to transgression and to break the rule. To explain why these rules are followed, we would need to go back to Wittgenstein. Wittgenstein (1954[2001]) argues that many behaviours are not based on reasons and use rules that are obeyed blindly (217). The example of how children learn the rules of language argues in favour of this.

The second case above is the most interesting for public policy. Norms that restrict behaviour of some individual in contexts where there are perceived net advantages to transgression, are the ones that require the most policing. Almost inconceivable, these norms have been relatively neglected by institutionalists. A definition of institution that is interesting from the standpoint of public policy is the Commons' (1934) definition: “Institution is collective action in control (restrain, liberation and expansion) of individual action”. Bromley (2006) defines “collective action” as actions carried out by public bodies like parliaments or courts to expand and control individual action. This definition of institutions is very useful for two main reason: 1) it represents the common ground of all definitions of institutions explained above; 2) In this definition institutions are basically an “action”. They are neither structures nor mental scripts. In this dissertation, therefore, by adopting this definition, we say that the Galician regional government undertook a collective action (and therefore created restraints to municipal goals as well as expanded other municipal goals) when the parliament passed the Land-Use Act in 2002, regardless the number of

municipalities that adopted it. In the same way, municipalities undertook collective action (and therefore created restraints to individuals' goals as well as expanded other individuals' goals) when they made a plan according with that act. And this is so regardless of the number of individuals that act in compliance with the plan.

Notice that in this reasoning we do need not to rely on qualities of mind to explain the behaviour of the regional government or of the municipalities. Obviously the land-use Act is enforced in the sense that if behaviour is not in compliance with the Act, the court can act. In all law systems, as Redmond (2005) points out, detection and punishment of law breaker is costly, so it is in the interest of law-maker to promote a "meta-law" of the following sort: "one should obey the laws". However, the meta-law, as Redmond (2005) points out, "is effective only in so far as it is credible" and "credibility is a function of perception of the legitimacy of the process under which the law arose and the rightful authority of the lawmaker". Weber (1924 [1978]; p. 36), suggests that legitimacy is based on an authority "which is held to be legitimated and therefore meets compliance". In this way, compliance with the act does not have anything to do with a mental internalization of the act, rather it has to do with how powerful or powerless is the public body to: 1) become credible when undertaking collective actions; 2) be legitimated to enforce the act. Obviously 1) and 2) are interrelated.

4.2. A definition of change

Traditionally, institutional theory has tended to focus more on incremental changes (Dacin, Goodstein and Scott, 2002). Actually, a major contribution of recent new institutional work suggests that the majority of institutional changes may occur not as overt and formal changes to existing policies and institutions, but as incremental and gradual changes through less visible processes that may nonetheless be transformative over time (North, 1990; Sorensen, 2011a; 2011b; Thelen, 2004). North (1990) describes institutional change as 'overwhelmingly incremental'. Radical change can be possible but, according to North, it ignores the deep-seated inheritance that underlies many informal constraints. Informal constraints have great tenacity for survival and over time, the result tends to be a restructuring of the overall constraints to produce a new equilibrium.

Yet, paradigms like rational choice institutionalism can also be instrumentalist, for institutions are designed as an efficient solution to particular problems (Héritier, 2007), and hence change may be abrupt. The idea of institutional change as incremental is usually more related to rational choice or historical institutionalism paradigms that are deeply rooted in evolutionary theories. The prevalence of evolutionary theories and the consequent neglect of conflict when understanding institutional change have been attributed to the influence of Adam Smith and John Locke, who established modern economics on the abundance and harmony of nature, rather than on scarcity and conflict (McLaughlin, 2010).

Institutionalists who are closer to the old institutionalist approach pay much more attention to conflicts and scarcity, and to the importance of institutional arrangements when dealing with those conflicts. Consequently, institutionalists consider institutional change much more abrupt than incremental. Commons (1934; p. 239) affirmed that the common law is the decisions of disputes according to prevailing customs. Therefore, common law changes by 'artificial selection'. Commons called this process 'artificial selection' to

differentiate it from evolutionary theories that involved 'natural selection' (Commons, 1934; p. 376). These ideas influenced authors like Bromley, who suggested that property rights and other institutional arrangements are deliberately created as a result of collective action with the aim of solving certain problems (Bromley, 1991; 2006).

These ideas have taken different names in the institutional theory: endogenous vs. exogenous change, evolutionary vs. artificial change or incremental vs radical change. Recognising the validity of one type of change instead of another is also related to defending one notion of institutions instead of other (Tubío-Sánchez, Crecente-Maseda and Buitelaar, 2012). We believe that dichotomy of change does not hold (and it is therefore wrong) if we look at changes in a more comprehensive way. One example can be useful to explain this. Perrin (2013) explains through a case study the conflict that took place in some communities in Toscane (Italy) and Provence (France), well-known in the world for their agricultural landscapes. In the 1960s and 1970s many land-use plans were made, which converted huge areas of land into developable land. The reason was that the majority of the population in these communities were farmers who were very prone to sell their lands to new (and usually wealthy) residents and give up their agricultural activity. The new residents dislike new developments because they threatened the landscapes. However, because the majority of the population were farmers and very often the mayor himself was a farmer, plans went on. The new residents reacted to this by buying agricultural land of farmers to prevent the conversion. Over the years, the claims of new residents gained legitimacy and political power, to the extent that some of them got involved into local politics and started making land-use plans very restrictive with new developments.

This example shows that at the beginning actors can use incremental bargaining mechanisms to achieve their planning goals, and these goals can get formalised "abruptly" in land-use plans after a few years. The restrictive land-use plans could also be approved radically in the 1970s, and then be watered down slowly through several modifications, as North (1990) would suggest. But for our definition of institutions, this does not matter at all. In both cases our definition of institution holds, and the purpose of them is the same. Thus, this discussion is of scarce value for public policy.

5. Conceptual framework. A model of institutional change

The dilemma of all institutionalist paradigm, as we have seen, relies on the difficulties to explain change, since institutions by the definition used by many institutionalists have as their main characteristic durability over time. To explain institutional change requires to defining the condition under which agency can break institutional embeddedness. But this leads us to another paradox: How can actors change institutions if their actions, intentions, and rationality are all conditioned by the very institution they wish to change?

This dilemma, as Clemens and Cook (1999) have argued, results from the tendency to equate institutions with stability and durability. In this vain, other authors have argued that, in general, institutional arguments have shifted away from the old institutionalism's focus on agency and interests toward the new institutionalism's focus on structural embeddedness. The result is the current overemphasis on structural constrain within institutional theory (Hirsch and Lounsbury, 1997).

Recently several authors have started to make efforts to get out of the institutionalism dilemma. It has been pointed out that the analytical dichotomy between rational choice institutionalism and sociological institutionalism is flawed, since in the last years both paradigms have influence each other (Burch et al., 2003) or it is not an explanatory dichotomy of change (Buitelaar et al., 2007). From a more theoretical point of view, the structuration theory proposed by Giddens (1984) attempting to reconcile theoretical dichotomies such as agency vs. structure to suggest the need to find a solution to this dilemma of institutional change. Although each of these contributions are valuable attempts to reconcile the apparent contradictions between embeddedness and agency and between stability and change, all leave important questions at best only partially answered: when and how do actors actually revise the institutional arrangements that shape their behaviour? What are the real sources of institutional change that are usually covered by vague concepts in the institutional literature such as “external societal developments”, “critical junctures”, “unsettling circumstances” or “destabilizing jolts”? In the end, as Sewell (1992) pointed out, all these concepts remained vague because all institutional change models still emphasized the role of structure over agency. This makes dealing with change awkward, for the metaphor structure implies stability.

In the last years a more dialectical vision of institutions has emerged as a way to break of institutional embeddedness envisaged by Hegel and Marx. The dialectical analysis was introduced by Benson (1977) in the field of organisational theory aiming to reach beyond the limits of rational explanations of organisations and normative bases of decision within organisations. The dialectical analysis put together in a dialectical perspective both the institutional setup and the agency part. In this way the production of social structures is itself guided and constrained by the context of the social structure (Benson, 1977; Sewell, 1992; Giddens, 1989). For Benson (1977) the dialectical analysis involves a “search for fundamental principles which account for the emergence and dissolution of specific social orders”. According to Benson (1977) there are four principles of dialectical analysis: social construction/reproduction; totality, contradiction and praxis. Social systems are not stable over time, they are always in a process of becoming and reproducing themselves. Along this process of becoming, contradictions, inconsistencies, incompatibilities, within the social structure can arise. For Benson, contradictions grow out of social production in two ways. First, there is in any social setting a contradiction between ongoing production and the previous established social formation. Second, the production process is carried out in different social contexts producing multiple and incompatible social forms. Some similar reasons of institutional change have also been pointed out by Sewell (1992) in what he calls “the intersection of structures” or the “multiplicity of structures”. These two ways of institutional contradiction can be characterized as contradiction between past institutional setup and the reproduction of it (in trying to reproduce old institutional structures, inconsistencies and contradiction can emerge) or as contradiction between different current institutional setups. In the first way, the reproduction of social structures can shift from old patterns due to technological improvements. As Burch et al.(2003) points out, technological innovation involves a change in behaviour, and changes in behaviour create new problems for the community in the correlation of behaviour. However, Benson (1997) states that the most basic and generic contradiction is that between the constructed social world and the ongoing process of social contradiction.

Although this might allow us to understand institutional change, it still lacks a theoretical framework that can systematically explain: 1) what the sources of contradiction are; 2) why, by what mechanism, and under what conditions those contradictions lead embedded agents to take collective action for institutional change? This is precisely what Seo and Creed (2002) tried to develop. Relying on the Benson's work, they tried to go a step forward by identifying a set of institutional contradiction that will allow for the explanation of institutional change. Seo and Creed (2002) proposed four sources of institutional contradiction. From a dialectical perspective the accumulation of these contradictions both within and between institutions provides the seeds of institutional change. The sources are:

1) *Legitimacy that undermines functional efficiency*. Sometimes the conformity to the institutional environment increases various rewards, such as reputation, resources, and survival changes, at the expenses of efficiency. Using an example from the Galician context of land-use planning, we could consider that if the mayor of one municipality wants to respect citizens' property rights, allowing them to build everywhere, a point can be achieved where the costs of providing municipal services in an environment of urban sprawl can be too costly for the municipality.

2) *Adaptation that undermines adaptability*. Institutionalization is an adaptive process. Once in place, institutions are likely to be locked in and, in a sense, isolated or unresponsive to changes in their external environments. This unresponsiveness creates a space where contradictions between those institutions and their external environments develop and accumulate over time. In Galicia, the introduction of full individualised property rights has been associated with the concept of freedom, the idea that strove the introduction of property rights in several countries. However, such adaptive moves (too much ownership) can make adopters less able to adapt over long run, like to make innovative land policies (Heller, 2010). And this is precisely what happened in Galicia with property rights individualisation when the highly fragmented ownership of land favoured urban sprawl and hampered land policies to deal with it effectively (Tubío-Sánchez et al., 2013).

3) *Intrainstitutional conformity that creates inter-institutional incompatibilities*. Conformity to a certain institutional arrangements within a particular level or sector may cause conflicts or inconsistencies with the institutional arrangements of different levels or sectors. Normally, decentralisation processes create lots of inter-institutional incompatibilities (Seo and Creed, 2002). The Galician land-use acts of 1985 and 1997, and partially the land-use act of 2002, can be considered a consequence of these decentralization processes in Spain (Tubío-Sánchez et al., 2013).

4) *Isomorphism that conflicts with divergent interests*. The formation and reproduction of institutional arrangements are unlikely to satisfy the divergent interests of all participants. Seo and Creed (2002) referred to this type of the institutional contradiction as the most common. And this is also the most answer given by academic planning departments. Behind divergent interests there are externalities, which in the end represent conflicts of interests. According to Durke (2004), conflicts over property rights have little to do with efficiency goals of landowners, neither are they about who has property rights, conflicts are about who wants property rights, since "land-use conflicts involve a party in a privileged position competing with a party, who has no correlative right, over an

unallocated right in land”. (p. 242). Land-use planning is a way to gain property rights.

Although the four sources of institutional contradiction have been discussed individually, as Seo and Creed (2002) point out, this does not suggest that they are separate sources of contradictions. Rather, it is likely that they are highly interconnected. Although institutional contradiction have been analysed before by several authors (see Sewell, 1992), the dialectical perspective of Seo and Creed (2002) assumes that institutional contradictions are the driving forces of institutional change, but not that these contradictions lead deterministically to change. In this way the authors try to recast the idea of agents working on the reconstructions of social structures. This idea is formalized in the concept of praxis, that is, as Benson (1977) states, that “people under some circumstances can become active agents reconstructing their own social relations and ultimately themselves on the basis of rational analysis and an ethical commitment”. This means that, from a dialectical point of view, human agency is inseparable from institutional contradictions (Seo and Creed, 2002).

Our model to understand institutional change in land policies is represented in the following diagram. Each relationship between the boxes is numbered and the number represents the chapter in which the relationship is studied with more detail. In Chapter 2 the model of institutional, more expanded, is applied to understand the passing of the LOUGA by the Galician Parliament. In Chapter 3, the adoption of LOUGA and the Dutch Spatial Planning Act (Wro) passed in 2008 are compared in terms of diffusion (number of municipalities that adopted it), paying particular attention to the enforce mechanisms envisaged in both acts. In Chapter 4 is carried out the quantitative analysis in order to understand the main characteristics of adopters and non-adopters. The main hypothesis with regard to planning implementation in the Galician literature are mainly discussed in this chapter. In Chapter 5 we discuss, from a qualitative perspective, the sources of institutional change and stability that explain the implementation pattern. The qualitative findings in Chapter 5 are related to the qualitative findings of Chapter 4. In Chapter 6 we discuss with more detail the findings related in Chapter 4 from the perspective of rational choice institutionalism by carrying out 4 case studies. In this Chapter we pay mostly attention to the concept of externalities.

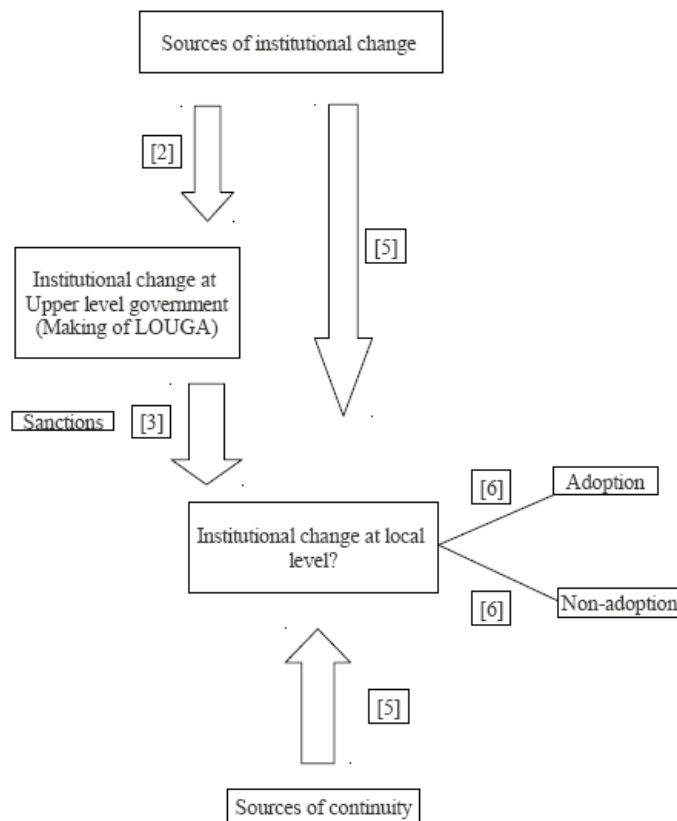


Figure 1: Conceptual framework

6. References

- ALDREY VÁZQUEZ, J.: *Procesos de urbanización en el medio rural: las periferias urbanas en Galicia*, «Coloquio de Geografía Rural-Los Espacios naturales entre el hoy y el mañana: actas del XI Coloquio de Geografía Rural.», 2002.
- Alexander, E. (2001): "Governance and transaction costs in planning systems: a conceptual framework for institutional analysis of land-use planning and development control-the case of Israel", *Environment and Planning B: Planning and Design*, 28, pp. 755-776.
- Alterman, R. (1980): "Decision-making in urban plan implementation: does the dog wag the tail, or the tail wag the dog?", *Urban Law and Policy*, 3, pp. 41-58.
- Alterman, R.; Hill, M. (1978): "Implementation of urban land use plans", *Journal of the American Planning Association*, 44(3), pp. 274-285.
- Arthur, W. (1989): "Competing technologies, increasing returns, and lock-in by historical events", *The Economic Journal*, 99(394), pp. 116-131.
- BARDHAN, P.: *The economic theory of agrarian institutions*, Oxford University Press, 1992.
- Barley, S.; Tolbert, P. (1997): "Institutionalization and structuration: Studying the links between action and institution", *Organization Studies*, 18(1), pp. 93-117.
- Benson, J. (1977): "Organizations: A dialectical view", *Administrative Science Quarterly*, 22, pp. 1-21.
- BATES, R. (1977): «*Social dilemmas and rational individual. An assessment of the new institutionalism*», in: HARRIS, J; HUNTER, J; AND LEWIS, CM (Eds), *The new institutional economics and Third World development*, pp. 27-48.
- Berke, P.; Backhurst, M.; Day, M.; Ericksen, N.; Laurian, L.; Crawford, J.; Dixon, J.

- (2006): "What makes plan implementation successful? An evaluation of local plans and implementation practices in New Zealand", *Environment and Planning B: Planning and Design*, 33, pp. 581-600.
- BROMLEY, D.: *Environment and economy: Property rights and public policy*, Blackwell, Oxford, 1991.
- BROMLEY, D.: *Sufficient reason. Volitional pragmatism and the meaning of economic institutions*, Princeton University Press, 2006.
- Buitelaar, E. (2004): "A transaction-cost analysis of the land development process", *Urban Studies*, 41 (13), pp. 2539-2553.
- BUITELAAR, E.: *The cost of land use decisions*, Blackwell, 2007.
- Buitelaar, E.; Lagendijk, A.; Jacobs, W. (2007): "A theory of institutional change: illustrated by Dutch city-provinces and Dutch land policy", *Environment and Planning A*, 39, pp. 891-908.
- Burby, R. (2003): "Making plans that matter: Citizen involvement and government action", *Journal of the American Planning Association*, 69:1, pp. 33-49.
- Burch, M.; Hogwood, P.; Bulmer, S.; Caird, C.; Gomez, R.; Scott, A. (2002): "Charting routine and radical change: a discussion paper".
- BUSQUETS, J.: «Apuntamentos sobre a teoría do Planeamento Urbanístico hoxe», en COLEXIO OFICIAL DE ARQUITECTOS DE GALICIA, *O espazo litoral*, 2008.
- Buttler, K.; Koontz, T. (2005): "Theory into practice: implementing ecosystem management objectives in the USDA forest service", *Environmental Management*, 35 (2), pp. 138-150.
- Calbick, K.; Day, J.; Gunton, T. (2003): "Land use planning implementation: A "best practices" assessment", *Environments*, 69(1), pp. 69-82.
- Campbell, J. (1998): "Institutional analysis and the role of ideas in political economy", *Theory and Society*, 27, pp. 377-409.
- Carr, D.; Selin, S.; Schuett, M. (1998): "Managing public forests: Understanding the role of collaborative planning", *Environmental Management*, 22(5), pp. 767-776.
- Chung, L. (1994): "The economics of land-use zoning: a literature review and analysis of the work of Coase", *Town Planning Review*, 65(1), pp. 77-98.
- Clemens, E.; Cook, J. (1999): "Politics and institutionalism: Explaining durability and change", *Annual Review of Sociology*, 25, pp. 441-446.
- Coase, R. (1960): "The problem of social cost", *Journal of Law and Economics*, 3, pp. 1-44.
- Commons, J. (1931): "Institutional economics", *American Economic Review*, 21, pp. 648-657.
- COMMONS, J.: *Institutional economics: its place in political economy*, Transaction Publishers, 1934.
- Crecente, R.; Alvarez, C.; Fra, U. (2002): "Economic, social and environmental impact of land consolidation in Galicia", *Land Use policy*, 19, pp. 135-147.
- CRESWELL, J.; CLARK, V.: *Designing and conducting mixed methods research*, SAGE, 2011.
- Dacin, M.; Goodstein, W.; Scott, R. (2002): "Institutional theory and institutional change: Introduction to the special research forum", *The Academy of Management Journal*, 45(1), pp. 43-56.
- Dahlman, C. (1979): "The problem of externality", *Journal of Law and Economics*, 22(1), pp. 141-162.
- Dalton, L.; Burby, R. (1994): "Commitment to development management",

- Journal of the American Planning Association*, 60, pp. 444-461.
- Dalton, L.; Conover, M.; Rudholm, G.; Tsuda, R.; Baer, W. (1989): "The limits of regulation evidence from local plan implementation in California", *Journal of the American Planning Association*, 55 (2), pp. 151-168.
- David, P. (1985): "Clio and the economics of QWERTY", *American Economic Association*, 75(2), pp. 332-337.
- Demsetz, H. (1967): "Toward a theory of property rights", *The American Economic Review*, 57(2), pp. 347-359.
- DiMaggio, P.; Powell, W. (1983): "The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields", *American Sociological Review*, 48(2), pp. 147-160.
- FISCHEL, W.: *The economics of zoning laws: A property rights approach to American land use controls*, JHU Press, 1987.
- Frame, T.; Gunton, T. (2004): "The role of collaboration in environmental management: an evaluation and resource planning in British Columbia", *Journal of Environmental Planning and Management*, 47(1), pp. 59-82.
- Friedmann, J. (1993): "Toward a non-euclidian mode of planning", *Journal of the American Planning Association*, 59 (4), pp. 482-485.
- FROHOCK, F.: *Public Policy: Scope and Logic*, Prentice-Hall, 1979.
- García Vidal, P. **Galicia. Las perversas consecuencias de un crecimiento urbano en manos del mercado. Aportaciones para un debate desde la geografía.** In *VI Coloquio de Geografía Urbana*. León, 2002.
- GARCÍA-DOCAMPO, M.; DALDA-ESCUDEIRO, J.; GONZÁLEZ-HARGUINDEY, J.: *Cidade difusa en Galicia*, 2005.
- GIDDENS, A.: *The constitution of society. Outline of the theory of structuration*, Cambridge, 1984.
- Gioia, D.A.; Poole, P.A. (1984): "Scripts in organizational behavior", *Academy of Management Review*, 9(3), pp. 449-459.
- Graham, S.; Healey, P. (1999): "Relational concepts of space and place: issues for planning theory and practice", *European Planning Studies*, 7 (5), pp. 623-646.
- Granberg, M. (2008): "Local governance "in Swedish"? Globalisation, local welfare government and beyond", *Local Government Studies*, 34(3), pp. 363-377.
- HAJER, M.: *The politics of environmental discourse: ecological modernization and the policy process*, Oxford University Press, 1995.
- Hall, P.; Taylor, R. (1996): "Political science and the three new institutionalisms", *Political Studies*, 44(5), pp. 936-957.
- Healey, P. (1996): "The communicative turn in planning theory and its implications for spatial strategy formations", *Environment and Planning B: Planning and Design*, 23 (2), pp. 217-234.
- Healey, P. (2006): "Transforming governance: Challenges of institutional adaptation and new politics of space", *European Planning Studies*, 14(3), pp. 299-320.
- HELLER, M.: *The Gridlock Economy: How Too Much Ownership Wrecks Markets, Stops Innovation, and Costs Lives*, Basic Books, 2010.
- HÉRITIER, A.: *Explaining institutional change in Europe*, Oxford University Press, 2007.
- Hirsch, P.; Lounsbury, M. (1997): "Ending the family quarrel: toward a reconciliation of "old" and "new" institutionalism", *American Behavioural Scientist*, 40, pp. 406-418.
- Hodgson, G. (2006): "What are institutions?", *Journal of Economic Issues*, XL.

- IKENBERRY, G.: *History's heavy hand: Institutions and the politics of the state.*, «The new institutionalism », 1994.
- IMMERGUT, E.: «*Historical institutionalism in political science and the problem of change*», in A. WIMMER AND R. KOSSLER, *Understanding change. Models, methodologies and metaphors*, Palgrave Macmillan, New York, 2006.
- Imrie, R.; Raco, M. (1999): "How new is the new local governance? Lesson from the United Kingdom", *Transactions of the Institute of British Geographers*, 24(1), pp. 45-63.
- Innes, J. (1996): "Planning through consensus building: A new view of the comprehensive planning ideal", *Journal of the American Planning Association*, 62 (4), pp. 460-472.
- Innes, J.; Booher, D. (1999): "Consensus building and complex adaptive systems", *Journal of the American Planning Association*, 65 (4), pp. 412-423.
- ISHIYAMA, J.; BREUNING, M.: *21st Century political science: A reference handbook*, SAGE, 2010.
- Johnson, R.; Onwuegbuzie, A.; Turner, L. (2007): "Toward a definition of mixed methods research", *Journal of Mixed Methods Research*, 1(2), pp. 112-113.
- Joseph, C.; Gunton, T.; Day, J. (2008): "Implementation of resource management plans: Identifying keys to success", *Journal of Environmental Management*, 88, pp. 594-606.
- Kingston, C.; Caballero, G. (2009): "Comparing theories of institutional change", *Journal of Institutional Economics*, 5(2), pp. 150-180.
- Klosterman, R. (1985): "Arguments for and against planning", *Town and Planning Review*, 56(1), pp. 5-20.
- Lai, L. (1997): "Property rights justifications for planning and theory of zoning", *Progress in Planning*, 48(3), pp. 161-246.
- LEIGHT, K.: *Handbook of politics: state and society in global perspective*, Springer, 2009.
- LIBECAP, G.: «*Contracting for property rights*», en TERRY L. ANDERSON AND FRED S. MCCHESENEY, *The law and economics of property rights*, 1999.
- Lord, R.G.; Kernan, M. (1987): "Scripts as determinants of purposeful behavior in organizations", *Academy of Management Review*, 12(2), pp. 265-277.
- MARCH, J.; OLSEN, J.: *Rediscovering institutions: the organizational basis of politics*, Simon and Schuster, 1989.
- Margerum, R. (2002): "Evaluating collaborative planning: Implication from an Empirical Analysis of Growth Management", *Journal of the American Planning Association*, 68 (2), pp. 179-193.
- MAZMANIAN, D.; SABATIER, P.: *Implementation and public policy*, University Press of America, 1989.
- McLaughlin, F. (2010): "John Rogers Commons: Are his insights important in teaching modern labor economics?", *Boston College Working Papers in Economics*.
- MEILÁN GIL, J.; FERNÁNDEZ CARBALLAL, A.; RAPOSO ARCEO, J.: *Comentarios a la Ley de Ordenación Urbanística y Protección del Medio Rural de Galicia*, Aranzadi, 2009.
- Meyer, J.; Rowan, B. (1977): "Institutionalized organizations: Formal structure as Myth and ceremony", *The American Journal of Sociology*, 83(2), pp. 340-363.
- Moote, M.; McClaran, M.; Chickering, D. (1997): "Theory in practice: applying participatory democracy to public land planning", *Environmental Management*, 21(6), pp. 877-889.

- Mosqueria Lourenzo, C.; de Silva Méndez, C. (2005): "Desfeita urbanística en Galiza: causas e alternativas", *Terra e Tempo*, 136, pp. 11-23.
- Mouffe, C. (1999): "Deliberative democracy or agonistic pluralism?", *Social Research*, 66, pp. 745-758.
- Musole, M. (2009): "Property rights, transactions costs and institutional change: conceptual framework and literature review", *Progress in Planning*, 71, pp. 43-85.
- NEEDHAM, B.: *Planning, law and economics: The rules we make for using land*, Routledge, 2006.
- Newman, P. (2008): "Strategic spatial planning: Collective action and moments of opportunity", *European Planning Studies*, 16 (10), pp. 1371-1383.
- North, D. (1984): "Government and the cost of exchange in history", *The Journal of Economic History*, 44 (2), pp. 255-264.
- NORTH, D.: *Institutions, institutional change and economic performance*, Cambridge University Press, 1990.
- NORTH, D.: «Five propositions about institutional change», en JACK KINIGHT AND ITAI SENED, *Explaining Social Institutions*, University of Michigan Press, 1998, 1998.
- OLIVEIRA, M, ANLLO, C; LOIS,M.; NOGUEIRA, C.: Xunta de Galicia, 2009.
- Olsen, J. (2009): "Change and continuity: an institutional approach to institutions of democratic government", *European Political Science Review*, 1(1), pp. 3-32.
- Ónega-López, F.; Puppim-Oliveira,J.; Crecente-Maseda, R. (2010): "Planning Innovations in Land Management and Governance in Fragmented Rural Areas: Two Examples from Galicia (Spain)", *European Planning Studies*, 18(5), pp. 755-773.
- Ostrom, E. (1998): "A behavioral approach to the relational choice theory of collective action", *The American Political Science Review*, 92 (1), pp. 1-22.
- Perrin, C. (2013): "Regulation of Farmland Conversion on the Urban Fringe: From Land-Use Planning to Food Strategies. Insight into Two Case Studies in Provence and Tuscany", *International Planning Studies*, 18(1), pp. 21-36.
- PETERS, B.: *Institutional theory in political science: the "new institutionalism"*, Continuum International Publishing Group, 2005.
- PIGOU, A.: *The Economics of Welfare*, Pigou, AC, 2006
- Pinel, S. (2009): "Collaborating to compete - The governance implications of stakeholders agendas at Mount Pulag National Park, the Philippines", *Planning Theory & Practice*, 10 (1), pp. 105-129.
- Pino Vicente, D.; Barros Rivas,X.; Sánchez Goyanes,E.; Pérez Rúa, M. (2010): "Apuntamentos sobre a problemática da ordenación do territorio en Galicia", *Instituto Galego de Estudos Europeos e Autonómicos*, 2, pp. 1-23.
- Pinson, G. (2002): "Political government and governance: strategic planning and the reshaping of political capacity in Turin", *International Journal of Urban and Regional Research*, 26(3), pp. 477-493.
- Pløger, J. (2001): "Public participation and the art of governance", *Environment and Planning B: Planning and Design*, 28, pp. 219-241.
- Pogodzinski, M.; Sass, T. (1990): "The economic theory of zoning: A critical review", *Land Economics*, 66(3), pp. 294-314.
- PRESSMAN, J.; WILDAVSKY, A.: *Implementation: How great expectations in Washington are dashed in Oakland*, University of California Press, 1973.
- Puppim de Oliveira, J. (2006): "Desafios do planejamento em políticas públicas: Diferentes visões e práticas", *Revista de Administração Pública*, 40 (2), pp. 273-

Redmond, W. (2005): "A framework for the analysis of stability and change in formal institutions", *Journal of Economic Issues*, 39(3), pp. 665-681.

RODRÍGUEZ-GONZÁLEZ, R.: «Usos del suelo, ¿ordenación, sostenibilidad o fiscalidad?», en COLEXIO OFICIAL DE ARQUITECTOS DE GALICIA, *O espazo litoral*, 2008.

Saetren, H. (2005): "Facts and myths about research on public policy implementation: out-of-fashion, allegedly dead, but still very much alive and relevant", *The Policy Studies Journal*, 33(4), pp. 559-582.

Schmidt, V. (2008): "Discursive institutionalism: the explanatory power of ideas and discourse", *Annual Review of Political Science*, 11, pp. 303-326.

SCOTT, W.R.: *Institutions and Organizations*, 2nd Edition, Thousand Oaks, Sage Publications, Inc, 2001.

Seo, M.; Creed, W. (2002): "Institutional contradictions, praxis, and institutional change: A dialectical perspective", *Academy of Management Review*, 27(2), pp. 222-247.

Sewell, W. (1992): "A theory of structure: Duality, agency, and transformation", *American Journal of Sociology*, 98(1), pp. 1-29.

Sorensen, A. (2011): "Uneven processes of institutional change: path dependence, scale and the contested regulation of urban development in Japan", *International Journal of Urban and Regional Research*, 35(4), pp. 712-734.

TAYLOR, N.: *Urban planning theory since 1945*, SAGE, 1998.

Teisman, G.; Klijn, E. (2002): "Partnership arrangement: governmental rhetoric or governance scheme?", *Public Administration Review*, 62(2), pp. 197-205.

Thelen, K. (1999): "Historical institutionalism in comparative politics", *Annual Review of Political Science*, 2, pp. 369-404.

THELEN, K.: *How institutions evolve: the political economy of skills in Germany, Britain, the United States, and Japan*, Cambridge University Press, 2004.

Torres Luna, MP, Lois González, RC (1995): "Las periferias urbanas de Galicia", *Anales de geografía de la Universidad Complutense*, 15, pp. 435-444.

Tubío-Sánchez, J.M.; Crecente-Maseda, R.; Buitelaar, E. (2012): "The relationship between the institutional environment and institutional change. The case of the land-use acts of Galicia (North-West of Spain) and the Netherlands", *6th Annual Conference of the International Academic Association on Planning, Law and Property Rights*, Belfast, Ireland.

Tubío-Sánchez, J.; Ónega-López, F.; Timmermans, W.; Crecente-Maseda, R. (2013): "Institutional change in land Planning: Two cases from Galicia", *European Planning Studies*, 21(8), pp. 1276-1296.

van der Krabben, E. (2009): "Retail development in the Netherlands: Evaluating the effects of radical changes in planning policy", *European Planning Studies*, 17(7), pp. 1029-1048.

VEBLEN, T.: *The place of science in modern civilisation*, Huebsch, New York, 1919.

WEBER, M.: *Economy and society*, University of California Press, 1978.

Webster, C. (1998): "Public choice, Pigouvian and Coasian planning theory", *Urban Studies*, 35(1), pp. 53-75.

WITTGENSTEIN, L.: *Philosophical investigations*, Blackwell Publishing, 1953.

YIN, R.: *Case study research: design and methods*, SAGE, 4th Edition, 2009.

Zucker, L. (1977): "The role of institutionalization in cultural persistence", *American Sociological Review*, 42(5), pp. 726-743.

Chapter 2: Institutional change in land planning: two cases from Galicia

Abstract

Why do societies implement land policies? A number of arguments have been put forward in the literature, ranging from economic conceptions based on market failure and the problem of negative externalities, to a more social conception based on welfare distribution and collaborative planning. However, neither all societies with similar market failures or negative externalities develop and implement land planning nor implemented land planning always results from collaborative planning. The arguments found in the literature seem not to fit the reality and, in most cases, cannot explain why societies create or undertake innovations in land planning. Within the framework of institutional change theory and based on the analysis of the emergence of two land planning devices –a land use law and a land banking law– in Galicia, Northwest Spain, this paper argues that land planning is developed to tackle negative outcomes of former institutional setups. However, the negativity of such outcomes is not measured in terms of economic performance, but in terms of social acceptance. The search for a workable definition of property within Galician society seems to be the main driver of institutional change in land use planning analysed in this paper.

Key words: Land planning, institutional change, land property

1. Introduction

This paper analyses the reasons behind the adoption of land planning, which is the first step of the implementation process. A few authors in the planning realm have dealt with the problem of planning implementation. However, they have focused mainly on how plans can be implemented, giving great attention to the processes of collaborative planning and stakeholder involvement (Butler and Koontz, 2005; Burby, 2003; Moote, McClaran and Chickering, 1997; Joseph, Gunton and Day, 2008; Innes, 1996; Innes and Booher, 2004; Frame and Gunton, 2004; Carr, Selin and Schuett, 1998). Accordingly, the adoption and implementation of land planning would be closely related to a well-established institutional matrix, and the implementation of land planning would be reduced to the formulation of new discourses that can reshape the institutional matrix to “get things done” (Healey, 1996). But this approach leaves several things unclear. Why do new discourses appear? Why do some of them fail while others succeed? Some authors like Schmidt (2008) have addressed these questions but the answers remain still unclear and vague. On the other hand, implementation approaches based on the deliberative nature of collaborative planning are very normative (Newman, 2008; van der Krabben, 2009a). Some authors have reported that governments can recognize the need for cooperation, but policy implementation is made top-down (Teisman and Klijn, 2002; Pløger, 2001; Imrie and Raco, 1999) because implementation requires an enforcement power to eliminate unpredictable reasons, which are frequent in stakeholder involvement and collaborative planning processes (Pløger, 2001).

Economic approaches do not pay so much attention to the planning process. Rather, they focus on the reasons why societies develop land planning. For instance, it has been argued that land use tools such as zoning reduce the level of negative externalities (Pogodzinski and Sass, 1990; van der Krabben, 2009b).

But even in this case, the reasons given are not explanatory. Negative externalities are present everywhere and not every society reacts to them through land use planning.

Getting closer to the right question

It is widely recognized that the implementation of land planning is closely related to the political will. But will (attitudes, motivation and beliefs, i.e., institutions) is less amenable to policy intervention (McLaughlin, 1987). The will to implement new policies that change old practices depends heavily on institutional setups and on the ability or capacity of societies to create new institutional frameworks. Every institutional setup is a socially constructed template for action, generated and maintained through ongoing interactions (Meyer and Rowan, 1977). From this perspective, actors create institutions through a history of negotiations that lead to “shared typifications” or generalized expectations and interpretations of behaviour (Barley and Tolbert, 1997). Therefore, the question that answers why societies adopt and enforce land planning should lead to the question of why societies create and develop certain values and beliefs on land or property, and why societies are able to agree on certain common land-related issues. As suggested above, and argued later in this paper, the way in which societies achieve “shared typifications” is far from any form of collaborative consensus-building or any economic approach based on efficiency arguments.

In this paper, we review the main theories of institutional change and develop a model of institutional change. To test the validity of the model, we propose the adoption of two land laws as case studies. Eventually, the implementation of such land planning devices is an institutional change, insofar as it tries to change the main working rules of a society in relation to land use. The will of a regional government to implement a new land planning act involves the will to change institutions. Therefore, the reasons for the adoption of land use acts are related to a number of factors that allow for institutional change. Through these two examples we offer an explanation of the main sources of institutional change related to land planning. In the next section, the main theories of institutional change are briefly explained.

2. Theories of institutional change

Since the late 1990s, planning has experienced what has been referred to as “institutional turn” (Healey, 1998a; Jessop, 2001; Nielsen, 2007; Healey, 2007), following the communicative approach developed by authors such as Healey (1996) or Innes (1996). Thus, planning has begun to be understood as a set of practices embedded in an institutional field. The focus of the research has gradually moved from the communication and consensus-building approach towards the main institutions involved in the planning process. For instance, it can be argued that land planning can be considered an institutional arrangement in itself (Buitelaar, 2007; Bromley, 2006). Although a number of authors interested in land planning implementation have investigated the reasons why societies choose institutional arrangements such as land planning, none of them has explained whether the reason behind this election was the real cause of land planning implementation. The literature on implementation does not offer a conclusive answer to this question because it focuses on the implementation of public policies, which has normally been regarded from a normative point of

view.

There is a set of theories of institutional change that can be summarized into two main approaches: institutional change by evolution and institutional change by design. Such a division could be considered partially misleading because of the ambiguity of some authors in explaining their approach. Yet, all of them strive for the development of a theory of institutional change by positioning themselves around three basic concepts: efficiency, the role of formal and informal institutions, and the role of government, which is closely related to the role of institutions. Some authors have criticised this dichotomy by arguing that institutional change theories based on evolutionary approaches cannot explain why inefficient institutions persist over time. To solve this dilemma all explanations end up relying on the historical institutionalist concept of “path dependence” (Buitelaar, Lagendijk and Jacobs, 2007). However, we do not believe that this is a factor explaining reluctance to change. As March and Olsen (1989) have pointed out, new institutions are adopted in terms of social appropriateness. In this way, history does not restrain the options available to change institutions, but makes these institutions workable from the social point of view, whether they are inefficient or not. On the other hand, institutional change by design has been criticised because of its strong emphasis on design, which makes it difficult to explain why particular institutions are chosen, whereas others are not (Buitelaar, Lagendijk and Jacobs, 2007). In our opinion, such a criticism does not contribute to solving the dichotomy between design and evolution, as it relies on the assumptions that institutional change approaches based on design try to deny, namely the assumption that a theory of human choice cannot be developed, as strongly supported by institutional rational choice paradigms. With this sort of criticisms, the dichotomy between design and evolution becomes even sharper. In addition, institutional change theory does not explain why some institutional arrangements are preferred over other arrangements; rather, it focuses on the reasons of institutional change and how change is formalized.

Under these assumptions, we believe that institutional change theories based on design have more explanatory power than theories based on evolution. In the following section, we present the main characteristics of each approach. In addition, we define a model of institutional change in five steps based on Bromley's model (2006), which is similar to the model described by Buitelaar, Lagendijk and Jacobs (2007). Yet, we did not choose Buitelaar's model for two reasons. First, it uses the concept of “critical junctures”, which has been criticised by several authors insofar as it is not clear what causes the switch from stability to instability (Immergut, 2006; Hall and Taylor, 1996; Thelen, 1999). Second, Buitelaar's model does not focus on agency, at least not as deeply as Bromley's model, which includes the types of agents' roles in institutional changes. Thus, we develop the reasons and pressures that can lead to institutional change and the main agents involved in the process in more detail. To include these aspects in our model, we have used the concept of “multilevel processes” of Seo and Creed (2002).

2.1. Institutional change by evolution

The theory that is most deeply rooted in economic thinking is the theory of institutional change by evolution. This theory could have had its origins in the interpretation of Darwin's theories applied to economics, which consider the

search for efficiency as the main source of institutional change. For example, Hayek (1967) stated that “the transmission of rules of conduct takes place from individual to individual, while what may be called the natural selection of rules will operate on the basis of the greater or lesser efficiency of the resulting order of the group”. These ideas have spread through economic and sociological studies. In organizational theory, which has quite influenced the understanding of governance processes, it has often been stated that less efficient modes of organizing are at a comparative disadvantage and will not be selected in the long run (Jones, Hesterly and Borgatti, 1997). For example, North (1998) has pointed out that one cause of institutional change is competition, which forces organizations to continually invest in skills and knowledge to survive, but he recognised that stable institutions do not necessarily rely upon efficiency (North, 1990). In this way, institutional improvement takes place where payoffs are maximized. Moreover, institutional change is path-dependent, which means that it will be consistent with the previous institutional matrix. This paradigm of institutional change has been particularly influential in explaining the adoption of land use planning, insofar as it argues that changes in land planning instruments are caused by market competition toward a more efficient and more productive system (Zhu, 2004; Webster and Lai, 2003). In this paradigm, the search for efficiency is considered the main reason why societies develop and implement land use planning. Because land use planning is created to manage externalities (externalities are the *raison d'être* of land use planning tools such as zoning (Pogodzinski and Sass, 1990; Chung, 1994)), Lubell, Feiock and de la Cruz (2009) have predicted that land planning will become more restrictive as land becomes scarce, population increases and infrastructure becomes strained. Likewise, Lai (2005) has argued that the institutions that fail to reduce costs in the long run will be replaced by more efficient alternatives.

The most widespread theory behind this paradigm of institutional change is the Transaction Costs Theory (TCT), which assumes that the most efficient institutional forms (those which minimize transaction costs) will emerge, that is, that institutions will develop so as to achieve an optimal match with a particular transaction (Kingston and Caballero, 2009). In this way, TCT would match the transactions involved and their specific attributes, to determine which offers the lowest transaction cost for all participating actors (Alexander, 2001). Although some authors have argued that TCT or rational choice approaches do not explain institutional change, since they only aim to explain why institutions survive (Kingston and Caballero, 2009; Hall and Taylor, 1996), planning literature, and particularly literature related to zoning has found it very useful to explain why societies do choose to adopt the institution of government regulation of land uses (Lai, 1997; Chung, 1994). For instance, local governments choose institutions such as zoning to solve externality problems by clearly assigning property rights or expecting to allocate property rights over land use in a way that best facilitates movement to the efficient allocation (Webster, 1998). Likewise, Fischel (1978) has stated that land use planning tools such as zoning are implemented because, when population increases, the greater density leads to a rise in costs in the delivery of local services. Then, municipalities become aware of such a rise and use zoning as a development limitation. In both cases it is clear that the search for efficiency is the main cause of institutional change in land use planning tools. In addition, evolutionary theories tend to neglect the role of collective action and of the political processes (Kingston and Caballero, 2009). North (1990) has

emphasised that the predominant form of institutional change is gradual and occurs through continuous marginal adjustment, as an accumulation of many small changes at the level of informal constraints rather than as large changes designed by authoritative agents at the level of more formal institutions.

2.2. *Institutional change by design*

However, the approach explained above has been widely criticized. In their seminal paper, DiMaggio and Powell (1983) pointed out that institutional change in organizations seemed less and less driven by competition or search for efficiency. Accordingly, the rising interest in institutions reflects a growing disenchantment with theories that portray efficiency as the driving force behind decision making or that consider variations in formal structure as rational adaptations to technical and environmental conditions (Barley and Tolbert, 1997). The same was stated by Meyer and Rowan (1977), who pointed out that organizational success depends on factors other than efficient coordination and control, to the extent that they are more related to legitimacy issues. In addition, these authors affirm that uncertainties or adaptation to environmental change cannot be resolved on the basis of efficiency.

In this paradigm of institutional change, previous ongoing, multi-level processes produce a complex array of interrelated but often mutually incompatible institutional arrangements that provide a continuous source of tension and conflicts within and across existing institutions (Seo and Creed, 2002). Therefore, institutional change requires, first, that a critical number of actors make a collective, conscious choice before they can make a multilateral departure from established patterns of social reproduction and, second, that a bigger contextual change (e.g. technological or economic shock) occurs before actors can make such a collective choice (Barley and Tolbert, 1997). Similar arguments had already been pointed out by March and Olsen (1989), who argued that many institutional arrangements are not implemented because they have to wait for new occasions on which they might be represented as answers to problems unresolved by current practice.

The model of institutional change depicted by Bromley (2006) is quite similar, but focused on how the change is made effective rather than on the reasons that might have caused the change. First, institutional change requires unsettling circumstances that are usually the products or results of individual behaviours that are themselves the inevitable entailments of the existing institutional arrangements. This means that the prevailing institutions are the plausible cause of emergent problems. Second, the authoritative agents (the legislature and the courts) produce, with a purpose in mind, the institutional structure that can solve the problem. To this end, there is usually an assessment of the existing circumstances, in which warranted beliefs are created. This process requires the concurrence of an epistemic community that is able to make the correct cause-problem relations or, more importantly, that provides a relation that is broadly accepted. Third, new created imaginings about the future are formulated. Finally, new institutional arrangements that lead to the desired imaginings in the future are created and articulated. Collective action is undertaken in parliaments and the courts; this means that collective action takes place when the new institutional arrangements are passed. Over time, all of us get used to new institutional infrastructure structures in our daily lives. In addition,

Bromley's approach points out that the outcomes of available actions (that is, the new actions built up in the new institutions) are only imaginable, and that in the process of imagining them, the outcomes of the action are created. Bromley (2006) states: "Outcomes of available actions are only imaginable, and in the process of imagining them we do not ascertain those outcomes –rather we create those outcomes".

Unlike institutional change theories based on evolutionary ideas, outcomes of policy action are not calculated or estimated. Policy action tries to imagine and create an output that can be socially accepted, i.e., workable. The model depicted by Bromley tries to explain the origins of public policy by arguing that public policy is about institutional change and that public policy is a response to certain outcomes that societies evaluate as not reasonable. In keeping with this statement, Taylor (1998) has suggested that policy is in reality a response to action rather than the trigger that initiates action by being "put into effect". Policy, Taylor argues, is usually devised in response to some problems, and the problems that policies try to solve result from previous human actions guided by specific institutions, such as norms, values or beliefs.

Planning systems are a set of institutions that try to manage other sets of institutions, specially the property rights (Galey and Booth, 2007). Accordingly, planning systems are a response to developed systems of property, to the extent that they try to adapt property institutions to the collective goal of the society. In this case, the main source of institutional change is the failure of planning systems to generate institutions able to adapt to new ways of thinking, new values, or new societal norms. As suggested by Seo and Creed (2002), institutionalization is an adaptive process. Institutions are likely to be both psychologically and economically locked in and isolated or unresponsive to changes in their external environments. Such unresponsiveness creates a space where contradictions between those institutions and their external environments develop and accumulate over time.

Based on the ideas of Seo and Creed (2002) and Bromley (2006), we propose a model to explain institutional change in five steps that can be used to describe institutional change in land planning. This model describes the required elements at the level of institutional design, and emphasizes the importance of multi-level processes and big contextual changes that can promote institutional changes. The steps of our model are the following:

- 1.- Multi-level processes that influence the existing institutional matrix. From the dialectical perspective of Seo and Creed (2002), a set of institutions can be understood as "the multilevel social arrangements that are continually produced and reproduced by social interactions". The social reproduction of this set of institutions can produce an array of interrelated but often incompatible institutional arrangements. In this article we analyse the multilevel processes of institutions related to property.
- 2.- Big contextual change (an economic or technological shock).
- 3.- Actors. Two kinds of actors are identified. First, actors who belong to the epistemic community and, in Bromley's (2006) words, link the consequences with the causes of the institutional setup, i.e., actors who create warranted belief. Second, actors who believe the reasons given by the epistemic community and decide to act.
- 4.- Design of new institutions that can provide imagined futures.
- 5.- "Solidification" of new institutional arrangements when the laws are passed.

In explaining institutional change it is important to explain the role of agents. However, the agency aspect of institutional change is often lacking in institutional theory (Kjær, 2004; Seo and Creed, 2002) because institutional theory has traditionally focused on how individuals are influenced, constrained or affected by institutions. Despite that, authors like Seo and Creed (2002) explain that the agents that promote changes are usually organizations or individuals with not too much power, and with not too many institutional ties, because they pay lower costs for changing the existing order and are less likely to be sanctioned by more central and powerful players. If we think about institutional change in terms of organizational theory, taking into account that individuals are embedded in organizations, most new practices, norms, values and behaviours are introduced by less central organizations. Higher status organizations usually mobilize resources to maintain the status quo, rather than to promote changes (Battilana, 2006), whereas the peripheral agents find their moment of opportunity to induce changes when a disruption of the existing social order occurs (Seo and Creed, 2002). In such periods, the institutional setup is weakened by events that society does not understand very well. In other words, the agency matters much more than the structure (Streek and Thelen, 2009). Finding an explanation and linking causes with consequences is the main role of those agents who try to push a change forward, a process that Bromley (2006) would define as “warranted belief” formation.

In the next two cases, we will examine how the implementation of land planning acts in Galicia deals heavily with institutional contradictions related to the definition and scope of property. First, we will highlight the main multilevel processes that are on the basis of the making of these two land use planning instruments. Then, we will show how new ideas on property introduced in Galicia at the beginning of the 20th century, in combination with fertilizers and improved agricultural techniques, caused profound changes that eventually undermined the functionality of the new institutional structure. The empirical research has been conducted through several means. First, eight in-depth interviews with stakeholders were held for each case study. Second, a range of relevant documents related to law making was reviewed. Typically, the stakeholders serving on our case-study partnerships were senior representatives of their organisations at chief executive, second-tier or elected-member level who were involved in the law-making process. To better understand how the society perceived and dealt with the main issues presented in the case studies, great attention has been paid to how the facts were presented in one of the most widely read newspapers of the region.

3. Land property and the instruments to manage property in Galicia. The main multi-level processes

3.1. Introduction: the region of Galicia

The case studies presented in this paper show how land planning laws were created to deal with negative outcomes of a previous institutional setup. As discussed later in this paper, the regional government (the authoritative agent in this case) considered land fragmentation as the main reason for such negative outcomes. Therefore, land planning in Galicia can be understood as a reaction to the fragmentation of property. Land fragmentation complicates the elaboration

and implementation of land use plans and is closely linked to urban sprawl. Besides, fragmentation of property is one of the main reasons behind agricultural land abandonment. The following section gives a picture of the current property and land planning.

Galicia is a region of Northwest Spain with a population of about 2.8 million, which accounts for 6.5% of the Spanish population. Galicia has a population density of 93 people per square kilometre. The distribution of the population across the region is highly irregular: more than one third of the Galician area has a population density per parish lower than 20 people per square kilometre, and 64% of the population is concentrated in 10% of the territory (on the coast), whereas 36% of the population is scattered over the rest of the territory (90%). In addition, Galicia has a huge number of settlements in proportion to its population: 50% of the Spanish settlements¹⁰ are in Galicia, but Galicia, with a surface area of 29.575 km², represents only 6% of the total Spanish area. Land uses in Galicia are distributed as follows: 25% agricultural lands, 32% forested lands and 33% scrublands, most of which result from the abandonment of agriculture. From the perspective of property, individual private property is highly fragmented, but accounts for 80% of the Galician area, with 1.6 million landowners of rural land, averaging 1.7 ha/owner and 1.22 ha/plot. The rest of the area (20%) is private common land. Private common land usually corresponds to big parcels managed by local communities. In Galicia, there are a total of 2300 private common land areas.

3.2. Evolution of property structures and multi-level processes

In the early 20th century, between 2/3 and 3/4 of the region was dedicated to common lands (de Juana and Prada Rodríguez, 2005). At that time, only 25% of the land was arable land managed on an individual basis. Land was not owned freehold by farmers, because the property system in force was the “foral regime”. The foral regime was a mode of land tenure that survived in Galicia since the middle ages until the 1926 decree of foral redemption came into force less than 90 years ago. In that land tenure mode, also known as “Law of Emphyteusis” farmers owned the right to enjoy the property on condition that they took care of the estate (direct dominium) and paid a rent to the person who had the “useful dominium”.

Local communities managed the land without the presence of a real government. Common lands were used collectively for grazing and for other complementary but essential uses. At that time, individual private lands were already highly fragmented (Villares Paz, 1982), but land fragmentation was not an obstacle to management because there were institutions responsible for the organization of agrarian areas. For instance, arable lands (called *agras*) were subjected to a rigorous pattern of cultivation (kind of crop, dates of seeding and harvesting, allowed path routes...) established by the community (Cabana Iglesia, 2008).

Yet, this system, which was stable for centuries, began to change in the late 19th century for a number of reasons, among which the need to improve yields,

¹⁰ According to the Spanish Institute of Statistics: “A human settlement is any habitable area of the municipality, where there are inhabited housing units, and these areas are clearly differentiated and known by a specific name that identifies it without confusion”.
<http://www.ine.es/nomen2/Metodologia.do>

associated with rapid population growth and technological improvements in agriculture. At the time, it was thought that individualized property could enhance yield. But the crisis of communal property was intensified by the confiscation processes initiated by the State in 1895 (Balboa López, 1990). During the first decades of the 20th century, many common lands were split and individualized among the members of the community as a strategy to avoid confiscations. In addition, during the Spanish dictatorship, the forestry policy was aimed at turning Galicia into the largest regional producer of timber in Spain. Compulsory, top-down driven afforestation projects had their heyday in the period 1952-1961 (Corbelle-Rico et al., 2010), and focused mainly on common lands because they had the best structure (large parcels). Local communities reacted to these measures by accelerating the partition of common lands.

The individualization of property was also heavily influenced by the ideas of the “Liberal Revolution”, where “liberty” and “property” were key words of progress for many intellectuals. In fact, common lands were completely undefined from the legal and formal point of view, which led to huge insecurities in local communities and, eventually, to individualization processes. The only category with a legal definition was individualized private property.

As a result, almost 80% of the land in rural areas of Galicia is now privately owned by individual owners and fragmentation is extreme. Indeed, there are more than 1.6 million owners (out of a total population of less than 3 million) with less than 1.7 ha in average. Besides, the previous institutional setup, which could mitigate extreme fragmentation through the presence of common lands and manage fragmentation based on community rules, was not workable any more because the government was not prepared or was not able to take the task of managing the land.

To understand the reformulation of the concept of property in Galicia, we must consider other processes observed at other levels of society, such as emigration (over 2 million people emigrated from Galicia between 1810 and 1970) or the European agricultural policies implemented from the adhesion of Spain to the EU in 1986, which contributed to the abandonment of the agricultural activity.

As a conclusion, the late access to complete land ownership, the relatively recent changes in property conceptions that took place at the beginning of the 20th century, and the complex dynamics that guided land use patterns in the last decades are key elements that affect every attempt to legislate land use policies in Galicia.

This short overview of the history of property and land use in Galicia reveals how the institutional arrangements that allowed for land management for centuries disappeared and were not replaced by government management. The disappearance of this institutional infrastructure cannot be properly understood without explaining the coming of new ideas about property. In the two case studies presented below, we explain the disappearance of former institutional infrastructure and its consequences: land abandonment and uncontrolled urbanization processes. Although they seem different, they are rather complementary insofar as both are symptoms of land-ownership fragmentation.

3.3. Land planning

3.3.1. Land use laws

The case studies presented in the next section are interesting for several reasons. The Galician region¹¹ has not a long tradition in local land use planning. However, several policies have been developed and new institutions created in a short period (only 30 years). For this reason, the case studies presented here will contribute to our knowledge of the decisive factors that play a role in the adoption of land planning.

The evolution of land use planning and its legislation over time is explained below. In the last 25 years, three land use laws (1985, 1997, and 2002) aimed at putting a stop to the lack of territorial organization in the 315 municipalities of the region have been enacted in Galicia. The reflections on property and on excessive fragmentation were on the basis of every land use law. For instance, the 1985 land use law pointed out that “land property in Galicia is highly divided, which together with the attachment of Galicians to the land, involves many shortcomings when implementing land use plans” (BOE October 26, 1985). After the 1985 land use law, decrees and other land use laws followed one another. Decree 450 of 1990, which derogated Decree 242 of 1989, outlined the following reasons: “Institutional and social rejection of these rules, and the generalized non-fulfilment of the decree, in addition to a set of critical findings in relation to the proposed planning criteria and some aspects of its content, raised questions about the legality of their decisions”. The rejection of those rules was closely related to the gap between the society's perception of property, in which fragmentation belonged to the “mental models” of people, and the legal implications of the new land use regulations in terms of unifying land uses and reassigning property rights.

But it was not until the 2002 land use law that fragmentation was really tackled. The competencies envisaged in the 2002 law went beyond banning land uses that did not conform to land use regulations. For the first time, the law established that it would be allowed to intervene the splitting of rural land. More exactly, article 206 of the 2002 law stated that “in rural land uses splitting or segregation shall not be undertaken or authorized, except when splitting or segregation arises from the implementation of infrastructure, land use plans or rationalization of agricultural farms”.

3.3.2. Structural measures

Until the creation of the land bank, the main land planning tool developed in Galicia to tackle land fragmentation in rural areas was land consolidation. Although land consolidation has sometimes been effective in retaining farmland in agricultural use (Crecente, Alvarez and Fra, 2002), the general outcome has not been successful because such policies were not able to clearly improve the ratio of

¹¹ In Spain, Galicia is considered a region with its own culture and traditions, which are more related to the traditions of Northern Portugal than to those of the rest of Spain. During the Spanish dictatorship, these differences with the Spanish culture, like the own language, were persecuted and abolished. The Galician Statute of Autonomy of 1981, approved after the end of Franco's regime, recognised Galicia's own culture and, consequently, specific powers and competencies such as the organization of the self-government institutions and the development of policies for housing, territorial and urban management. The law of 1985 was passed in this context.

agricultural area per farm, which hindered their economic viability. Although the average size of agricultural plots has been growing for the last decades, the total area of farms has remained reduced because of low land mobility. This means that the land managed by the farms that ceased their activity in the last decades is often neither sold nor rented, such that other farmers cannot use the land, even though its owners or their heirs no longer live in rural areas. Absent owners have three main reasons for not selling or renting the land: 1) afforestation with pine and eucalyptus as a land use option has had a strong push in the last few decades. The generated income is sometimes more secure and profitable for landowners than renting. 2) Owners are reluctant to rent their land because they fear to lose rights over their property or because they do not trust the plots will be returned in good conditions. In some cases, owners simply let their land fall. 3) Often, owners prefer to keep the property as an asset for the future or use the property as a second residence to keep family or cultural bonds with the community (which sometimes does not happen). A new sprawl of second residences has taken place without control in some areas (e.g., new houses were built instead of restoring the old ones). Although some plots were unified through marriage, among other methods, it was not enough to reduce land fragmentation, insofar as the informal institution of dividing the land in equal parts among all heirs was predominant in Galicia (Ónega-López, Puppim-Oliveira and Crecente-Maseda, 2010).

Previous governments tried to implement land-banking initiatives to overcome that situation, based on the same justifications and with the same objectives, i.e., to restructure the agriculture and forestry sector in order to increase farm competitiveness and retain the productive conditions of agricultural land. Indeed, former executives guided by different ideological profiles attempted to develop new land mobility policies through the creation of land banking mechanisms in different periods before 2005. The first attempt was made in the early 1980s, with the first regional democratic government after Franco's regime, led by the Spanish Socialist Workers Party, a social-democratic alternative. The latest attempt before the current land banking legislation was in 2004. In 2004, the government led by the conservative Popular Party proposed a new law for the improvement of land mobility in Galicia that eventually was not approved by the Parliament. The proposal envisaged a number of mechanisms that included some new and quite interventionist approaches to property rights, such as the introduction of new possibilities for expropriation in certain cases of land misuse, which provoked the opposition of the most conservative wing of the government party. Besides, the three main political parties in Galicia included this kind of proposals in their political programs for the 2005 regional elections, as in previous political campaigns.

4. Case studies

4.1. The case of the 2002 land use law

To better understand the case study of the land use law, the process of urbanization in Galicia during the last decades must be explained. An analysis of urban and peri-urban areas in Galicia reveals a delay in the process of urbanization. Particularly, until the 1960s Galicia was predominantly rural, and the urban Galicia began to emerge from that moment. Urban growth processes can

be observed only after 1970. Such processes were related to urban sprawl and were mostly located on coastal areas and in municipalities near the big cities (Torres Luna and Lois González, 1995). Although Galicia has always had a settlement typology that could be considered as dispersed, dispersion was in equilibrium with the landscape. However, between the 1960s and the 1980s, Galicia experienced a marked transfer of population from rural to urban areas. In the 1980s and 1990s, a process of counter-urbanization began due to the improvement of the standard of living, which led to the emergence of settlements in peri-urban areas (Aldrey Vázquez, 2002). This was the major socio-economic and socio-cultural change in the history of Galicia (Pino Vicente et al., 2010). This territorial change led some authors to refer to Galicia as a diffused city (García Docampo, Dalda Escudero and González Harguindey, 2005) or as a “rururban weft”, with characteristics both of urban and rural landscape (Oliveira et al., 2009). Therefore, in Galicia it is difficult to separate urban from rural.

The explanation above sheds some light on the goals of land use laws. Before the enactment of the 2002 land use law, the law in force was passed in 1997. From the legal point of view there were two reasons why this land use law had to be replaced by a new one. First, the 1997 land use law was in conflict with the state law of the central government and, second, the law did not facilitate development for urban land uses.

However, the changes required to accomplish these objectives were certainly not as deep as the changes undertaken in the 2002 land use law. The law of 1997 focused mainly on urban areas, and rural areas were treated from a stark urban point of view. The law of 2002 had a completely different approach. The title of the act, Town Planning and Protection of Rural Areas Act, explains its scope very well. As stated at the beginning of the legal text, this land use law drew a real territorial policy for rural areas. The new law criticised that rural areas were regulated in the previous law by only a few precepts. But the new land use law went further in the regulation of rural land uses. For the first time, the law stated the prohibition of splitting parcels. Some authors have even argued that the land use law might have affected the property law, insofar as it affected not just rights of use, but also the transfer of a property and the rights related to it (Hernández López, 2002).

How can the change of goals in a land use policy be explained? When did this change take place and which were the critical factors for enhancing and benefiting from that emerging critical moment? How can we explain that for the first time a land use law goes beyond regulating only land uses, affecting also the property law? Several elements occurred to cause changes able to break dependency-paths embodied in old institutional infrastructures.

On May 19, 2001, the main regional newspaper placed the following headline on its front page: “The agony of the Galician landscape» (La Voz de Galicia, 2001-5-19). Three related news on the same issue were peppered with statements of a group of three people that claimed that a “territorial pact” was required and that the first step was to make society aware of the problem. For the first time, the concept “ugliness” (*feísmo*) was used to explain the lack of territorial organization in the Galician landscape. This term was created by the chief editor of the regional newspaper and used for the first time in an opinion article (La Voz, 2001-04-14). With that word, the newspaper intended to give shape to the points of view that a group of people had been publishing in the newspaper for several years. Two key elements were at the basis of all the

statements of that group of people, and shaped the main goals of the new land use law. The first one was how the “popular architecture” experienced a break in the traditional architecture because of several waves of emigration from Galicia to other parts of the world. People returning from emigration brought with them architectural styles that were not integrated in the popular architecture. The second one was that the countryside was at risk because of the disordered proliferation of villages and single settlements. These elements were particularly important because they shaped the main philosophical principles of the new land use law.

García Vidal (2002) explained how the regional newspaper congressed that group of people, composed of three architects and a geographer, who were publishing their opinions about spatial planning in Galicia to launch a social mobilization campaign. This campaign had an important impact on several social sectors. Society perceived the seriousness of the situation and the regional government was pressured to undertake measures. The Regional Government, represented by the Minister of Public Works and Urbanism, said that the government would try to bring order to chaos and laid the foundations of the new land use law for Galicia. In fact, the government decided to create the “Panel on Spatial Planning in Galicia” (*Mesa polo Urbanismo de Galicia*), in which regional and administrative technicians, municipal officials and experts were represented for the first time. The Galician Minister of Public Works and Spatial Planning declared that the creation of this panel was “historic” (García Vidal, 2002). The main agreement in the panel was the legislative reform of the land use law of Galicia. The first step was to make the population aware of the need to bring order to the growth of settlements. Several resolutions adopted by the panel were later the basis for the new land use law. This process was developed in a remarkably short time: regional elections took place only a few months later and the land use law was passed around a year after the regional elections.

4.2. The case of land banking in Galicia

In the above sections, we have explained how land property structure is highly fragmented and *rigid* and how a number of processes observed in the last decades, and particularly in the last 20 years, have strongly influenced a land use pattern that had been quite stable in previous periods. Those demographic processes and technological changes, in addition to the new political and market context, mainly after the adhesion of Spain to the EU and its implications for the agricultural policy, triggered a new land use dynamics characterized by a significant reduction of the agricultural area, a great increase of wooded land in former agricultural land and a gradual abandonment of farmland in some areas.

Land abandonment has several consequences, among which the loss of cultural landscapes, but one of the most striking consequences of land abandonment in Galicia is the serious increase in forest fire risk, which has become more dangerous with the spread of forested areas, mainly of pine and eucalyptus. Actually, the area burnt in the period 1996-2007 was 4.220 km² (Ministry of Environment, 2005; 2006; 2007), which accounts for almost 15% of the Galician area.

In previous sections, we have shown how the creation of a land bank was in the agendas of several governments as a way of dealing with land fragmentation. For many years, several agricultural organizations or academic and

political groups supported the creation of a land bank that helped farms enlarge their territorial basis through the promotion of land mobility, following other European examples that were in place since the mid-20th century (van Dijk, 2003). For instance, the extensive work of López-Iglesias (1996, 2002) is well known in Galicia. Yet, no new actions were developed to cope with that situation during the 1990s or at the beginning of the new century.

In 2005, regional elections were held. A new coalition government came into force and the regional nationalistic party (BNG), a party that is in the periphery of the political power in Galicia, became the responsible for the regional ministry of rural affairs. BNG, which had always stayed in the opposition, had announced the creation of a land bank as an electoral promise. The reasons given for the creation of the land bank were the following: “it will be useful to enhance land mobility and the productive use of parcels, and to avoid the current abandonment of the land” (La Voz de Galicia, 2005-5-31). To gain the support of public opinion for the implementation of the land bank, the main discourse before and after having won the elections was rooted in the idea of abandonment and unproductiveness of an increasing part of the agricultural area (La Voz de Galicia, 2005-5-31; 2005-9-8; 2006-3-23), and a considerable effort was made on placing rural issues in the core of the political debate.

Besides, in 2006, a disastrous wave of forest fires hit Galicia, burning around 92,000 ha. An evaluation of the economic losses caused by the 2006 wave of forest fires amounted to 210 million Euro (Barrio et al., 2007). For the first time in recent history, forest fires went beyond the environmental and economic dimension, and threatened homes and human lives. Although forest fires have been frequent in summers during the last few decades, in 2006 many fires occurred close to inhabited houses. The first 15 days of August were particularly dramatic. From the 4th to the 15th, around 73,000 ha were burnt. Extinction services were not able to control the situation and fires spread through the territory, endangering many human settlements. Fires resulted in great tension among citizens. Several collectives and organizations criticised the lack of resources and effectivity of the regional government in fighting forest fires. The mayor of Rianxo, one of the most affected municipalities of Galicia, pointed out: “we are in a crucial moment to analyse and reflect on what happened and why” (La Voz, 2006-8-14). One of the key points during those two weeks of “unsettling circumstances” were the statements of the president of the regional government transmitted on TV and radio on August 14, 2006. The president declared that forest fires were “an unprecedented challenge to Galician society and its institutions” (La Voz, 2006-8-14). The main government message pointed out that one of the causes that had led to that situation was the progressive abandonment of the land and the land use *chaos* of many rural areas, and anticipated the need to develop new, but already announced initiatives.

Besides the first reactions, forest fires pushed public awareness and made society reflect on the possible causes of the vulnerability of the Galician territory. The main explanations coming from the government were shared and the public support for taking new actions soon became apparent. In this sense, the discourse from some academic and technical realms, previously ignored, was assumed as a guiding principle by the new government. Moreover, a significant group of scholars who had been studying the problem of land mobility and agricultural structures were enrolled in executive functions, such that their ideas became closer to decision making processes. For instance, the new government rescued

the work of López Iglesias (see above), as well as the ideas of other members of the regional academic and scientific community. Their main ideas about the relationship between agricultural decline and forest fires and the need for increased land mobility to cope with that were recovered and strongly influenced the development of the new land banking law.

August 2006 was a breakpoint. Immediately after that, the government decided to implement new land management initiatives that had already been promised but were apparently delayed. Once the process began, it was not clear which kind of mechanisms or instruments should be put in place. The idea of creating a land bank was there, but it could take different forms. Moreover, land property and land use conditions in Galicia had specific characteristics, which differed from the conditions of those regions with experience in ruling land-banking initiatives. A number of alternatives were proposed by cabinet members of the ministry of rural affairs. The final design was based on the following principles: the main objective was to promote land mobility in terms of transfer of land from owners who did not use it to active or new farmers. The first ideas were based on the recommendations made by experts in the last few years. Some of the ideas were finally included but slightly modified such that the approach accommodated smoothly to existing property institutions. Strong public intervention in that realm was expected to be controversial even taking into account the favourable public opinion of the moment. The final solution relied on a rental model, the creation of an intermediary public agency that promoted the transactions, and complementary measures that re-shaped the bundle of rights linked to private property. Pursuant to the new law, abandoning agricultural land was not allowed. Rather, agricultural land must be maintained in good agricultural and environmental conditions, either directly by the owner or by renting it or temporarily transferring it to the public intermediary agency. This combined approach is new in the European context and is being promoted by FAO in eastern and central European countries (Eberlin, 2010).

In just four months, the proposal of a new Law for agricultural land conservation and land banking in Galicia was elaborated and submitted to the Parliament. The new law was passed in the first semester of 2007. This law was called “act of administrative and tax measures for the conservation of the agricultural land and the Land Bank of Galicia”, and envisaged not only the land bank, but also the penalty system for abandoned parcels, which was applicable to the whole region.

5. Discussion

Institutional change by evolution vs. institutional change by design

In the first sections of this paper, two main theories of institutional change were explained. The first theory explained institutional change by evolution by applying principles of evolutionary selection, according to which the most efficient institutions survive over time. The second theory explained institutional change as a design carried out by authoritative agents in dealing with negative outcomes of a previous institutional setup that threatened the way of life of the community. We developed a framework of institutional change that consisted of five steps. All five steps of this theoretical framework have been illustrated in the case studies presented in this paper. First, we described the multi-level processes that were common to both case studies and that had a decisive influence on the

institutional matrix. Such multi-level processes were identified in each case study. Second, we observed that the set of actors who belonged to the epistemic community were also involved in the processes of institutional change. Their major role was to provide warranted belief on the causes of the big changes such as urban sprawl or forest fires. Third, we identified big contextual changes in both case studies, namely a campaign in the media referred to urban sprawl and the 2006 wave of forest fires. Fourth, we found how new institutions were created to provide imagined futures, and fifth, we observed how these institutional arrangements were transformed in collective action when the respective laws were enacted.

The case studies show that the explanatory power of the paradigm of institutional change by evolution is not sufficient. As North (1990) states, in this paradigm institutional change occurs when during “a bargaining process a change in relative prices leads one or both parts to an exchange to perceive that either one or both could do better with an alternative arrangement”. However, as explained above, when the regional government adopted these two instruments, the “players” were not looking for pay-off maximizing, but for a solution to a situation that was not acceptable to them, which does not mean that the institutional infrastructure was inefficient. The actions of the government that designed and approved these two policies did not come out because of the high costs of putting out the forest fires caused by land abandonment or because of the high costs of municipal service delivery caused by settlements sprawl. As shown through our case studies, the main reasons were the “unsettling circumstances” that allowed the regional government to become aware of an undesired situation that made the population aware of these issues. This means that the former institutions that led to the lack of territorial organization were not replaced because of their inefficiency, but because of their negative outcomes. The negative outcomes were not measured in terms of economic efficiency and the new land policies were not designed to achieve more efficient performance. Apparently, in agreement with Bromley (2006), these land policies were imaginings of a desirable solution, and in the process of imagining the solutions, outcomes of the own action were created.

In addition, it is important to highlight the role of what Bromley (2006) calls “warranted belief”. In institutional change, it is crucial that a epistemic community, in Bromley's words, can offer a warranted link between the outcomes that one society does not consider any more reasonable and their causes. Healey (2006) provided the example of how scientists framed the discourse about the causes and effects of British power station emissions on the acidity of lakes and rivers in northwest Europe. The imaginings associated with this discourse became institutionalized in norms, practices and discourses. In the case studies from Galicia, these discourses are observed in both legal texts. The advisors and consultants that helped design the land use law and the land banking law made a correlation between the high fragmentation of land in Galicia, which involves fragmentation of uses or interests, among others, and urban sprawl and land abandonment, which is the most important cause of forest fires.

Agency versus structure

In regard to institutional change, and particularly to changes in land use policies or instruments, particular attention must be paid to the agents that were involved in the change and pushed the new institutional setup forward. A

considerable amount of literature is concerned with the position of agents in relation to the institutional structure, i.e., whether they are in a peripheral position or in the centre of the institutional matrix. In the case of Galicia, these agents are quite peripheral in terms of institutional ties with the former institutional structure. In the case of the land use law, the initiators were a group of professionals (university professors and architects) who were not linked to any organization or political party at that moment. The regional newspaper gave them the opportunity to use it as a platform to share their ideas with citizens and supported them by creating a new discourse that was effective in pushing actions forward. In the case of land banking, the initiator was the regional political party BNG, a left-wing political party that was only once in the power in the last 30 years, during the legislative period 2004-2009, when it forced a coalition government with the Galician socialist workers party. These traits quite well represent the peripheral position of agents in the Galician institutional setup.

6. Conclusion

As we have seen, institutional theory can expand implementation studies on land use devices by explaining in a more accurate way what kind of factors and reasons can lead to effective land use planning implementation. If we better understand the different categories of agents and their roles, as well as their dialectical relation with the development of the institutional structure, we believe that we can shed light on why and how land use planning is implemented.

What have been the sources of change when passing the 2002 land use law and the land banking law? The main source of change has been the outcome of a set of practices, beliefs and norms related to property introduced at the beginning of the 20th century, which the government and society eventually evaluated as negative or not workable. In this context, “not workable” means that there is a mismatch or contradiction between the outcomes of such practices and beliefs and new ideas and values that the Galician society has developed in the last decades. As Veblen (2005) states, “the evolution of society is substantially a process of mental adaptation on the part of individuals under the stress of circumstances which will no longer tolerate habits of thought formed under and conforming to a different set of circumstances in the past”. This argument fits the main sources of institutional change in both laws.

However, as shown by these two case studies, it still remains questionable that this change can occur in a short period at informal institutions. The public campaign dominated the attempt to reform the land use law from the beginning. For some authors, this allowed to impose restrictions on the property that were never seen before in Galicia and that, in some cases, were in contradiction not just with the more formal institutions, like the Spanish Constitution, but also with the more informal institutional setup of the Galician society (Fernández Carballal, 2004; Meilán Gil, 2001). Usually, institutional change brings a shift in the status and power of many actors (Kingston and Caballero, 2009), who are very reluctant to change and accept changes. Consequently, actors will oppose changes and their action will continue to be based on the informal institutional setup. But the goals of land planning in Galicia remain the same. There is a perception that there is no way back. However, Galician society is still looking for the way to accomplish its imaginings.

References

- ALDREY VÁZQUEZ, J. (2002) Procesos de urbanización en el medio rural: las periferias urbanas en Galicia. Coloquio de Geografía Rural-Los Espacios naturales entre el hoy y el mañana: actas del XI Coloquio de Geografía Rural, pp. 267-276. Santander: Universidad de Cantabria.
- ALEXANDER, E. (2001) Governance and transaction costs in planning systems: a conceptual framework for institutional analysis of land-use planning and development control-the case of Israel, *Environment and Planning B: Planning and Design*, 28, pp. 755-776.
- BALBOA LÓPEZ, X. (1990) O monte en Galicia. Vigo: Edicións Xerais.
- BARLEY, S. & TOLBERT, P. (1997) Institutionalization and structuration: Studying the links between action and institution, *Organization Studies*, 18(1), pp. 93-117.
- Barrio, M., Loureiro, M. & Chas Amil, M. L. (2007) Aproximación a las pérdidas económicas ocasionadas a corto plazo por los incendios forestales en Galicia en 2006, *Economía Agraria y Recursos Naturales*, 7(14), pp. 45-64.
- CHAS AMIL, M.L. (2006) Aproximación a las pérdidas económicas ocasionadas a corto plazo por los incendios forestales en Galicia en 2006, *Economía Agraria y Recursos Naturales*, 7(14), pp. 45-64.
- BATTILANA, J. (2006) Agency and institutions: The enabling role of individuals' social position, *Organization*, 13(5), pp. 653-676.
- BROMLEY, D. (2006): Sufficient reason. Volitional pragmatism and the meaning of economic institutions. New Jersey: Princeton University Press.
- BUITELAAR, E. (2007) The cost of land use decisions: applying transaction cost economics to planning & development. Oxford: Blackwell.
- BUITELAAR, E., LAGENDIJK, A. & JACOBS, W. (2007) A theory of institutional change: illustrated by Dutch city-provinces and Dutch land policy, *Environment and Planning A*, 39, pp. 891-908.
- BURBY, R. (2003) Making plans that matter: Citizen involvement and government action, *Journal of the American Planning Association*, 69:1, pp. 33-49.
- BUTTLER, K. & KOONTZ, T. (2005) Theory into practice: implementing ecosystem management objectives in the USDA forest service, *Environmental Management*, 35 (2), pp. 138-150.
- CABANA IGLESIA, A. (2008) Lo que queda de las agras. La evolución del paisaje agrario en Galicia: A Terra Chá (1954-1968). *Revista de Estudios*, 7, pp. 33-56.
- CARR, D., SELIN, S. & SCHUETT, M. (1998) Managing public forests: Understanding the role of collaborative planning, *Environmental Management*, 22(5), pp. 767-776.
- CHUNG, L. (1994) The economics of land-use zoning: a literature review and analysis of the work of Coase. *Town Planning Review*, 65(1), pp. 77-98.
- Corbelle-Rico, E., Crecente-Maseda, R., Tubío-Sánchez, JM. & Ónega-López, F. (2010) Challenges in collective action for natural resource management: A study of common property regimes in the municipality of Guitiriz (northwest of Spain). In C. Belair, K. Ichikawa, B.Y. L. Wong, and K.J. Mulongoy (Ed.), *Sustainable use of biological diversity in socio-ecological production landscapes. Background to the 'Satoyama Initiative for the benefit of biodiversity and human well-being* (Volume , pp. 133-138). Canada: SCBD.
- "Creamos un banco para que a terra sen cultivar sexa rendible". *La Voz de Galicia*, A Coruña, 2005/09/08.

- CRECENTE, R., ALVAREZ, C. & FRA, U. (2002) Economic, social and environmental impact of land consolidation in Galicia, *Land Use policy*, 19, pp. 135-147.
- DE JUANA, J. & PRADA RODRÍGUEZ, J. (2005) *Historia contemporánea de Galicia*. Barcelona: Editorial Ariel.
- DiMAGGIO, P. & POWELL, W. (1983) The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields, *American Sociological Review*, 48(2), 147-160.
- Eberlin, R. (2010) Land banking - an overview of approaches and experiences. FAO REU Regional Workshop on Land Tenure and Land Consolidation. Land Banking and Public Land Management. 21 - 24 June 2010. Prague, Czech Republic
- FERNÁNDEZ CARBALLAL, A. (2004) Asentamento poboacional e desenvolvemento rural: A lei do solo de Galicia. O feito diferencial galego no dereito. Santiago de Compostela: Museo do Pobo Galego.
- FISCHEL, W. (1978) A property rights approach to municipal zoning, *Land Economics*, 54 (1), pp. 64-81.
- FRAME, T. & GUNTON, T. (2004) The role of collaboration in environmental management: an evaluation and resource planning in British Columbia, *Journal of Environmental Planning and Management*, 47(1), pp. 59-82.
- Galey, M. & Booth, P. (2007) Land Law, land markets and planning. In P. BOOTH, M. BREUILLARD, C. FRASER AND D. PARIS (Eds) *Spatial planning systems of Britain and France*, pp. 34-49. London: Routledge.
- "Galicia Luminosa". *La Voz de Galicia*, A Coruña, 14/04/2001.
- GARCÍA VIDAL, P. (2002) Galicia. Las perversas consecuencias de un crecimiento urbano en manos del mercado. Aportaciones para un debate desde la geografía, *La ciudad*, nuevos procesos, nuevas respuestas, pp. 409-422. León: Universidad de León.
- GARCÍA DOCAMPO, M., DALDA ESCUDERO, J. & GONZÁLEZ HARGUINDEY, J. (2005) *Cidade difusa en Galicia*. Xunta de Galicia. Santiago de Compostela: Consellería de Política Territorial, Obras Públicas e Transportes. Dirección Xeral de Urbanismo.
- HALL, P. & TAYLOR, R. (1996) Political science and the three new institutionalisms, *Political Studies*, 44(5), pp. 936-957.
- HAYEK, F. (1967) *Studies in philosophy, politics and economics*. Chicago: University of Chicago Press.
- HEALEY, P. (1996) The communicative turn in planning theory and its implications for spatial strategy formations, *Environment and Planning B: Planning and Design*, 23 (2), pp. 217-234.
- HEALEY, P. (1998) Building institutional capacity through collaborative approaches to urban planning. *Environment and Planning A*, 30 (9), pp. 1531-1546.
- HEALEY, P. (2006) Transforming governance: Challenges of institutional adaptation and new politics of space, *European Planning Studies*, 14(3), pp. 299-320.
- HEALEY, P. (2007) The new institutionalism and the transformative goals of planning. In N. VERMA (Eds), *Institutions and planning*, pp. 61-87. Oxford: Emerald Group Publishing.
- HERNÁNDEZ LÓPEZ, C. (2002) Una aproximación crítica a la ley 9/2002 de 30 de diciembre, ordenación urbanística y protección del medio rural en Galicia. I, El régimen del suelo, *Revista Xurídica Galega*, 37, pp. 349-376.
- IMMERGUT, E. (2006) Historical institutionalism in political science and the problem of change. In A Wimmer and R. Kossler (Eds), *Understanding change*.

- Models, methodologies and metaphors, pp. 237-259. New York, Palgrave Macmillan.
- IMRIE, R. & RACO, M. (1999) How new is the new local governance? Lesson from the United Kingdom. *Transactions of the Institute of British Geographers*, 24(1), pp. 45-63.
- INNES, J. (1996) Planning through consensus building: A new view of the comprehensive planning ideal, *Journal of the American Planning Association*, 62 (4), pp. 460-472.
- INNES, J. & BOOHER, D. (2004) Reframing public participation: strategies for the 21st century, *Planning Theory & Practice*, 5 (4), pp. 419-436.
- JESSOP, B. (2001) Institutional re(turns) and the strategic-relational approach, *Environment and Planning A*, 33, pp. 1213-1235.
- JONES, C., HESTERLY, W. & BORGATTI, S. (1997) A general theory of network governance: exchange condition and social mechanisms, *Academy of Management Review*, 22(4), pp. 911-945.
- JOSEPH, C., GUNTON, T. & DAY, J. (2008) Implementation of resource management plans: Identifying keys to success, *Journal of Environmental Management*, 88, pp. 594-606.
- KINGSTON, C. & CABALLERO, G. (2009) Comparing theories of institutional change, *Journal of Institutional Economics*, 5(2), pp. 150-180.
- “La agonía del paisaje gallego”. *La Voz de Galicia*, A Coruña, 19/05/2001.
- LAI, L. (1997) Property rights justifications for planning and theory of zoning, *Progress in Planning*, 48(3), pp. 161-246.
- LAI, L. (2005) Neo-Institutional economics and planning theory, *Planning Theory*, 4(7), pp. 7-19.
- López Iglesias, E. (1996) Movilidad de la tierra y dinámica de las estructuras agrarias en Galicia: análisis de los obstáculos que han frenado durante las últimas décadas las transformaciones de las explotaciones. Madrid: MAPA-SGT.
- López Iglesias, E. (2002) La vigencia de una política clásica de estructuras agrarias: reflexiones a partir de la experiencia gallega. *Jornadas Temáticas del Libro Blanco de la Agricultura y el Desarrollo Rural: Estructuras Agrarias*. Madrid: MAPA.
- LUBELL, M., FEIOCK, R. & DE LA CRUZ, E. (2009) Local institutions and the politics of urban growth, *American Journal of Political Science*, 53(3), pp. 649-665.
- MARCH, J. & OLSEN, J. (1989) *Rediscovering institutions: the organizational basis of politics*. New York: Simon and Schuster.
- McLAUGHLIN, M. (1987) Learning from Experience: lessons from policy implementation, *American Education Research Association*, 9(2), pp. 171-178.
- Meilán Gil, J. (2001). Los núcleos rurales en la ley del suelo de Galicia. In *Anuario da Facultade de Dereito da Universidade da Coruña*, pp. 443-454. A Coruña: Universidade da Coruña.
- MEYER, J. & ROWAN, B. (1977) Institutionalized organizations: Formal structure as Myth and ceremony, *The American Journal of Sociology*, 83(2), pp. 340-363.
- Ministerio de Medio Ambiente (2005) Los incendios forestales en España. Decenio 1996-2005, Ministerio de Medio Ambiente. Subdirección general de política forestal y desertificación. [http://www.mma.es/secciones/biodiversidad/defensa incendios/estadisticas incendios/pdf/estadisticas_decenio_1996-2005.pdf](http://www.mma.es/secciones/biodiversidad/defensa/incendios/estadisticas/incendios/pdf/estadisticas_decenio_1996-2005.pdf)
- MINISTERIO DE MEDIO AMBIENTE (2006) Incendios forestales en España. Año 2006, Ministerio de Medio Ambiente. Subdirección general de política forestal y

- desertificación. <http://www.mma.es/secciones/biodiversidad/defensa incendios/estadisticas incendios/pdf/publicacion 2006.pdf>
- MINISTERIO DE MEDIO AMBIENTE (2007) Los incendios forestales en España. Año 2007, Ministerio de Medio Ambiente y Medio Rural y Marino. <http://www.mma.es/secciones/biodiversidad/defensa incendios/estadisticas incendios/pdf/incendiosforestales2007.pdf>
- MOOTE, M., MCCLARAN, M. & CHICKERING, D. (1997) Theory in practice: applying participatory democracy to public land planning, *Environmental Management*, 21(6), pp. 877-889.
- NEWMAN, P. (2008) Strategic spatial planning: Collective action and moments of opportunity. *European Planning Studies*, 16 (10), pp. 1371-1383.
- NIELSEN, K. (2007) The institutional turn in the social sciences: a review of approaches and a future research agenda. In S. IOANNIDES AND K. NIELSEN (Eds) *Economics and the social sciences: boundaries, interaction and interpretation*, pp. 91-111. Cheltenham: Edward Elgar Publishing.
- NORTH, D. (1990) *Institutions, institutional change and economic performance*. Cambridge: Cambridge University Press.
- NORTH, D. (1998) Five propositions about institutional change. In J. KINIGHT AND I. SENED (Eds), *Explaining Social Institutions*, pp. 15-26. Michigan: University of Michigan Press.
- OLIVEIRA, M, ANLLO, C, LOIS, M. & NOGUEIRA, C. (2009) *A trama rururbana*. Santiago de Compostela: Xunta de Galicia.
- ÓNEGA-LÓPEZ, F., PUPPIM-OLIVEIRA, J. & CRECENTE-MASEDA, R. (2010) Planning Innovations in Land Management and Governance in Fragmented Rural Areas: Two Examples from Galicia (Spain). *European Planning Studies*, 18(5), pp. 755-773.
- PARLAMENTO DE GALICIA: Ley 1985, de 22 agosto 1985.
- PINO VICENTE, D., BARROS RIVAS, X., SÁNCHEZ GOYANES, E. & PÉREZ RÚA, M. (2010) Apuntamentos sobre a problemática da ordenación do territorio en Galicia, *Instituto Galego de Estudos Europeos e Autonómicos*, 2, pp. 1-23.
- PLØGER, J. (2001) Public participation and the art of governance, *Environment and Planning B: Planning and Design*, 28, pp. 219-241.
- POGODZINSKI, M. & SASS, T. (1990) The economic theory of zoning: A critical review. *Land Economics*, 66(3), pp. 294-314.
- “PP, PSOE y BNG vuelven la mirada de precampaña hacia las zonas rurales”. *La Voz de Galicia*, A Coruña, 2005/05/31.
- “Rianxo, entre el fastidio y la esperanza”. *La Voz de Galicia*, A Coruña, 2006/08/14.
- RODRIGUEZ-POSE, A. & SANDALL, R. (2008) From identity to the economy: analysing the evolution of the decentralisation discourse, *Environment and Planning C- Government and Policy*, 26 (1), pp. 54-72.
- ROLAND, G. (2004) Understanding institutional change: fast-moving and slow-moving institutions. *Studies in comparative international development*, 38(4), pp. 109-131.
- “Suárez Canal quiere que el consumo urbano relance el rural gallego”. *La Voz de Galicia*, 2006/03/23.
- SCHLÜTER, A. & KOCH, M. (2009) Institutional change in the forest sector: trust and mental models. *European Journal of Forest and Research*, 130, pp. 383-393.
- SCHMIDT, V. (2008) Discursive institutionalism: The explanatory power of ideas and discourse, *Annual Review of Political Science*, 11, pp. 303-326.

- SEO, M. & CREED, W. (2002) Institutional contradictions, praxis, and institutional change: A dialectical perspective, *Academy of Management Review*, 27(2), pp. 222-247.
- Streeck, W. & Thelen, K. (2009). Institutional change in advanced political economies. In B. HANCKÉ (Ed.) *Debating varieties of capitalism: A reader*, pp. 95-131. Oxford: Oxford University Press.
- TAYLOR, N. (1998) *Urban planning theory since 1945*. Thousand Oaks: SAGE.
- TEISMAN, G. & KLJUN, E. (2002) Partnership arrangement: governmental rhetoric or governance scheme? *Public Administration Review*, 62(2), pp. 197-205.
- THELEN, K. (1999) Historical institutionalism in comparative politics, *Annual Review of Political Science*, 2, pp. 369-444.
- TORRES LUNA, MP, LOIS GONZÁLEZ, RC (1995) Las periferias urbanas de Galicia. *Anales de geografía de la Universidad Complutense*, 15, pp. 435-444.
- VAN DER KRABBen, E. (2009a) Retail development in the Netherlands: Evaluating the effects of radical changes in planning policy, *European Planning Studies*, 17(7), pp.1029-1048.
- VAN DER KRABBen, E. (2009b) A property rights approach to externality problems: Planning based on compensation rules, *Urban Studies*, 46(13), pp. 2869-2890.
- van Dijk, T. (2003) *Dealing with Central European land fragmentation*. Delft: Eburon.
- VEBLEN, T. (2005) *The theory of the leisure class: an economic study of institutions*. Delhi: Aakar Books.
- VILLARES PAZ, R. (1982) *La propiedad de la tierra en Galicia, 1500-1936*. Madrid: Siglo XXI Editores.
- WEBSTER, C. (1998) Public choice, Pigouvian and Coasian planning theory, *Urban Studies*, 35(1), pp. 53-75.
- WEBSTER, C. & LAI, L. (2003) *Property rights, planning and markets: Managing spontaneous cities*. Cheltenham : Edward Elgar Publishing.
- ZHU, J. (2004) From land use right to land development right: institutional change in china's urban development, *Urban Studies*, 41(7), pp. 1249-1267.

Chapter 3: Forcing and Avoiding change. Exploring change and continuity in local land-use planning in Galicia (Northwest of Spain) and the Netherlands

Abstract

This paper compares local adoption of land-use plans under new planning acts in two different planning contexts, Galicia (Northwest of Spain) and the Netherlands. Local adoption is presented as a process of institutionalization, where adoption or not adoption by the municipalities depends on two forces –the obligation to adopt a land-use plan, which relies on a political mandate from the legal point of view, and the resistance of the municipalities to adoption. These two forces are explored from an institutional perspective. Findings suggest that the literature on institutionalization has proven to be weak for understanding the process of diffusion of the new acts among the Galician and Dutch municipalities. In addition, the sources of continuity found in the literature do not offer satisfactory explanation for reluctance to adopt the new acts at local level. As conclusion it is argued that the institutional literature should be broader to include concepts of behavioural economics like individual and economic interests.

Key words: Institutionalization, land-use planning, implementation.

1. Introduction

In 2002, a new Galician land-use act (LOUGA) came into effect, replacing the 1997 act. In 2008, the Netherlands passed a new Spatial Planning Act (Wro), replacing the 1965 act. The goals of the two acts are quite different. The Galician act had as its main goal controlling the processes of urban sprawl in rural areas, achieving a high continuity with the management of urban land (Tubío-Sánchez et al., 2013), the Dutch Act had as its main goal restating the role of the land-use plan as the most important legally binding land-use instrument (Buitelaar and Sorel, 2010). The common characteristics is that in both cases, municipalities were not dissatisfied with the former legislation, see for the Dutch case Needham (2005) and for the Galician one Crecente-Maseda (2009). It was the national and regional government that wanted to change the behaviour of the municipalities.

Both acts enacted a deadline for full adoption by municipalities. The Galician act obligated municipalities to adopt a land-use plan before 2006; the Dutch act obligated municipalities to adopt their land-use plans before 2013. Under the Galician Act municipalities have to make and adopt a land-use plan that covers the whole municipal territory. In the Netherlands one municipality can have several plans. Unlike under the former Dutch act, the new act requires all plans (the plans that cover built up areas and areas outside of the building-up area) have to cover the municipality area.

Galicia and the Netherlands are compared for several reasons. Galicia is a region that is peripheral not only in Europe, but is even considered peripheral within Spain. It is a region with hardly any tradition of land-use planning. Since 1981 the region has own competences in spatial planning. By contrast, the Netherlands is a country in the core of the European Union, and with an old and

well-known tradition of land-use planning. In Galicia, the history of land-use planning has is practically 30 years old, a period in which several attempts have been made to get institutionalized land-use planning. Whereas the Netherlands is well-known for the continuity of its planning system (Needham, 2007; 2005). In terms of number of land-use acts, Galicia is characterized by disruptions. The regional government has passed three planning acts in 25 years (Tubío-Sánchez et al, 2013). In contrast, the Netherlands passed two acts during the last 40 years. The most recent one, the new Spatial Planning Act, is very similar to the former one, at least from an international comparative perspective. This shows the stable legal framework of the Dutch planning system (Needham, 2007). Galicia and the Netherlands are, therefore, two very different contexts in terms of land-use planning.

To understand the adoption of the act by municipalities, several hypothesis are developed from an institutional standpoint. A new planning act is a new formal institution that has to be inserted and disseminated through the existing planning system, which represents and institutional matrix in itself. This is a process of institutionalization, for the act has to be adopted by the municipalities embedded into the planning institutional matrix. This paper seeks to understand the process of institutionalization and the resistance that these processes create in planning systems. Two different environments in terms of tradition in land-use planning are chosen to reflect on the differences we find. In these two different environments many variables could account for differences in the pattern of adoption, like the planning quality, governance structure or the style of enforcement. However, these variables can be considered endogenous to the planning system itself. Therefore, all explanations of the implementation containing these variables would lead to tautological explanations, which are so common in the planning literature about implementation. See for instance Dalton and Burby (1994), or more recently Berke et al. (2006). The endogeneity of these explanations leads to a vicious circle that does not explain the reasons of why implementation really happens. This paper tries to go beyond these tautological explanations.

Thus, the aim of this paper is twofold. First, to analyse from the theoretical point of view the process of institutionalization. Institutional theory did not develop enough theoretical tools to understand the process of institutionalization of certain formal institutions (Tolbert and Zucker, 1999), and in particular land-use regulations. Second, institutional literature seems to consider institutionalization as a process without an active resistance. But normally institutionalization means to replace or to create new institutions, and therefore to induce new behaviour in actors. Actors may resist the change for several reasons. The main sources of continuity are identified, paying attention particularly to continuity in land-use regulations. In section 4, we reflect on the different patterns of adoption in Galicia and in the Netherlands, and on the reasons the institutionalizations process is resisted in two different planning systems. We also reflect on the elements that are key to facilitating the institutionalization of land-use regulations.

2. The case studies

In this section we present the cases of Galicia and the Netherlands. First, the main characteristics of the Galician and Dutch planning systems are explained, especially paying attention to the main institutions at work as well as the processes that these institutions try to control. Second, the main changes to the

planning systems that the acts were supposed to accomplish are clarified. Third, the implementation pattern by the municipalities is examined and sources of resistance to change are explored.

For Galicia, several semi-structured interviews were conducted in the municipalities that did not adopt the land-use act. Our findings are also based on the content of the secondary literature. In the case of the Netherlands, the empirical material is based on the interviews made with scholars and planners of planning agencies, as well as on scientific literature and government reports. The evaluation of the implementation of the Dutch act is already well documented (Buitelaar and Sorel, 2009; VROM-inspectie, 2011).

2.1 A brief explanation of land-use planning in Galicia

Galicia was predominantly a rural region in the past. However, migrations from rural areas to cities in the 1960s and 1980s rapidly transformed the Galician landscape. Local governments were not prepared to manage that situation and the growth of cities became chaotic (González-Pérez, 2005). The first land-use act of the Autonomy of Galicia, passed in 1985, worsened this situation. The act was an adaptation of Spanish legislation. To adapt the Spanish land-use act to the characteristics of Galicia, the dispersed population settlements, the law added a new category of land-use: use of rural settlement. This was at odds with the Spanish legislation. The Spanish land-use act considered only three land uses (urban, non developable and developable land). Some authors (Meilán Gil, 2001; Pino Vicente, 2008) even argued that the category of rural settlement was the main cause that transformed Galicia into what has been defined as a diffused city (García Docampo et al., 2005), or as a “rururban weft” (Oliveira et al., 2009). The category of land “rural settlement” has been used indiscriminately in plans during the 1980s and particularly at the end of the 1990s to the extent that all settlements are considered as a “rural settlement”, with their own needs for development. In this way, the concept of rural settlement became the core instrument to understand the urban reality of Galicia (Raposo-Arceo, 2009). This had led some authors to point out that the Galician planning system has regarded rural land as a reservoir for the future (Crecente-Maseda, 2009).

The regional government of Galicia passed a new land-use act in 2002 aimed at controlling urban sprawl in the countryside. The title of the act, Town Planning and Protection of Rural Areas Act explains its scope very well. This act drew a new territorial policy for rural areas. The 2002 act pointed out that rural areas were regulated in the 1997 act by only a few precepts. The 2002 act tries to go further in the regulation of rural land-uses by proposing a very detailed zoning schema for rural areas. The act established very restrictive conditions to new developments in rural settlements, even construction materials were subject to regulations (Raposo Arceo, 2009; Rodríguez González, 2004). Therefore, stopping urban sprawl and protecting landscape of the countryside were the main goals of the act.

To accomplish these goals, the act required each of the region's 315 municipalities to make one legally binding land-use plan for the whole municipal territory before the year 2006. The Galician government even arranged to cover the expenses for this plan-making. Notwithstanding this, until 2011 only 54 municipalities have adopted a land-use plan. Almost all municipalities (222) that

did not adopt the new land-use plan are currently working on a plan¹², however 19 municipalities have not even started one. For those municipalities that did not adopt the act before 2006, the land-use act established an enforcement mechanism in article 81.2. It states that the Regional government *may* force the municipality to adopt a land-use plan in compliance with the act. If the municipality does not fulfil this requirement, the regional government would make and adopt the land-use plan in the place of the municipality. The “may” indicates that the regional government gives itself the right, even establishing the conditions to use this right (if municipalities do not adopt and revise their plans within 3 years) to acquire the competencies of the municipalities to implement the act. However, it is never said that this right will be used. According to declarations of regional government officials involved during the negotiations, both the Regional government and the Association of Municipalities assumed that this right was on paper, but that it would never be used, because if used, it could cause a political turmoil.

The making of the act took 1,5 years. The Association of the Galician Municipalities was able to obtain from the regional government more competencies with regard to land-use planning. Under the new act, municipalities with more than 30.000 habitants can adopt exemptions to the municipal master plan without the regional government authorization, what shows the decentralization strategy of the act. In order to speed up the procedures of the plan-making, some documents are not necessary any more. It is important to emphasize that the regional government decided to cover the municipal expenses for the plan-making in order to facilitate adoption of the act among the municipalities.

2.1.1 Explaining the pattern and exploring the sources of resistance to change

Nine years after having passed the 2002 land-use act, and taking into consideration that municipalities were required to adopt a land-use plan before 2006, only 54 municipalities (April 2011) had adopted a land-use plan. However, 23 of these municipalities had started plan-making before the 2002 land-use act. Before finishing it, they decided to adapt it to the new land-use act. This means that only 31 municipalities (10 % of the total of municipalities) were willing to adopt a land-use plan 2002 without having undertaken previous work on other plans. Around 6% of municipalities never started the plan-making, whereas the rest of municipalities are working on it.

The characteristics of adopters were quite homogeneous. There are only three urban municipalities that adopted plans under the new act. The rest (90%) are mostly rural or suburban municipalities, most part characterized by economic and population decline, with low densities of population and where the agricultural sector is more prominent than in other municipalities. This is partially explained on the fact that half of municipalities that have adopted a land-use plan had obsolete plans (the average was 15 years old). The other half did not have any land-use plan at all.

To understand the reasons of non-adopters, municipalities that did not start the plan making were interviewed, 19 in total. Most of these municipalities had

¹²Around the half of the municipalities that are currently working on their land-use plans have been doing it for at least 6 years. Many of these municipalities did not contact again the regional government to complete the administrative procedures. This shows that despite having started the plan-making, municipalities seem not to have interest in adopting it.

already adopted a land-use plan as recently as in the end of the 1990s, a few years before the new act came into force. The reasons they gave for the continuity of their land-use plan range from the costs of making a new one¹³, the political costs of adopting a new land-use plan (to rearrange the property rights of land-owners is regarded as negative to fulfil electoral expectations), or a previous negative administrative experience with plan making (too long periods of administrative procedures). However, most municipalities (63 %) pointed out that the main reason for continuity of their land-use plans (or lack of them) is that they do not see any benefit from adapting the plans to the new act, and in addition it has political costs for almost 40% of the interviewers. They argue that they are not restricted or hindered at all in their daily planning activities by not having made a land-use plan in compliance with the new act. In this sense, three municipalities mentioned explicitly that to adopt a plan according with the new act would be counter-productive for municipal and citizens' interests, since it would cut heavily into the developable land. Since the financial crisis started and consequently the activity of the building sector decreased, municipalities seem more prone to adopt the act. For instance, in 2012 around 10 municipalities adopted the act, which is the highest rate since the act was passed. However, a explanation for this may not only be the relaxation of urban pressure, but also on the desire of the regional government to pass a new act in the current legislature. The unwanted effect of this is that municipalities that are currently working on their plans should start again a procedure to adapt to the new act.

To sum up, municipalities explained the continuity of their plans and planning activities based on two reasons: first, the lack of an evident advantage or benefits in adopting the act, and second, the political costs in terms of restriction of land-owners' property rights and the complexity of administrative procedures for plan-making. Apart from these reasons, it is important to consider that municipalities usually lack of interest in strictly controlling development and obtaining benefits from it. Municipalities used to consider their land-use plans as administrative documents, not as a comprehensive guide for the use of land (Crecente Maseda, 2009). For instance, in the last years, the issuance of building permit used to be via a "direct permit" (one permit for one single landowner for one single development) in 80-85% of building permits granted, whereas only 15-20 % of the building permits have been granted for bigger and integrated developments that were already considered and zoned in the land-use plans. This implies that municipalities are not interested in recouping the costs of developments processes, since when issuing single building permits (one permit for one owner), neither the developer nor the landowner are obliged to finance the costs of servicing the land (Crecente Maseda and Tubío Sánchez, 2012). Some working documents of the regional government argue that municipalities do not know what is the essence of land-use planning (Xunta de Galicia, 2006), for municipalities are almost non active or at least very loose in controlling land development.

2.2 A brief explanation of land-use planning in the Netherlands

Similar to the role that land use plans play in the Galician context, the *bestemmingsplan* (local land-use plan) is the most important legally-binding instrument for granting building permits in the Dutch planning system (Needham,

¹³ Surprisingly, municipalities continuously obviate the fact that the expenditures of plan-making are covered by the regional government.

2007). Building permits are tested against the plan. In article 10 of the former Spatial Planning Act it is required that a municipality must make a *bestemmingsplan* for the territory outside the built-up areas. For the territory inside a built-up area the municipality has discretion over the adoption of land-use plans. The plans were to be revised at least once every 10 years, however, even when it was not revised after 10 years, it did not lose its legal validity (European Commission, 1999). The new act introduced a few changes with respect to all this. First, the land-use plan is now mandatory for the entire municipal territory, not just for land outside the built-up area. Second, under the new act, a municipality which gives planning permits based on a land-use plan which is more than 10 years old, is not allowed to charge building fees for granting the permit. In the following, it is sought to understand why these changes were introduced.

Under the old act, municipalities could modify their plans to accommodate new developments, instead of using land-use plan to guide development. The Dutch planning systems, though a planning-led systems in theory (Nadin and Stead, 2008), has proven to be under the old act a “development-led” planning systems in practice (Buitelaar and Sorel, 2010). This behaviour of the municipalities was allowed by articles 19.1 and 19.2, which regulated the use of exemptions to the land-use plan. The 1965 Act also obligated the municipalities to adapt their land-use plans every 10 years. However, municipalities, instead of making a new land-use plan when it became outdated, declared, after the ten year period for which their plan was legally valid, that it would be valid for another 10 years, and then for a further 10 years. This resulted in many obsolete land-use plans. Plans older than 40 years old were no exception (Buitelaar, Galle and Sorel, 2011). Although the municipalities had obsolete land-use plans, which did not allow many developments initiatives to be carried out, they used article 19.1 and 19.2 to accommodate new developments (Buitelaar and Sorel, 2010). This practice led to many small plans – sometimes the size of individual development sites – that do not fully cover the territory of the municipality (Buitelaar and Sorel, 2010). The new act removed these articles and restated the central and steering role of the land-use plan. To give the municipalities better options to steer development when municipalities do not own the land, land-use plans under the new act may include social or affordable housing. This means that the plan may force private developers to include affordable housing in their development plans (van der Krabben and Jacobs, 2013). In this new context, developers become more independent and municipalities do not need to negotiate with them to achieve the desired developments.

Due to municipal opposition of the municipalities (see VNG, 2008) the aim of removing the paragraph article 19.1 and 19.2 watered down and these articles turned later in what has been called “a project decision” (*projectbesluit*). However, to avoid misuse like in the case of the article 19.1, municipalities were obliged to make a land-use plan after having applied for the project decision (Buitelaar and Sorel, 2010). In addition, the procedure for the project decision was equal to the land-use plan. Moreover, against the project decision two appeal options were created, while against the land-use plan there is appeal in only one instance. In other words, the project decision was made relatively unattractive.

2.2.2 The pattern of adoption

The new Dutch spatial planning act came into force in 2008. The act states that a municipality that gives planning permits based on a land-use plan which is

more than 10 years old, is not allowed to charge fees for granting the permit. This holds for those plans that have been adopted before the 01 July 2003. This means that 49 % of land-use plans that have been adopted before July 2003 have to be revised within a period of 5 years. At the end of 2011 50 % of the land-use plans (in terms of the area size this is 53 %) have revised their plans. Data show that the adoption of the act by the Dutch municipalities is much more heterogeneous than in the Galician case, although the revision of land-use plans for rural areas is lagging behind. Of all the land-use plans that have not been revised yet but should be revised before 2013, around 67% are “buitengebied”, that is areas outside the built-up area. However, by 2013, if the rate of adoption is the same that until now, almost 100 % of land-use plans that have to be revised will be updated.

One year after having passed the new act, the number of land-use plans is nearly triple the exemptions issued under the article 19.1 (PBL, 2010). This shows that sanctions can be very effective in the adoption of the land-use acts. In 12 interviews carried out in Dutch municipalities (one in each province), the financial sanction has been identified as the main reason for adapting their plans (Buitelaar, Galle and Sorel, 2011). In addition, it has been shown that municipalities are not using the article 19.1 so often to accommodate new developments.

However, recent research has shown that municipalities are using land-use plans under the new act strategically, as if they were exemptions, aiming at accommodating new development initiatives rather than at steering development (Buitelaar, Galle and Sorel, 2011). This indicates that, despite all the changes that the new act tried to impose, municipalities informally stuck to the exemption procedure. In the following the sources of such resistance are explored. To sum up, a table with different characteristics of the planning systems and planning acts in both cases:

Characteristics of the planning systems and the planning acts	Galicia	The Netherlands
Tradition in land-use planning	Little tradition and many disruptions in planning goals (three planning acts in 25 years)	Long tradition and continuity in planning goals (two acts in the last 40 years)
Planning system model	Planning-led system	Planning-led system in theory but Development-led system in practice
Adoption of the last planning act	2002	2008
Planning trend	Decentralization	Centralization/decentralization
Main goal of the act	To reduce urban sprawl in rural areas	Avoid planning exemptions the land-use plans and restate its legally importance
Adoption deadline for the municipalities	2006	2013
Enforcement mechanism	If municipalities do not adopt their plans by 2006, the regional government has the right to do it in their place	Municipalities are not allowed to charge building fees if they do not adopt their plans
Government stimulus	Positive (to bear the costs of	Negative (a sanction)

	plan-making)	
Implementation rate of the act	10 % of the plans have been adopted after 9 years	50 % of the plans have been revised and adopted after 3 years

Table 5: Main characteristics of the Galician and Dutch planning systems and the planning acts

Why is it so different the implementation rate of the acts? It seems that the different pattern of implementation could be reduced to a simple cultural characteristic: Dutch municipalities are rule-followers, and Galician municipalities are not. However, this answer leads to another one: Why are Galician municipalities not following the rule and why Dutch municipalities do follow the rule? The sanction that the Dutch Act established for the municipalities that do not follow the rule seems to be an explanation, as it was pointed out above. But to establish a sanction (or not) in a planning act is not arbitrary and it depends on many other factors that the government's will to enforce the act. In the following it is explained why. Both Dutch and Galician municipalities have reasons for non adoption of the acts or, at least, for not behaving completely according to them. These reasons are also explored in the sections 3.2 and 4.

3. Explaining the different degree of adoption in Galicia and The Netherlands: Adoption as an institutionalization process

Designing the formal institutions of the planning systems seems to finish when planning laws are passed. However, as Buitelaar, Galle and Sorel (2011: 931) point out, “planning law is the end of an institutionalization process in which law makers and others are involved, and potentially, is the beginning of an institutionalization process at the local level where it is supposed to be applied”. In the case of the Galician and Dutch acts, this process of institutionalization has to be carried out by the municipalities. Institutionalization is a process that when it is completed results in the effective implementation of land-use plans.

How can institutionalization be defined? Cardoso and Breda-Vázquez (2009) understand institutionalization as a generative process through which social norms and practices become sufficiently regular and continuous to be described as institutions. But, what does “sufficiently regular” mean? When can we say that social norms and practices are institutionalised? How can it be measured? These questions are difficult to answer for two main reasons. The first is that most part of institutional literature does not pay much attention to understanding the process of institutionalisation (Barley and Tolbert, 1997). The second is that the notions developed around institutionalization are insufficient to understand formal institutions explicitly designed to constraint behaviour of actors. This is explained below.

The construction of social reality, by Berger and Luckmann (1966), is one of the few works that addresses the concept of institutionalization. The authors define institutionalization as a “reciprocal typification of habitualized action by types of actors”. Moreover, they tried to gain deeper insights in the process of institutionalization by dividing it into three steps: habitualization, objectification and sedimentation. Habitualisation is the first step and supports the idea that practices, norms and behaviours are acquired by individuals because they entail a

psychological advantage by restraining the need to think of available options. Objectification is a second stage of institutionalisation. At this stage, institutions acquire an external reality, this means that they become a reality that does not create doubts about their validity. Finally, the last step of institutionalisation involves sedimentation, which means that the already objectified institutions survive across generations. In each institutionalization step, the normative power of institutions differ (Barley and Tolbert, 1997). Tolbert and Zucker (1999) also recognise the three steps of institutionalisation.

This process of institutionalization could allow us to understand the way certain actions that become internalized. However, in many cases, from the perspective of actors' behaviour, the institutionalization is fulfilled after a short period of time, after which all actors seem to "follow the rule" because of incentives and/or enforcement mechanisms like sanctions. The triggers of diffusion can be considered neither imitative nor normative, because actors are not imitating early adopters of institutions nor are they acting because the new institutions are internalized and shared by the community. Adopters do not reflect (as Berger and Luckmann (1966) argue) on what is the psychological advantage of restraining certain options. However, institutionalists use to rely on mental qualities and attributes to explain behaviour. Veblen (1919; p. 239) defines institutions as "settled habits of thought", which in the end are an "outgrowth of habit". Habit frees the mind to deal with what is unexpected (Commons, 1934). The idea that action rely on the mind has also been used by new institutionalists, like North (2005) under the idea of "mental models", and it has been particularly widely used by sociological institutionalists that identify, in a similar way to Veblen, institutions with mental scripts (Gioia and Poole, 1984; Lord and Kernan, 1987; Johnson, Smith and Codling, 2000). For most institutionalists, institutions seem to be institutions only if they shape behaviour, and to shape behaviour institutions seem to become the line that binds knowledge, beliefs and actions. In this way, if formal institutions (laws) are ignored, they are not institutions (Hodgson, 2006; p. 6).

However, if we consider that many changes in formal institutions, particularly when they are secured by fiat and they are legally enforced, like the declaration of a Natural Park, the smoking ban in public spaces, or putting speed limits on roads (Hall and Thelen, 2009; Bromley, 2006), are almost immediately followed by the actors, what role is played by the beliefs, mental scripts or mental models in these cases? Taking all this into consideration, the question becomes, then, do institutional explanations need to rely on the mind to explain behaviour? One actor can have certain beliefs and does not necessarily to act according to them (Veblen, 1919), but the other way around is also true. One actor can follow a repeated behaviour without having explicit beliefs, mental scripts or models that induce that behaviour. Many times, the only reason to follow formal institutions are incentives or sanctions, and this is the context where the greatest part of land-use regulations are developed¹⁴. This is a significant gap of institutional literature and it has to do with they way institutional literature defines institutions as the result of a self-organization process (Hodgson, 2006).

3.1. Explaining diffusion

In the implementation of land-use acts, enforcement mechanisms are

¹⁴ To follow a repetitive behaviour requires, however, certain predisposition of the mind. This predisposition will be explained in the discussion.

widely used to diffuse the act. Enforcement can be defined as a “act of compelling observance or compliance with a law, rule or obligation” (Oxford dictionary). Therefore, a law mandate can be an enforcement mechanism if it provides mechanisms to adjust compliance of the behaviour with the law. In other cases, when these mechanisms are not provided, knowledge of existence of laws does not automatically signal them as institutions unless there are additional enforcement mechanisms, like sanctions. Sanctions are defined by Commons (1934; p. 701) as “the collective inducements that require individual to conform their behaviour to that of others”.

Berger and Luckmann (1966) point out that sanctions are only required when the institutionalization process is not completely fulfilled. Once full institutionalization takes place, sanctions, although they can keep existing, loosen their control capacity, and are only used to punish those who deviate from the norm, but not to force the actors to follow the norm. At this stage, a full institutionalized stage, no external motivation for conformity is necessary because norms are full internalized (Zucker, 1977). However, rent seeking can be a continuous challenge to those formal institutions, so that they may never become an habit and much less, in Commons's terms, a custom, which can have continuity over time without an enforcement mechanism. Land-use regulations are being continuously challenged by rent-seeking interests, and that is the reason why these regulations have to be enforced even in countries with a long tradition in land-use planning. In addition, it can be the case that certain institutions are maintained over time only if they serve rent seeking interests rather than if they are shared by the community (Hall and Thelen, 2009). Although institutionalists provide very useful insights to understand behaviour from a social and even philosophical point of view, as planners we need to understand specifically by which mechanisms and under which conditions behaviour is shaped.

To explain the different adoption rates in the two regions-countries it is necessary to pay attention to the enforcement mechanisms. In the case of Galicia there was no sanction for those municipalities that did not adopt the plan before 2006. The regional government, however, provided a positive stimulus (to bear the expenses of municipal plan-making) to facilitate the implementation of the act. Unlike Galicia, the Dutch government set up negative stimulus (a sanction) to force the municipalities to adopt the Act. There is enough evidence that shows that the high implementation rate of the Dutch act can be attributed to this enforcement mechanism (Buitelaar, Galle and Sorel, 2011). To explain why the Dutch government was able to force municipalities to comply with the act whereas the Galician government was unable to do it, the arguments relying on government willingness seem not to have enough explanatory power. To find another explanation the following hypothesis is developed.

In Giddens's (1984) model of structuration, only legitimated and encoded institutions in an actors' stock of practical knowledge can be sanctioned in the realm of action. This is also pointed out by Berger and Luckmann (1966) when explaining the process of institutionalization. Redmond (2005) affirms that detection and punishment of law breaker is costly, so it is in the interest of law-maker to promote a “meta-law” of the following sort: “one should obey the laws”. However, the meta-law, as Redmond (2005) points out, “is effective only in so far as it is credible” and “credibility is a function of perception of the legitimacy of the process under which the law arose and the rightful authority of the lawmaker”. Weber (1924 [1978]; p. 36), suggests that legitimacy is based on an authority

“which is held to be legitimated and therefore meets compliance”. Drawing on this reasoning, we suggest that Dutch municipalities do not adopt the land act solely because the sanction. Although the Association of the Netherlands Municipalities regarded the act as an inflexible system that reduces the quality and practicability of spatial planning (Roodbol-Mekkes et al., 2012), the municipalities accepted the legitimacy that the government had to change the act and to force them to behave in compliance with that act. This is not the case of the Galician municipalities. Regional government knew in advance that the political cost of enforcing a land-use act with a sanction would be very high, to the extent that a new government would be probably chosen for the following legislature. This shows that Galician land-use planning is not yet, in Guidden's (1984) words, a “legitimated and encoded institution” among the municipalities.

3.2. Resistance to the institutionalization processes. Sources of continuity

All institutionalization processes face always some kind of resistance, not only because an institutionalization process implies a change of an acquired behaviour in the past, but also because institutionalization may be at odds with current interests of many actors. Behaviour and interests are guided and shaped by institutions. The definition of institution can vary according to the theoretical approach used to study them. The three institutionalisms, rational, historical and sociological institutionalisms defined by Hall and Taylor (1996) understand institutions in different ways, particularly when considering two characteristics of institutions: 1) the origin of institutions, why they emerge and how, and 2) the reasons for their survival over time, or why they are so resistant to change. This section seeks to understand the main sources of resistance to change within the institutional literature, and therefore why institutionalization processes of formal institutions created to regulate land-uses can be held back. The sources of resistance to change are discussed for each institutional paradigm.

3.2.1. Rational institutionalism

Rational institutionalism explains the resistance to change of institutions due to the economic benefits provided, that is, because certain institutions make socio-economic systems more efficient. These benefits are measured in economic terms. Institutions resist change because they are more efficient when they are used (what has been called institutional efficiency) and/or when they improve the resource-use efficiency (what has been called allocative efficiency). For instance, Demsetz (1967) explained the emergence of property rights as a “response to the desires of the interacting persons for adjustment to new benefit-cost possibilities”. Based on the works of Coase, transaction costs theorists have explained the persistence of land-use planning (zoning) as an institutional form that minimizes transaction costs, i.e., it is more efficient than other institutional arrangements assigning land-uses (Lai, 2005; Webster, 1998). Institutions that are restricting the behaviour of agents are very resistant to change because they provide an optimal and more efficient mode of organization. Other alternatives, if they are less efficient, are at comparative disadvantage and will not be selected in the long run (Jones, Hesterly and Borgatti, 1997).

3.2.2. Historical institutionalism

However, as North (1990) has pointed out, many of the institutions that

shape our socio-economic activity are inefficient. For instance, land-use planning is considered by many authors as very inefficient in terms of allocating efficiently land-uses (Sheppard and Cheshire, 2002). If this is true, some authors ask why is it so prevalent? (Chung, 1994). To explain this, historical institutionalists developed the concept of path dependence. This term means that available choices in the future are restricted by the choices made in the past.

For historical institutionalism the concept of path dependence plays a key role (Peters, 1999; Hall and Taylor, 1996) in explaining the survival of many institutions. Thelen (1999) differentiates two ways of thinking about path dependence within historical institutionalism. The first one understands path dependence from an economic point of view and is quite deterministic in the sense that when a path is taken, it becomes “locked in”. The relevant actors adjust their strategies to meet the prevailing pattern. It is difficult to change initial elections because the costs (learning costs in the case of technologies or transformation in the case of political changes) are too high, see for example the explanation of David (1985) about the origin of the keyboard; although more efficient layouts have been designed, they are not diffused because of the high learning costs. When changing institutions, the costs may be high enough to the extent that actors will keep using institutional arrangements even if more efficient alternatives in the long term are available.

Thelen (1999) argues that the second way to look at path dependence within historical institutionalism is from the point of view of sociological institutionalism. In this line, Zucker (1977) states that to arrive at shared definitions of reality, individual actors transmit an exterior and objective reality, while at the same time this reality defines what is real for these same actors. Generational transmission provides the clearest example of this process. The young are enculturated by the previous generation and so on. Cultural persistence can be explained, therefore, through a process of institutionalization. Ikenberry (1994) argues that once the path is set, it tends not to change, but not because it is costly to change, but because interests and behaviour get defined by the political culture.

3.2.3. Sociological institutionalism

Sociological institutionalism understands institutions may not differ greatly from some of the historical institutionalist views on path dependency, however, there are some differences. First, sociological institutionalists usually take a normative approach to the study of institutions, tending to blur the line between institutions and culture (Ishiyama and Breuning, 2010; Hall and Taylor, 1998). With normative it is meant that norms persist because they are shared. Actors do what they have to do, and this means that they do what other members of the community expect them to do (Zucker, 1977, Berger and Luckman, 1967). This idea has been translated into the planning realm. Decision making in planning does not rely on a consequentialist logic; to get things done, the basic action has to be based on legitimacy (Healey, 2006; Innes, 1996).

However, in the realm of land-use planning there may be reasons for continuity that are not explicitly related to the reasons provided in the institutional literature. For instance, Jacobs (2011) argues that many American (rural) municipalities are very reluctant to adopt land-use regulations because the goal of municipalities is growth aimed at increasing their budgets through building fees and taxes. On the other hand, Jacobs (2011) points out that land-owners are also

reluctant to adopt land-use regulation because this can imply a reduction of the value of their properties when the plan does not allow to develop them. In this context, both municipalities as well as land owners can adopt a rent-seeking behaviour in order to manipulate the political environment to obtain benefits. This source of resistance to change concerning individual interests and power has not been considered explicitly by institutionalist. One explanation for this is that institutions are created to solve social dilemmas (Ostrom, 1990), or to improve economic transactions (North, 1990). However, rent-seeking behaviours are indicators of the opposite phenomena. Institutional literature has not paid too much attention to studying this (Georg et al., 2006), since institutionalists in general are more concerned with the influence of institutions in decision-making, and less interested in decision-making itself. As it will be shown, the explanation of not-adoption may rely, in the absence of legitimated enforcement mechanism, on cognitive limitations rather than on institutional explanations. Some insights of behavioural economics, like the prospect theory, can be more useful to explain non adoption.

4. Explaining non adoption

4.1. Non adoption in Galicia

Rational institutionalism seem not to be the reason why Galician municipalities are reluctant to land-use planning. The current land management is not improving the efficiency of the use of land. On the contrary, the current urban sprawl is causing high costs for the Galician society (Prada Blanco, 2007; 2008). The historical institutionalism does not seem to be explanatory either. The current land management practices were established a few decades ago and are not the result of institutionally locked-in arrangements. All the contrary, the situation is caused rather by the disappearance of informal institutions that enable land management until the second half of the 20th century (Tubío-Sánchez et al., 2013). Sociological institutionalism is not explanatory either, because as it has been pointed above, there is not a well-established practice of land-use planning among Galician municipalities to the extent that it can be considered shared by the main actors¹⁵.

What explains the resistance to adopting land-use plans in compliance with the new act? In the Galician literature, there are a few explanations about the reasons that municipalities have to reject land-use planning. They appear to be about the individual interests of both land-owners and municipalities, in the same line that Jacobs (2011) explained the reluctance to adopt land-use regulations in the USA. In Galicia the idea exists that land-owners will reject land-use planning because restrictions on the development of plots would reduce the value of the property. This argument (the lack of land-use planning) has been used by scholars to explain why in Galicia rural land is so expensive (López Iglesias, 1996). However, the results of empirical research do not support this hypothesis. A study on the rural land prices transactions during the last three years shows that the prices of rural land are higher in municipalities with a plan adapted to the act than in municipalities without adapted plans or even without any kind of plan (Crecente-Maseda and Tubío-Sánchez, 2012). Land prices can depend on other factors apart from a land-use plan, like for instance on proximity to urban centres.

¹⁵ In Galicia there are a few municipalities with a long tradition of land-use planning. However, these municipalities are the exception rather than the rule.

In this sense, this argument is not conclusive.

A few scholars also suggest the idea it is not only land-owners who press, more or less directly, upon municipalities to prevent the adoption of plans that take away their development rights. Municipalities, it is pointed out, have several economic reasons to avoid restrictions in land-use planning. One of them is that taxes related to building activity have become their largest income source (Rodríguez González, 2008; Lois-González and Aldrey-Vázquez, 2011). However, this seems to be somehow contradictory with other findings on the financial behaviour of the municipalities, which suggests that Galician municipalities have very low property taxes compared with other regions of Spain (Álvarez Corbacho, 2008). Empirical data shows that, for the years 2009, the number of building permits in municipalities with an adopted land-use plan is higher than in municipalities without a land-use plan adapted to the new act (Crecente-Maseda and Tubío-Sánchez, 2012). Furthermore, according to data of the Ministry of Public Administration¹⁶, revenues from land development accounted for around 4% of their total income for the period 2005-2012, when the average in Spain is around 11% (Solé-Ollé and Viladecans-Marsal, 2011). However, it is necessary to be cautious about this conclusion; in the section 4.3 we return to it.

4.2. Non adoption in the Netherlands

Many practices in the Dutch planning activity, like the use of exemptions to the plan, can be considered an informal institution, completely institutionalized and therefore very resistant to changes. However, the practice of making exemption to plan cannot be explained through rational choice institutionalism because it has been shown that other ways of land development could be more efficient, and nevertheless municipalities were reluctant to carry them out (van der Krabben and Needham, 2008; Buitelaar, 2010). Although it could be considered that land management and in particular the use of exemptions was an election made in the past and became locked in, as historical institutionalism would suggest, some authors suggests that this practice works under a logic of appropriateness (Buitelaar, Lagendijk and Jacobs, 2007). In terms of land-use planning, Dutch municipalities do what other actors expect them to do. Developers are somehow forced to negotiate with municipalities, because, first, when plans are outdated there is no other possibility to initiate new developments, and second, municipalities like negotiations because in this way they can impose several conditions on the development to improve the quality of plans and to fulfil citizens' needs (Buitelaar, Galle and Sorel, 2011; Needham, 2007). In this way the behaviour of municipalities seems to be legitimated insofar it is “encapsulated in a role, an identity, a membership in a political community or group” (March and Olsen, 2009). Municipalities carry out active land policy and citizens and developers are happy with that.

The new act passed in 2008 introduces the possibility of defining specific uses (like housing types) in a plan, making it no longer necessary for municipalities to own land to achieve their goals (van der Krabben and Jacos, 2013). But, after changing the act, why do municipalities did not change their practice as it has been shown in section 2.2.2? As it has been shown above, municipalities were reluctant to change their behaviour. Apart from the traditional quest to control land development, municipalities had also important financial

¹⁶ <http://serviciosweb.meh.es/apps/EntidadesLocales/BDatosPL.aspx>

reasons to avoid changing their practices related to exemptions and keep sticking to the use of exemptions. In a context where plans are outdated and new development initiatives emerge, the privileged position of municipalities in negotiations with developers (since developers do not have other choice than negotiate with the municipalities to initiate developments) allow them to pass the cost of revising the land-use plans to the applicants (through legal fees or by drawing up agreements) (Buitelaar, Galle and Sorel, 2011). This will not longer be possible when in 2013 all municipalities have adopted the act.

The municipalities' quest of control of development process relies on their financial interests. Some authors even argue that one of the informal objectives of this way of managing land is the generation of income stream for local authorities (Overwater, 2011). Between 1999 and 2007, Dutch municipalities made profits from land development of around of 1848 million Euros (Korthals Altes, 2010). These earnings are comparable to all local government earnings from taxes and charges in the same years. For instance, in 2005, almost at the peak of the housing market, around 12% of the total income of municipalities was from land development; that is three times higher than the revenues obtained from property taxes (Korthals Altes, 2008).

Despite of (or maybe due to) the principle of prudence in the accounting of land-development projects of Dutch land-development agencies, these profits made out of land development formed the main source for the financial flexibility of the municipalities. Although strong evidence is lacking, as van der Krabben and van Dinteren (2010) point out, it is not unthinkable that financial driving forces play a role in municipalities' development decisions. Therefore, it is not (or not only) the "logic of appropriateness" in the decision-making that justifies the existence of these planning practices, but also to serve the economic interests of the municipalities.

Today, the change of the municipal behaviour with regard to land management may be due more to the economic crisis than to the willingness to be in compliance with the act, for municipalities are now very reluctant to buy land, what markedly reduces their bargaining capacity. Nowadays many municipalities will not be able to earn back the investments made in the past (Deloitte Real Estate Advisory, 2011). In this new context the new act contains more options for public cost recovery and for provision of public goods when municipalities do not own the land (Buitelaar, 2010; van der Krabben and Jacobs, 2013). This will significantly induce municipalities to adapt the new act and change their land management practices.

4.3. Comparing not-adoption adoption sources

The sources that the three institutionalism envisage as sources of continuity are not completely explanatory for continuity, if we do not include terms like economic interests. As Hall and Thelen (2009) point out, "the durability of an institution can rest substantially on how well it serves the interests of the relevant actors" (Hall and Thelen, 2009; pp. 11). Economic interests play a key role. Even when more efficient alternatives are available, the sources of continuity depend more on the uncertainty regarding the distribution of gain and losses that a new policy reform brings (Fernandez and Rodrik, 1991; Hall and Thelen, 2009). Under a change (which on the ground is a risky environment), like for instance the adoption of a land-use plan, actors are much more averse to losses of some magnitude than they are to gains of the same magnitude (Kahneman and Tversky,

1979). In the Netherlands, municipalities always wanted to control development and tried to achieve societal goals, like promoting affordable housing. But the municipalities had also economic interests in doing so. Again, institutions can survive over time if they serve the interests of relevant actors. In this case, institutions are not at odds with self-interests positions, they are, rather, aligned with them.

In Galicia, neither the institutional sources of resistance nor the self-interests of land-owners seem to be completely explanatory of the low degree of adoption of the act. However, the fact that the consequences of that self-interest and rent seeking in agricultural land-prices are not demonstrable, it does not imply that they do not exist. Like in the Dutch case, it is difficult in Galicia to separate between what is economic and self-interest and what is no interest in planning. As it has been said in the section 4.1, Galician municipalities are not very interested in recouping the developments costs. More than the half of them do not see any benefit from adapting the plans to the new act. In a context where the regional government does not have enough legitimacy to enforce the act, and where the municipalities do not consider it useful, it is difficult to say if self-interest is the main element of resistance, or if self-interest is what arises when there is not a strong government at work.

5. Conclusions

This article shows that to enforce planning acts at local level, one of the crucial element is the legitimacy that upper governmental levels (national or regional) have. In Galicia, where land planning has not had a long tradition, the regional government has difficulties to legitimate its decisions. In the Netherlands it is the other way around. National government is legitimated, and legitimation could be considered a cultural characteristic. In this way, the Dutch national government can enforce a new Spatial Planning Act through a sanction. It should be noted that municipalities accepted that they would be sanctioned, even if they were happy with the former act. To enforce laws, and particularly planning acts, governments have to become credible.

With regard to the sources of continuity, the institutional literature does not fully cover all sources of continuity that may appear during the process of adoption of an act. This is so because almost all institutional literature, ranging from more positivist position to the more constructivist one, is quite reluctant to include in its analysis concepts like economic interests. In both cases, economic interests play a role to understand resistance to change. In the Dutch case, self-interest of the municipalities is aligned with the achievement of public goals. In the Galician case, economic interest of both municipalities and landowners are aligned with rent seeking. However, it is difficult to know if this occurs because rent seeking is hampering planning implementation or if it is because there is not a strong and legitimated government. This conclusion may be somehow striking for specially for neo-institutional economists. For scholars like Coase or Williamson, institutions are devices of the economic interest in reducing transaction costs and create more efficient markets. For Galician and Dutch municipalities, either institutions represent ways of maintaining certain levels of revenues and control, or they represent an attack to selfish land-owners and a political cost for local governments. In both cases there is an economic interest at stake, but this economic interest does differs from economic interest that according neo-institutional theory economic agents should have.

References

- Álvarez Corbano, X., 2008. Os ingresos urbanísticos dos concellos galegos. In: Lago Peñas, S., Álvarez Corbacho, X. (Ed.). Territorio, financiamento e control de gasto. Chaves de economía pública galega II. Editorial Galaxia, Santiago de Compostela.
- Barley, S., Tolbert, P., 1997. Institutionalization and structuration: Studying the links between action and institution. *Organization Studies* 18(1) 93-117.
- Berger, P., Luckmann, T., 1966. The construction of social reality. Anchor Books, New York.
- Berke, P., Backhurst, M., Day, M., Ericksen, N., Laurian, L., Crawford, J., Dixon, J., 2006. What makes plan implementation successful? An evaluation of local plans and implementation practices in New Zealand. *Environment and Planning B: Planning and Design* 33 581-600.
- Bromley, D.W., 2006. Sufficient reason. Volitional pragmatism and the meaning of economic institutions. Princeton University Press, Princeton.
- Buitelaar, E., Galle, M., Sorel, N., 2011. Plan-led planning systems in development-led practices: and empirical analysis into the (lack of) institutionalization of planning law. *Environment and Planning A* 43, 928-941.
- Buitelaar, E., Lagendijk, A., Jacobs, W., 2007. A theory of institutional change: illustrated by Dutch city-provinces and Dutch land policy. *Environment and Planning A* 39, 891-908.
- Buitelaar, E., Sorel, N. 2008. Ex-durante evaluatie Wro: evaluatie ontwerp en nulmeting. PBL, The Hague.
- Buitelaar, E., Sorel, N., 2010. Between the rule of law and the quest for control: Legal certainty in the Dutch planning system. *Land Use Policy* 27, 983-989.
- Cardoso, R., Breda-Vázquez, I., 2009. The institutionalization of just decision making: analyzing planning practice in Portugal. *Environment and Planning C: Government and Policy* 27, 413-432.
- Cheshire, P., Sheppard, S., 2002. The welfare economics of land use planning. *Journal of Urban Economics* 52, 242-269.
- Chung, L., 1994). The economics of land-use zoning: a literature review and analysis of the work of Coase. *Town Planning Review* 65(1), 77-98.
- Commons, J.R., 1934. Institutional economics: its place in political economy. Transaction Publishers, London.
- Crecente Maseda, R., 2009. Parroquias e Planificación. In: Fernando García Pazos (Coord.). A parroquia en Galicia, pasado, presente e futuro. SITGA, Santiago de Compostela, pp. 161-191
- Crecente-Maseda, R., Tubío-Sánchez, J., 2012. Urbanismo no rural. Un urbanismo para o rural vivo. In: Rodríguez González, R. (Coord.). Galicia. Un mundo rural vivo, Encuentro de la Universidad Internacional Menéndez Pelayo, Lalín, del 11 al 13 de abril de 2012.
- Dalton, L., Burby, R., 1994. Commitment to development management. *Journal of the American Planning Association*. 60 444-461.
- David, P., 1985. Clio and the economics of QWERTY. *American Economic Association* 75(2), 332-337.
- Deloitte Real Estate Advisory, 2011. Financiële effecten crisis bij gemeentelijke grondbedrijven: update. VNG, Den Haag.
- Demsetz, H., 1967. Toward a theory of property rights. *The American Economic*

Review 57(2), 347-359.

European Commission, 1999. The EU compendium of spatial planning systems and policies: the Netherlands. Office for official publication of the European Commission, Luxembourg.

Fernandez, R., Rodrik, D., 1991. Resistance to reform: status quo bias in the presence of individual- specific uncertainty. *The American Economic Review* 81(5) 1146-1155.

García-Docampo, M., Dalda-Escudero, J., González-Harguindey, J., 2005. Cidade difusa en Galicia. In: Consellería de Política Territorial, Obras Públicas e Transportes. Xunta de Galicia, Santiago de Compostela.

Giddens, A., 1984. The constitution of society. Outline of the theory of structuration. Polity press, Cambridge.

Scripts in organizational behavior. *Academy of Management Review* 9(3), 449-459.

González-Pérez, J., 2005. Planificación y construcción de ciudades medias en el sistema urbano industrial: Los casos de Palma de Mallorca y Vigo. *Boletín de la A.G.E* 40, 449-471.

Hajer, M., Zonnenveld, W., 2000. Spatial planning in the network society - Rethinking the principles of planning in the Netherlands. *European Planning Studies* 8(3), 337-355.

Hall, P., Taylor, R., 1996. Political science and the three new institutionalisms. *Political Studies* 44(5), 936-957.

Hall, P.A., Thelen, K., 2009. Institutional change in varieties of capitalism. *Socio-Economic Review* 7, 7-34.

Healey, P., 2006. Transforming governance: Challenges of institutional adaptation and new politics of space. *European Planning Studies* 14(3), 299-320.

Hodgson, G., 2006. What are institutions? *Journal of Economic Issues* XL(1), 1-25.

Ikenberry, G., 1994. History's heavy hand: Institutions and the politics of the state. Unpublished manuscript.

Innes, J., 1996. Planning through consensus building: A new view of the comprehensive planning ideal. *Journal of the American Planning Association* 62 (4), 460-472.

Ishiyama, J., Breuning, M., 2010. 21st Century political science: A reference handbook. SAGE Publications, California.

Jacobs, H.M., 2011. Rarely managing growth: the under-utilization of land use policy approaches. In: David Marcouiller et al. (Eds.). Rural housing. Exurbanization, and amenity-driven development: contrasting the "haves" and the "have nots". Ashgate, Burlington, VT.

Johnson, G., Smith, S., Codling, B., 2000. Micro processes of institutional change in the context of privatization. *Academy of Management Review* 25(3), 572-580.

Jones, C., Hesterly, W., Borgatti, S., 1997. A general theory of network governance: exchange condition and social mechanisms. *Academy of Management Review* 22(4), 911-945.

Kahneman, D., Tversky, A., 1979. Prospect theory: An analysis of decision under risk, *Econometrica* 47(2), 263-291.

Korthals Altes, W.K., 2007. The impact of abolishing social-housing grants on the compact-city policy of Dutch municipalities. *Environment and Planning A* 39, 1497-1512.

Korthals Altes, W.K., 2008. Actief Grondbeleid Betaalt zich Terug. Property

Research Quarterly 1, 22-27.

Korthals Altes, W. 2010. The financial estimates and results of servicing land in the Netherlands, *Environment and Planning B: Planning and Design*, 37, 929-941.

Lai, L., 2005. Neo-Institutional economics and planning theory. *Planning Theory* 4(7), 7-19.

Lois González, R., Aldrey-Vázquez, J., 2011. El problemático recorrido de la ordenación del territorio en Galicia. *Cuadernos Geográficos* 47, 583-610.

López Iglesias, E. (1996): *Movilidad de la tierra y dinámica de las estructuras agrarias en Galicia*. MAPA, Madrid.

Lord, R.G., Kernan, M., 1987. Scripts as determinants of purposeful behavior in organizations. *Academy of Management Review* 12(2), 265-277.

March, J.; Olsen, J. (2009). *The logic of appropriateness*. ARENA, Centre for European Studies. University of Oslo, Working Paper 04/09

Meilán Gil, J., 2001. Los núcleos rurales en la ley del suelo de Galicia. *Anuario da Facultade de Dereito da Universidade da Coruña*, 443-453.

Nadin, V., Stead, D., 2008. European spatial planning systems, social models and learning. *DISP* 172(1), 35-47.

Needham, B., 2005. The new Dutch spatial planning act: continuity and change in the way in which Dutch regulate the practice of spatial planning. *Planning, Practice & Research*. 20 (3) 327-340.

Needham, B., 2007: *Dutch land use planning. Planning and managing land use in the Netherlands, the principles and the practice*. Sdu Uitgevers, The Hague.

North, D., 1990. *Institutions, institutional change and economic performance*. Cambridge University Press, Cambridge.

North, D., 2005. *Understanding the process of economic change*. Princeton University Press, Princeton.

Oliveira, M., Anllo, C., Lois, M., Nogueira, C., 2009. *A trama rururbana*. Xunta de Galicia, Santiago de Compostela.

Ostrom, E., 1990. *Governing the commons: The evolution of institutions for collective action*. Cambridge University Press, Cambridge.

Overwater, P., 2011. Current and future land politics and land policy in the Netherlands. *BOSS Magazine* 41, 28-32.

PBL, 2010. *Ex-durante evaluatie Wet ruimtelijke ordening: eerste resultaten*, Planbureau voor de Leefomgeving. The Hague.

Peters, B., 2005. *Institutional theory in political science: the "new institutionalism"*. Continuum International Publishing Group, London.

Pino Vicente, D., 2008. O tratamento dos litorais de Galicia. In: *Colexio Oficial de Arquitectos de Galicia* (Ed.). *O espazo litoral*. COAG, A Coruña.

Prada Blanco, A., 2008. Consecuencias e custes da dispersión. *Grial* 177, 132-137.

Prada-Blanco, A., 2007. Diseminación e dispersion: causas e custes. In: *Estévez Fernández, X., Fernández-Cerviño, M.J. (Eds.). Territorio, paisaxe e identidade*, Museo do Pobo Galego, Santiago de Compostela.

Raposo Arceo, J., 2009. El suelo de núcleo rural en la ley 9/2002, de 30 de diciembre, de ordenación urbanística y protección del medio rural de Galicia. In: *José Luis Meilán Gil (Coord.). Comentarios a la ley de ordenación urbanística y protección del medio rural de Galicia*. Editorial Aranzadi, Oviedo, pp. 229-264.

Redmond, W., 2005. A framework for the analysis of stability and change in formal institutions. *Journal of Economic Issues* 39(3) 665-681.

Rodríguez González, R., 2004. Tratamento xeográfico e territorial da paisaxe e o espazo rural». In: *Román Rodríguez González (Coord.). Implicacións territoriais*

e socioeconómicas da Lei 9/2002, de ordenación urbanística e de protección do medio rural de Galicia. Federación Galega de Municipios e Provincias, Santiago de Compostela, pp. 9-23.

Rodríguez González, R., 2008. Usos del suelo, ¿ordenación, sostenibilidad o fiscalidad? In: Colexio oficial de arquitectos de Galicia. O espazo litoral. COAG, Coruña, 197-217.

Roodbol-Mekkes, P., van der Valk, A., Korthals Altes, W., 2012. The Netherlands spatial planning doctrine in disarray in the 21st century. *Environment and Planning A* 44, 377-395.

Solé-Ollé, A.; Viladecans-Marsals, E. 2011: "Local spending and the housing boom", *Documents de Treball de l'IEB* 27.

Thelen, K., 1999. Historical institutionalism in comparative politics. *Annual Review of Political Science* 2, 369-404.

Tolbert, P., Zucker, L., 1999. The institutionalization of institutional theory. *Handbook of Organization Studies*, Vol 1. In: Clegg, S.R., Hardy, C. (Eds). *Studying organization: theory & method*. SAGE Publications, California, pp. 169-184.

Tubío-Sánchez, J., Ónega-López, F., Timmermans, W., Crecente-Maseda, R., 2013. Institutional change in land Planning: Two cases from Galicia. *European Planning Studies*, 21(8), 1276-1296.

van der Krabben, E.; Jacobs, H. Public land development as a strategic tool for redevelopment: Reflections on the Dutch experience. *Land Use Policy*, in press.

van der Krabben, E., Needham, B., 2008. Land readjustments for value capturing. A new planning tool for urban redevelopment. *Town and Planning Review* 79 (6), 651-672.

van der Krabben, E.; van Dinteren, J. 2010. Public development of industrial estates in the Netherlands: undesired market outcomes and policy interventions, *Tijdschrift voor Economische en Sociale Geografie*, 101(1), 91-99.

Veblen, T., 1919. *The place of science in modern civilisation*. Huebsch, New York.

VNG, 2008: Letter "Nationaal ruimtelijk beleid onder de nieuwe Wro" from 29-04-2008 to the minister of planning Vereniging van Nederlandse Gemeenten, The Hague.

VROM-inspectie, 2011. Trendanalyse beoordeling ruimtelijke plannen 2010. VROM-inspectie, Den Haag.

Weber, M., 1978. *Economy and society*. University of California Press, California.

Webster, C., 1998. Public choice, Pigouvian and Coasian planning theory. *Urban Studies* 35(1), 53-75.

Wolsink, M., 2003. Reshaping the Dutch planning system: a learning process? *Environment and Planning A* 35, 705-723.

Xunta de Galicia, 2006. *Urbanismo e territorio en Galicia: Reflexións para o futuro*. Xunta de Galicia, Santiago de Compostela.

Zucker, L., 1977. The role of institutionalization in cultural persistence. *American Sociological Review* 42(5), 726-743.

Chapter 4: Understanding local land use planning in Galicia: The case of the Local Planning and Protection of Rural Areas Act of Galicia - LOUGA

Abstract

Local land use planning is one of the most complex tasks carried out by local governments. However, there is a lack of research on the factors related to the adoption or rejection of land use planning by local governments. This paper aims to contribute to the understanding of the behaviour of local authorities in Galicia in adopting the Local Planning and Protection of Rural Areas Act of 2002 (LOUGA) from an empirical and theoretical approach. Particular attention is directed to the factors that led local governments to adopt or reject the act. Results show that most of the arguments proposed in Galicia to justify the reluctance of local governments to adopt land use plans do not fully explain the implementation pattern of the LOUGA.

Key words: local government, urbanism, local financing, land uses, property rights

1. Introduction

Local planning has become one of the most complex tasks carried out by local governments, since takes into consideration legal, cadastral, mortgage and register implications of local land use classification. Indeed, local planning has become key to effective governance. Yet, in Galicia land use planning in general and local planning in particular have been usually referred to as ‘chaos’ (García Vidal, 2003), as a mixture of ‘impunity and ugliness’ (Mosqueira Lourenzo and Silva Méndez, 2005) or, more straightforward, as ‘a problem’ (Lois González and Aldrey Vázquez, 2011; Pino Vicente, 1995; 2010). Although there is a Galician way of thinking about the land, there also is a sense of collective frustration about land use planning, as suggested by Precado Ledo (2006) and apparently confirmed by the passing of three land use acts in the last 25 years. Such a situation has direct effects on local government in terms of functioning, legitimacy among citizens, financing and guaranteed achievement of the public good.

Despite the widespread negative perception of land use planning in Galicia, there are great differences between municipalities due to the diversity that characterizes the region.

The current land-use act called Local Planning and Protection of Rural Areas Act (LOUGA) introduces a dramatic change in the objectives of the regional government in terms of the function of land use planning. However, many questions remain unanswered about the real impact of this shift in the government objectives, some of which are essential. For instance, how many municipalities have adopted the LOUGA? What are the characteristics of those municipalities? Why have they adopted the Act? How many municipalities have not adopted the LOUGA and why not?

Strikingly, despite the importance of local land use planning to local governments, only a few authors in Galicia have tried to rigorously answer these essential questions, which reveals a lack of interest on the part of Galician university researchers in the land in general, as some authors have pointed out (Dalda Escudero, 2008; Crecente Maseda, 2009).

This paper analyses the adoption of the current land use act and provides a deeper insight into land use planning in Galicia to overcome the interpretative problems faced by researchers when trying to understand land planning practices in the region. The paper is organized into two main sections. The first section focuses on the characterization of the municipalities that have conformed to the current land use act, passed in 2002, and on the characterization of the municipalities that have not started drafting their plans to comply with the goals of the act. The second section explores the reasons that scholars have proposed to explain the reluctance of Galician local governments to adopt land use plans. The reasons proposed by authors from different disciplines are contrasted with an empirical analysis and with theoretical contributions from international literature on planning. The conclusions provide a brief explanation of the behaviour of local governments with respect to land use planning in general and the adoption of the current land use act in particular.

2. The adoption of the LOUGA by Galician local governments

The enactment of the Local Planning and Protection of Rural Areas Act of 2002 was encouraged by three judgements of the Constitutional Court of Spain of 5 July 2001, 11 July 2001 and 27 February 2002. They were aimed at clarifying the competences of the State and Regional governments in the definition of land use classes. However, the enactment of the LOUGA went far beyond what was needed to adapt the 1997 land use act of Galicia to the new national framework. Actually, the LOUGA imposed much more restrictions on building in rural areas than the previous acts. Such a dramatic change cannot be understood without considering the prevailing climate during the drafting of the act. As an example of the atmosphere that contributed to trigger the passing of the planning act, one may cite the main regional newspaper *La Voz de Galicia* that on May 19, 2001, started a campaign against *uglinism*, a concept created to explain the lack of spatial organization in Galicia, by placing the following title on its front page: “The agony of the Galician Landscape”. The impact of the campaign was essential to understanding the goals of the new land use act (García Vidal, 2002; Tubío-Sánchez et al., 2013).

Despite that atmosphere at that time, a decade after the passing of the LOUGA, the outcomes of implementation are uneven. The act compelled local governments to adapt their plans or draft new ones before 2006. However, until 2011 only 53 local governments had made a land use plan that complied with the goals of the LOUGA. Among these, only 31 did so on their own initiative, insofar as 20 of them had already started drafting their land use plans before the enactment of the LOUGA and 2 of them were forced to adapt to the LOUGA after suspension of their plans by the Regional Government. This means that only 10% of the municipalities adapted their land-use plans to the LOUGA in ten years, which can be interpreted as a low degree of compliance with the law. However, most municipalities are currently drafting their land use plans. Actually, only 6% of the Galician municipalities have not contacted the regional government to start drafting their plans. Table 11 shows data of number of municipalities and their situation with regard to the LOUGA.

What are the characteristics of the municipalities that have approved a land use plan and what are the characteristics of the municipalities that have not started

the procedure for drafting the plan? To answer to this question we need to consider a number of factors that may be relevant to understanding why local governments decide to adapt or not to the LOUGA, namely:

- 1) Type and age of land-use plans
- 2) Political colour of the administration in office and its continuity over time.
- 3) Physical, economic and social characteristics of the municipalities.

In this paper these 3 factors are analysed both for the municipalities that have adapted their land-use plans to LOUGA and for the municipalities that have not started the process. The 221 municipalities that are currently (in 2011) working on their plans were not analysed because of the lack of available data on planning implementation and because the quantitative analysis that would be required goes beyond the scope of this paper, even though such an analysis might help determine the causes of delay in approval.

The analysis of the municipalities that adapted land-use plan to comply with the goals of the LOUGA is presented below.

2.1. Influence of type and age of planning policy tools at the time of plan approval

Type and age of land-use plans seem key to understanding the unwillingness of municipalities to adopt or refrain from adopting the act. Table 7 divides municipalities into three large groups: municipalities that have approved a land use plan adapted to the LOUGA, municipalities that have started drafting a plan adapted to the LOUGA and municipalities that have not started drafting yet. As shown in table 11, the group of municipalities that have started drafting is the largest group, with 221 municipalities. Two factors were analysed: 1) the age of the plan implemented in the municipality when the LOUGA was enacted, and 2) the planning policy tool applicable in the municipalities that adapted to the LOUGA (for the municipalities that have not adapted to the LOUGA or have started working on their plans, the policy tool available in 2002 is still applicable).

Table 7 summarizes two relevant findings: the first finding suggests that the municipalities with previous land-use plans were much more reluctant to adopt the LOUGA. Data show that 50% of the municipalities that have adapted planning to comply with the goals of the LOUGA did not have any land-use plan, whereas 30% of the municipalities that are working on the drafting of the plan currently do not have any land-use plan. In contrast, almost all municipalities (78%) that have not started drafting a plan adapted to the LOUGA have an applicable general land-use plan. The second finding refers to the average age of the plans that were applicable when the LOUGA was enacted in 2002. The average age of the plans applied in the municipalities that adapted their plans to the LOUGA was 15 years. For the municipalities that are currently working on adaptation, the average age of their plans applicable in 2002 was 10 years, whereas for the municipalities that have not started drafting, the average age of their plans available in 2002 was four years. This finding suggests that the willingness of local governments to adapt plans to LOUGA increases with the increase in the age of their previous plans.

Therefore, we have verified that the municipalities that have adapted their plans to the LOUGA share the following characteristics: a) a trend to not having currently applicable land use plans, or b) a trend to having applicable land use plans amongst the most obsolete planning policy tools in Galicia.

2.2. Political colour of the administration in office and continuity over time

The political colour of the administration in office can be highly relevant for making decisions on whether to draft a land-use plan insofar as different political parties have different views on the degree of government intervention on markets or on citizen participation in decision making. A study about the influence of political parties in the conversion of rural land into urban in Spain has revealed that left-wing local governments allow 65% less land to be developed than right-wing governments in similar municipalities (Solé-Ollé and Viladecans-Marsal, 2012). In the case of Galicia, given the increasingly long implementation processes, stability, that is continuity of local government over time, must be added to political colour as a relevant factor, for it facilitates plan implementation without the interruptions caused by changes in local administration. Table 8 summarizes data of political colour of local administration and its stability over time. The first column includes the percentage of municipalities that adopted a plan in compliance with the LOUGA and of political parties that stayed in the local government for two terms (from 2003 to 2011) as well as the percent change of party during the two terms considered.

Table 8 reveals two characteristics of the analysed municipalities that are relevant to understanding the influence of political parties on making decisions on whether to approve a plan. First, the conservative party “People's Party” (PP) prevails both in the municipalities that have approved a plan as well as in the municipalities that have not contacted the regional government to start drafting the plan (in both cases, the PP was incumbent in about 50% of municipalities). It is therefore observed that municipalities governed by the conservative party PP were equally prone to adopt the act, they account for about 50% of the municipalities. Second, the presence of the liberal party “Socialist Party” (PSdeG) is almost three times higher in the municipalities that have approved a plan in compliance with the LOUGA than in the municipalities that have not started adaptation to the LOUGA.

The table 13 presents the developable area in the plans of the non-adopters, the municipalities that are currently making it and the adopters of the act in relation to the political parties that obtained the majority of seats¹⁷. Results suggest that the adopters governed by the conservative party PP during the two terms in office (from 2003 to 2011) have made plans that convert 0,04% more land from rural to urban uses. This represents around 34 ha of more developable land in municipalities governed by the PP. In the case of non-adopters and municipalities working on the plan, it is not possible to make a relationship between the developable area of the plans and the political colour of the local government, for their current plans have been approved in the past, in some cases many years ago. This means that the political parties that adopted these plans may be quite different from the parties that have been governing in the municipalities between 2003-2011. Beside this, there is however a clear relationship between a

¹⁷ Notice that when the conservative party PP has the majority of seats it becomes the governing party. The left-wing political parties (PSOE and BNG) may form coalitions when they obtain more seats than the PP. However this is not always the case. Only in the case of adopters, the political coalitions have been checked to assure the political colour of the local authorities during the terms in office 2003-2007, 2007-2011. In the rest of the cases, it was assumed that a majority of seats of left-wing leads to a left-wing coalition. This uses to be so – at least in the case of adopters – but only if the parties agree to form a coalition.

dominant proportion of left-wing seats (PP) and the conversion of rural to developable land, in particular when the proportion of seats is above 40%, as showed in the figure 2 shows.

With regard to the relationship between continuity of the administration in office and reluctance to undertake planning, the percent change of local administration during the two terms considered was substantially lower in the municipalities that adopted a land-use plan that complied with the LOUGA (19.3%) than in the municipalities that have not started the plan-making (31.6 %). Compared with the group of non-adopters or the group of the municipalities working on the plan-making, the group of adopters has had the lowest variation of seats between the local elections of 2003 and 2007, as shown in figure 2. This finding points to a relationship between the continuity of the administration in office and the decision to approve a general plan.

According to these findings, PP is the political party that has approved the highest number of land use plans adapted to the LOUGA, but also the most represented party in the municipalities that have not started the adaptation to the LOUGA. Yet, the presence of PSdG in the municipalities that have adapted to LOUGA is three times higher than the presence of PSdG in the municipalities that have not started implementation. In addition, results reveal a relationship between the continuity of the administration in office between 2007 and 2011 and the approval of a general plan that complies with the goals of the LOUGA.

2.3. Physical, economic and social characteristics of the municipalities that adopted the LOUGA and of the municipalities that have not started plan-making

The above sections focused on some political and planning factors that could affect the adoption or rejection by local governments of a land-use plan that complies with the goals of the LOUGA. But what are the physical, economic and social characteristics of municipalities that may be related to the willingness or reluctance to adopt the act? The municipal willingness to adopt the act should be aligned with the act's goals, in the way that the greater is the willingness to adopt the act. Taking into consideration that the goals of local planning, particularly since the middle of the 20th Century, are mostly to manage urban growth processes and to protect agricultural land (OECD, 2001; Pallagst, 2007), variables related to urbanization processes and rural characteristics of the territory can be relevant to understand willingness to adopt the LOUGA. Therefore, to characterize the municipalities ten physical, economic and social variables, which are listed here along with the data sources for all the variables were used: 1) Total number of building permits in 2000 and 2009 (Galician Institute of Statistics – IGE), 2) rural land prices between 2008 and 2011 (Land Bank of Galicia); 3) agricultural labour force in 2001 (IGE); 4) 2010 population density (IGE); 5) crop areas (Spanish Land Use Information System - SIOSE); 6) forest areas (SIOSE); 7) artificial land area (SIOSE); 8) population centres (INE); 9) human settlements (INE) and 10) proportion of labour force engaged in services (IGE). When applicable, the variables were referred to the area of the municipality to make comparison between municipalities of different size possible. These variables help us to group municipalities with similar characteristics in order to determine the relationship between such characteristics and the adoption or rejection of the

LOUGA. Municipalities were grouped into five large groups or clusters, each of which had members with great similarities with respect to the ten variables mentioned in the above paragraph. Ward's hierarchical clustering method was used to group municipalities with similar characteristics. Figure 3 shows the spatial distribution of the five clusters.

Clusters are arranged from most to least urban, such that cluster 1 corresponds to the most urban municipalities and cluster 5 corresponds to the least urban municipalities. Table 9 shows the number of municipalities that made a plan compliant with the LOUGA by cluster and the number of municipalities that already had a land-use plan when adapted it to the LOUGA.

As shown in table 9, cluster 4 includes the highest percentage of municipalities that have adopted the LOUGA. According to figure 3, cluster 4 municipalities are located in the rural areas with the highest levels of agricultural and farming activity in Galicia, as suggested by Corbelle Rico and Crecente Maseda (2012). At the same time, cluster 4 municipalities had the lowest percentage of plans before adapting to the LOUGA, even lower than the percentage obtained for municipalities located in mountain areas.

According to Table 9, cluster 2 includes the lowest percentage of municipalities that have adapted their plans to the LOUGA, with only 6.2% of 65 municipalities. Based on figure 3, cluster 2 municipalities are geographically located in metropolitan and coastal areas of the Rías Baixas, in southeast Galicia. In addition, it is important to mention that both cluster 1 and 2 municipalities that have adapted to the LOUGA had already land-use plans. Many municipalities in cluster 4 did not have land-use plans or they were very obsolete.

Table 10 shows: 1) the municipalities that have not started the process to adapt to the LOUGA, 2) the clusters in which they are included, and 3) the percentage of municipalities that had previous plans before adapting to the LOUGA.

All the municipalities in cluster 1 have initiated the process to implement a plan, whereas cluster 3 includes the lowest percentage of municipalities that have not started the drafting of a plan. This result is in agreement with the results for cluster 3 municipalities that have not adapted their land-use plans. Apparently, having a previous plan is strongly correlated with low willingness to adapt the LOUGA. However, this is not strongly correlated with the cluster in which the municipality is included. Yet, the proportion of variance is not as large as the proportion of variance found for the municipalities that have adopted a plan in compliance with the goals of the LOUGA.

To sum up, the cluster analysis suggests that the highest level of adoption of LOUGA correspond to cluster 3 municipalities, which are located in areas of Galicia where the economic activity is mostly agriculture and farming (figure 3). Accordingly, cluster 3 includes the lowest percentage of municipalities that have not initiated the adoption of a plan that complies with the goals of the LOUGA. Adoption of LOUGA is strongly related to the cluster in which the municipalities are included as well as to the lack of applicable plans when the act was passed. The reasons for not adaptation to the LOUGA appear to be related to the existence of a previous municipal plans that was very recent when the LOUGA was enacted in 2002 rather than to the inclusion of the municipality in a given cluster.

3. Explanatory hypotheses of adoption or not adoption of the LOUGA

After having explored the main characteristics of the process for the adoption or rejection of the LOUGA by Galician local governments, some questions remain unanswered: How can this pattern of adoption be explained? Why were Galician local governments so reluctant to adopt the LOUGA? A few scholars in Galicia have attempted to explain the reluctance of local governments to undertake land use planning from different perspectives. The contributions of these authors can be assigned to four large disciplines that have traditionally been related to land planning in Galicia: Architecture, Economy, Law and Sociology. In addition, cross-cutting disciplines like geography usually bring together contributions from various areas. In the following sections, we assess the contributions of each discipline to the understanding of the implementation of the LOUGA. Table 11 summarizes the types of plans applicable in Galician municipalities and the number of municipalities that have land-use plan. Each type of plan is coded by a letter that is later used in various boxplots.

3.1. The Architecture perspective

Architects usually point to vague and non-specific land-use plan preparation as a reason for explaining the implementation gap of land-use plans in Galicia. They argue that technically deficient plans are less likely to be adopted (Portela Fernández and Estévez Fernández, 2008; Dalda Escudero, 2008). In international literature, some authors considered the technical quality of plans as a factor in the analysis of effective implementation of land use plans and found a positive correlation between technical quality and effective implementation (Joseph, Gunton and Day, 2008). These ideas have led some architects to claim that the difficulties in land-use plan approval and management in Galicia result from assigning the preparation of plans to teams that are not linked to local governments. This means that these teams do not understand the local dynamics. Accordingly, Galician architects support the ideas of 'direct management' of local land use planning by municipal architects and affirm that such management would improve the quality of plans (Cebrián Tello, 1980).

However, there is no evidence for a causal relationship between technically appropriate plans and plan implementation. Most probably, technically good plans are good because of a great willingness of local authorities to adopt them. When local authorities really want to adopt a plan they are much more concerned about the quality of the plan. Therefore, the technical quality of the adopted plans would be a consequence rather than a cause of implementation. Here, the direction of causes and consequences becomes essential.

In addition, a number of authors concerned with plan implementation have demonstrated that assuming that a technically good land-use plan will be implemented directly is wrong for many reasons (Alexander, Alterman and Law-Yone, 1983; de Oliveira, 2002). Yet, all these reasons relate to the fact that a land use plan is a social construct rather than a design produced by an expert (Graham and Healey, 1999). In this way, it is not longer possible to assume that in the current society, experts have the capacity to design and implement land use plans based on the technical excellence of their work is no longer reasonable.

3.2. The Economy perspective

Economists point to rent seeking behaviour of landowners and municipalities as a reason for reluctance to land-use planning. Jacobs (2011) proposed two economic hypotheses to explain why local governments can be reluctant to approve a land-use plan. The first hypothesis refers to owners and their search for income. If a municipality lacks a land-use plan that envisages conversion of rural land to urban, the loss of owners' rights over land property may result in a loss of property value. The second hypothesis refers to local governments and their search for profit. Local governments are paying increasingly more for the services they provide, and construction and property taxes are an important source of financing. Accordingly, it seems reasonable to think that local governments are inclined to encourage urban growth processes without a land-use plan that constrains the area available for urban development.

The first hypothesis was used by López Iglesias (1996) to explain how the lack of land use regulation creates an expectation among landowners for future urban land uses. In that case, the prices of rural property tend to increase as a result of expectations that new development will be allowed in the future. Many authors have analysed the effects of land use constraints on land prices. According to theoretical economic models enacting zoning plans that classify the land into urban or rural eventually increases the prices of urban land and decreases the prices of rural land (Cheshire and Sheppard, 2002). However, the results of empirical analyses are more inconsistent. Some authors have suggested that zoning does not affect land prices (Maser et al., 1977), whereas other authors have suggested that land use planning does affect land prices (Pollakowski and Wachter, 1990). Such inconsistencies occur partially because the methods used in this type of analyses are poorly defined (Needham, 2006), and partially because the relationship between land use restrictions and land value is not well understood (Quigley and Rosenthal, 2005).

To verify the hypothesis proposed by Jacobs (2011) and López Iglesias (1996), we analysed the effects of the different land-use plans on land prices between 2008-2010 using data from land transactions collected by the Land Bank of Galicia. The dataset used in the analysis includes sufficient data of rural land sale and purchase prices to suggest trends for rural land price in municipalities in relationship to having a plan or not having a plan.

Data shows that the land prices are lower in municipalities without land-use plans and higher in municipalities with land-use plans. As shown in Graph 1, the median for group D, which includes the eight municipalities with an approved land-use plan compliant with the LASGA (the first land-use act of Galicia, passed in 1985)¹⁸, is higher than the median for the rest of the municipalities. In contrast, the municipalities with no land-use plans (-) showed the lowest prices of rural land, even lower than the prices observed for the municipalities that adapted to the LOUGA, the most restrictive act. If the hypothesis proposed by Jacobs (2011) and López Iglesias (1996) were true, the results shown in figure 5 should be the opposite.

How can we explain such a strange relationship between plans and land prices in Galicia? It could be argued that in a context with little tradition in land use regulation like the Galician context, the implementation of a land use plan will not have any effects on prices because landowners know or interpret that the land

¹⁸ According to housing census data, the municipalities with this land use planning policy tool correspond to the municipalities with the highest levels of new development during 1981-2001.

uses envisaged in the plan will not have a determining effect on the future use of their property, because landowners do not fully assimilate the implication of the land-use plans or because landowners believe the plan can be easily changed. However, this theory does not account for the higher land prices observed in the municipalities with a general plan as compared to the municipalities with no land-use plans.

Although it is important to be cautious with regard to these results. Land prices can depend on many other factors apart from a land-use plan, like for instance on proximity to urban centres, and in this sense these results are not conclusive. Nevertheless, a number of contributions from the international literature can help to shed more light on this situation. Often, the difficulties in finding an explanation different from the traditional one (López Iglesias, 1996; Jacobs, 2011) stem from approaching the relationship between land use regulation and land prices from simple models of supply and demand. Such an approach is based on the implicit axiom that the prices of goods (*e.g.* the land) are fixed by the quantity supplied and the demand for those goods. However, the relationship between land-use regulations and land price determination is far more complex. For some authors, land use regulation can be considered an *ex post* tool used to avoid variations in the prices established. Based on this approach, land use regulations are encouraged to avoid unwanted land uses, such as industrial uses eventually reduce the property value or the environmental values of an area. In this sense, planning can be seen as the consolidation of the value placed by the community on some public goods or amenities (Lubell, Feiock and de la Cruz, 2009).

Based on the above discussion, the assumption that planning affects land prices is reversed, *i.e.* planning must be considered a consequence of the different values given by the community to private property and public goods. As stated by Quigley and Raphael (2005:17), “the degree of regulation may in and of itself be a function of early growth pressures and house price increases”. These assumptions provide a more plausible explanation for figure 5. Because the availability of land-use plans in the municipalities with high land prices is actually a consequence of such high values, the municipalities with low prices of rural property have not seen the need to undertake planning. For this reason, implementing a land use plan in municipalities with no planning will hardly vary the price of the land. Similarly, the theory that the price of land in the municipalities with high land prices would be even higher if there was not a land use plan available is difficult to support because, as suggested above, land use plans only formalize the ‘valuation’ that a community makes of their territory.

The second hypothesis proposed by Jacobs (2011) explained above argues that local governments are reluctant to regulate residential capacity because a large part of their revenue is generated by construction related activities such as building permits or property taxes. In the Galician context, some authors have considered this hypothesis as a kind of ‘fiscal cynicism’ insofar as building activity is made responsible for the generation of revenue for financing local services (Rodríguez González, 2008; Lois González and Aldrey Vázquez, 2011). In the Spanish context, some authors have argued that urban development activities account for about 30% of local revenue (Teré Pérez, 2010).

The relationship between public finances and planning in Galicia has not been explored, except for the case of the municipalities in the Deza district, which was analysed by Rodríguez González (2004b). Yet, the analysis of the available

data provides some indications about the relationship between public finances and planning in Galicia.

Galician municipalities are very loose in collecting taxes. In general, property tax rates are rather outdated. Tax effort in 2006 amounted to only 17% of maximum taxation (1.1%), which accounts for half the average tax effort in Spain (Álvarez Corbacho, 2008). In a context characterized by the lack of interest of local governments in updating property tax rates, the highest rates correspond to the municipalities with a land-use plan approved before the LASGA, with an on average value property tax rate of 0.60, whereas the municipalities with a land use plan adapted to the LOUGA have average property tax rates of 0.57. In contrast, the average property tax rate for municipalities with no land-use plans or with planning tools ruled by subsidiary regulations is 0.48. These results suggest that the municipalities with land-use plans tend to have higher tax rates than the municipalities without land-use plans, and as showed above, municipalities seem to use the adoption of LOUGA to convert land from rural to developable. The LOUGA seem therefore a tool to foster development, not to hamper it.

Not only are municipalities very loose in collecting property taxes, but they also seem to be loose in collecting fees related to building activity. According to a report on an audit of land planning in five municipalities between 1998 and 2001 released by the Galician Financial and Audit Committee (*Consello de Contas*), other taxes related to urban development activities such as building permits or occupancy permits are not being properly used by Galician local governments. Actually, the audit revealed significant deficiencies in administration and payment of taxes, which resulted in the loss of economic resources by local governments. For instance, the audit revealed that the administration had not confirmed full payment of the building tax according to real building costs (*Consello de Contas*, 2003). Such a passive attitude of local governments toward land-use planning is evidenced by poor management of the land owned by the municipality¹⁹, which in many Galician municipalities has not been well established (*Consello de Contas*, 2006). The strongest evidence for the lack of interest of local governments in the revenue that should be generated by urban development activities is the government passive attitude toward the low level of execution of the development plans, which would allow Galician local governments to obtain 10% of the generated revenue (*Consello de Contas*, 2003). In figure 8 is clear that there is not a relationship between the increase of developable land and the increase of property tax revenues between 06-12. Neither the municipalities that adopted LOUGA nor the municipalities working on the adoption collected all fiscal benefits that the classification of developable land could provide them, and this is regardless of the political colour of local authorities, as shown in figure 7.

A survey (see results in Chapter 5) revealed that none of the local governments that adapted their plans to the LOUGA requested an assessed valuation following the approval of the new land use plan. Article 28 of the Legislative Royal Decree 1/2004, which ratifies the text of the Law of Real State Cadastre, envisages the possibility that local governments request assessed valuation if a land-use plan that changes cadastral values is approved. An assessed evaluation would increase the cadastral value of the plots. This would allow the municipalities to increase property tax revenues. This information is key to understanding the lack of interest of local governments in obtaining resources

¹⁹ Municipalities are allowed to create a municipal land asset. This asset can be dedicated to achieve municipal goals, like building of affordable housing.

through land management.

The laxity of Galician municipalities in collecting the revenues from the development activity is somehow contradictory with the evidence that many studies provide about the behaviour of the Spanish municipalities. In these studies there is a strong evidence that municipalities engaged in over-planning aiming at increase the revenue sources coming from the building activity (Solé-Ollé and Viladecans-Marsal, 2011; Cabasés Hita et al., 2011). In addition, as the table 13 shows, it seems that the variable influencing the municipal decision of adopting or not the act is the endowment of developable land that municipal land-use plans have. In fact, the adopters end up making land-use plans with larger developable areas than in their previous plans. Those municipalities that are currently working in their plans, have a similar percentage of developable land that adopters, therefore they do not feel the pressure to adopt the act. In the case of non-adopters, the developable area in their plans is considerably larger than in municipalities that adopted the act. As it will be shown in Chapter 5, municipalities that adopted the act mention as the main reason the possibility to convert more land from rural to urban use. The non-adopters, however, suggested that a reason for non adoption in their cases was the reduction of developable areas under a new land-use plan in compliance with LOUGA. Since municipalities seem to be very loose in collecting taxes from the building activity, then the explanation of why they are prone to convert more land to urban uses may rely on the rent seeking behaviour of landowners. Municipalities may be willing to avoid conflicts –and the associated political costs –with landowners that have expectations to maintain or to obtain development rights. The cultural aspect of property is discussed in the section 3.4.

It can be concluded that local governments may show ‘willingness to grow’. However, Galician local governments are too relaxed in tax collection, to the extent that it seems difficult to find a relationship between the interest of local governments in tax collection and their lack of willingness to undertake land use planning. An alternative explanation to understand the behaviour of municipalities is that they want to avoid conflicts with landowners and therefore the political costs that may reduce their electoral expectations.

A few scholars consider that such a relaxation in tax collection could attract greater urban development activity. However, if municipalities with land-use plans (whatever it is) are compared with municipalities without land-use plan, the analysis reveals that the municipalities that have already implemented a plan correspond to the municipalities that: 1) collect more properly property taxes, 2) have built the highest number of dwellings in the period 1980-2000 and 3) have received the highest number of applications for new developments from 2000 (see Table 7; municipalities with a plan are in bold text). On this account, the claim that the relaxation or *laissez-faire* of local governments is associated with avoidance of land use planning regulations is not valid in this context, insofar as the municipalities with the highest revenue from planned urban development activities and the greatest interest in tax collection are most likely to adopt land-use plans.

3.3. The Law perspective

In general, lawyers claim that land use planning regulation in Galicia is too diffuse and complex, which results in inefficiencies in the achievement of the main goals of land use planning legislation (Meilán Gil, 2001). The latest attempts

to regulate land use planning in Galicia, like the LOUGA, do not escape these adjectives (the act is ‘confused, complex and too diffuse’). When we refer to the complexity of land use planning legislation we are not referring exclusively to land planning acts, but to a variety of sector-specific regulations, like national regulations and European regulations and their continual modifications (Mosqueira Lourenzo and Silva Méndez, 2005), as well as to the difficulties in applying a vast body of laws and regulations in a highly complex and varied territory with 30,000 human settlements (INE, 2012). Such a complexity may turn land use planning into a too strenuous task to manage.

Yet, some data point to the opposite trend when dealing with the complexity of municipalities in terms of human settlements. The municipalities with the highest density of urban human settlements, *i.e.* the municipalities in which the application of a vast number of varying sector-specific regulations would theoretically be more complex, correspond to the municipalities with land use plans. Conversely, the municipalities with the lowest number of human settlements lack a land-use plan (see Table 12. To allow for comparison between municipalities, the number of human settlements is referred to the total area of the municipality). Considering only the implementation of the LOUGA, we have found that the municipalities that have adapted their plans are slightly more complex than the municipalities with a general plan that complies with the LASGA²⁰. This suggests that despite all difficulties in very complex municipalities, they are not reluctant to adopt plans.

3.4. The social perspective

The implementation of land use planning at the local level entails the allocation and/or reallocation of property rights (Jacobs and Paulsen, 2009). As already suggested, reluctance to change property rights can be caused by economic factors. Reluctance to land use planning may be attributed to cultural factors. Jacobs (2011) claims that one of the factors that makes the implementation of land use regulations difficult in rural areas is a strong ideology of property rights. This claim provides a cultural rather than economic explanation for the reluctance of Galician citizens to adopt changes in property rights. Indeed, access to full landownership in Galicia occurred much later than in other regions of Spain and citizens had to invest considerable economic resources to gain access to landownership. A large proportion of migrants’ remittances were invested in gaining access to property during the first decades of the 21st Century (Rodríguez González, 2004; Villares Paz, 1982). In keeping with Jacobs (2011), some authors in Galicia have argued that this culture of property can explain the reluctance to undertake planning (Rodríguez González, 2004). Ramón Villares (1982) maintains that the concept of property introduced in Galicia through the liberal revolution was eventually understood by citizens as an extension of the body, such that landowners consider public actions on property from an individual perspective. Internationally, some authors have explained the differences in planning implementation from the perspective of the culture of property. For example, Halleux, Marcinczak and van der Krabben (2012) explained land use planning differences between the Netherlands and Belgium based on the analysis

²⁰ Yet, the group of municipalities that adapted planning to the LOUGA includes large municipalities like Vigo that distort the general characteristics of the municipalities that adapted planning because of their size.

of factors related to the culture of property. Yet, as shown in the section devoted to the implementation of the LOUGA, the most rural municipalities were the municipalities with the highest levels of adoption of an act that imposed much more restrictions on building land uses in rural areas than the previous acts. This means that ideology on property seems not to be an explanation of the adoption pattern.

To explain the reluctance of local governments to approve land use plans that comply with the goals of the LOUGA, we analysed the number of citizen's plan amendments recorded in the municipalities that adapted their planning policies to the LOUGA. The aim of such an analysis was to check whether there were differences in the number of amendments according to the type of area in which municipalities were located, urban or rural. Our initial hypothesis was that land use plans approved in urban areas should have more amendments than land use plans approved in rural areas, insofar as tensions between landowners are apparently much greater in urban areas. Unexpectedly, results suggests that the average of amendments is similar in all municipalities. Figure 6 shows the results of the analysis.

To facilitate comparison, the number of amendments was divided by the population of each municipality. The results did not reveal marked differences, except for the municipalities included in cluster 5, which correspond to the most peripheral municipalities, in which growth pressures are insignificant. However, the results for the rest of the municipalities are very similar. For example, the general land use plan of a very rural municipality like Castroverde recorded as many amendments as the plan of the one of the most urban municipalities of Galicia like Vigo, in terms relative to the population of the municipality. The municipalities that belong to the first and second peri-urban rings (cluster 2), recorded less amendments than the most rural municipalities, included in clusters 3 and 4. Therefore, apparently, the reluctance of local governments to adopt the LOUGA, as measured by the number of amendments to their land use plans, is not an explanatory variable for the low level of adoption of the act.

Like other approaches to understanding the implementation of the LOUGA, the social perspective has not contributed a sufficiently plausible explanation for the situation of land use planning in Galicia.

4. Discussion and conclusions

The findings of the analysis presented in this paper point to the need to rethink the social and economic implications of local land use planning. Actually, our analysis has revealed sufficient indicators that suggest that some approaches cannot fully explain the behaviour of local governments with respect to land use planning. Yet, further research is needed to understand why land planning is still a residual activity for local governments in Galicia.

The data presented and the considerations made in this paper call for an explanation that goes beyond the contributions traditionally made in Galicia. Particularly, the most simple and plausible explanation for the low level of adoption of the LOUGA by local governments is that local governments have not found this act useful. In other words, the LOUGA did not solve any problems that were seen as actual problems by local governments. This explains why the municipalities with no land-use plans, i.e. the municipalities with the greatest difficulties in issuing permits because of long processing times, etc., correspond to the municipalities that were most willing to adopt the LOUGA. The adopters of

LOUGA have zoned, on average, more developable land than the rest of Galician municipalities, except the group of non-adopters. This shows that these municipalities wanted to grow, though it is not clear they wanted to increase the revenue sources or because they wanted to avoid conflicts –and the associated political costs with landowners if they had taken away more development rights. The growth rate departs however from the population trend, for the municipalities that adopted the LOUGA lost on average around 13% of their population in the last decade, more than the municipalities that did not start the plan making or that are still working on it.

The municipalities that have not initiated the drafting of a land use plan adapted to the LOUGA already had a plan that is still in place and that was not obsolete in 2002, when the LOUGA was enacted. These plans zone a larger endowment of developable land than a plan in compliance with the LOUGA would probably zone. This is probably preventing these municipalities from adoption, due to the fiscal and social impact that adoption to LOUGA might have for the municipality. A large group of municipalities have some type of plan, either a general plan or a set of simple local land use planning regulations that allow them to manage the permits. The other large group of municipalities that do not have a land use plan does not need one because they do not manage permits or other types of land uses, for they are very isolated municipalities. This explains why clusters 1 and 2, the most urban groups, include only 6 municipalities with no land-use plans, whereas clusters 3, 4 and 5 include 62 municipalities without land-use plans. In addition, clusters 1, 2 and 3 include over 2/3 of the master plans of Galicia. This data cannot be explained with the current hypotheses about land planning in Galicia.

Most probably, the fourth land use act in the last three decades will be passed during the current term. Which factors should be considered when drafting the new act? If the goal is to achieve diffusion of the act, the most important issue is to convince local governments that land use planning is a useful tool that solves problems and has benefits, insofar as land use planning is a complex task that requires compensation (Alexander, Alterman and Law-Yone, 1983). On the other hand, enforcement mechanisms must not be forgotten. Paradoxically, for enforcement mechanisms to be effective, such mechanisms must be legitimated by the community (Tubío-Sánchez et al., 2013). Because the LOUGA has legitimated the duties of land use planning during a decade of implementation, the regional government should now be able to establish more dramatic enforcement mechanisms for the new act.

Still, the most important issue for the future is the need to ask ourselves, as Dalda Escudero (2009) did: What can land use planning be used for? What problems does land use planning solve? As claimed by Buitelaar *et al.* (2007), local land use planning requires much more action than the action envisaged in a plan that only allows or forbids some land uses. The effective planning of a municipality goes far beyond having approved a plan that is used exclusively to manage building or cultivation permits. Local land use plans must to a certain extent *force* local governments to ask themselves what goals they want to achieve with such permits. If the answer given by the new act is based exclusively on appearance and the main goal of the act is to fight *ugliness*, the next land use act will probably be as ignored as the LOUGA.

References

- ALDREY VÁZQUEZ, J. 2002. "Procesos de urbanización en el medio rural: las periferias urbanas en Galicia", in Universidad de Cantabria [ed.]: *Coloquio de Geografía Rural-Los Espacios naturales entre el hoy y el mañana: actas del XI Coloquio de Geografía Rural*, Santander: Universidad de Cantabria
- Alexander, E.; Alterman, R.; Law-Yone, H. 1983. "Evaluating plan implementation: The national planning system in Israel", *Progress in Planning*, 20: 97-172.
- ÁLVAREZ CORBACHO, X. 2008. "Os ingresos urbanísticos dos concellos galegos", in S. Lago Peñas and X. Álvarez Corbacho [ed.]: *Territorio, financiamento e control de gasto. Chaves de economía pública galega II*, pp. 63-86. Santiago de Compostela: Editorial Galaxia.
- Buitelaar, E.; Lagendijk, A.; Jacobs, W. 2007. "A theory of institutional change: illustrated by Dutch city-provinces and Dutch land policy", *Environment and Planning A*, 39, 891-908.
- CABASÉS HITA, F.; EZCURRA ORAYEN, R.; Pascual Arzoz, P. 2011. "Municipal indebtedness in Spain revisited: the impact of borrowing limits and urban development", *XVIII Encuentro de Economía Pública, Málaga, 2011*.
- CASTRO MARTÍNEZ, A.; OTERO IGLESIAS, V. 2007. "El urbanismo en las Rías Baixas de Galicia. Sanxenxo como paradigmático ejemplo. Entre el feísmo y la impunidad", *XXII Congreso de Jueces para la Democracia*, Salamanca.
- Cheshire, P.; Sheppard, S. 2002. "The welfare economics of land use planning", *Journal of Urban Economics*, 52, 242-269.
- CONSELLO DE CONTAS DE GALICIA 2006. *Informe de fiscalización sobre disciplina urbanística. Ejercicios 2005-2006*. Santiago de Compostela: Consello de Contas de Galicia
- CONSELLO DE CONTAS DE GALICIA 2003. *Resumo de fiscalizacións horizontais a concellos galegos: urbanismo e gasto de persoal, Área de Corporacións Locais*. Santiago de Compostela: Consello de Contas de Galicia.
- CORBELLE RICO, E.; CRECENTE MASEDA, R. "Urbanización, forestación e abandono. Cambios recentes na paisaxe de Galicia", *Revista Galega de Economía*, en prensa.
- CRECENTE MASEDA, R. 2009. "Parroquias e Planificación", in *A parroquia en Galicia, pasado, presente e futuro*, Xunta de Galicia.
- DALDA ESCUDERO, J. 2008. "Entre a confusión e a reforma. O debate público e a situación do urbanismo en Galicia", in Colexio Oficial de Arquitectos de Galicia [Ed.]: *O espazo litoral*, A Coruña: COAG.
- DALDA ESCUDERO, J. 2009. *Teoría y método del planeamiento urbano*. Departamento de Proyectos Arquitectónicos y Urbanismo. ETSAC.
- DE OLIVEIRA, J. A. P. 2002. "Implementing environmental policies in developing countries through decentralization: The case of protected areas in Bahia, Brazil", *World Development*, 30(10): 1713-1736.
- GONZÁLEZ-CEBRIÁN Y TELLO, J. 1980. "Plan general de La Coruña: en defensa de la gestión directa", *Obradoiro*, 6: 52-59.
- Graham, S.; Healey, P. 1999. "Relational concepts of space and place: issues for planning theory and practice", *European Planning Studies*, 7 (5), 623-646.
- HALLEUX, J.; MARKCINZAK, S.; VAN DER KRABBE, E. 2012. "The adaptive efficiency of land use planning measured by the control of urban sprawl. The cases of the Netherlands, Belgium and Poland", *Land Use Policy*, 29: 887-889.
- JACOBS, H. M. 2011. "Rarely managing growth: the under-utilization of land use policy approaches", in David Marcouiller et al. [Ed.]: *Rural housing*.

Exurbanization, and amenity-driven development: contrasting the "haves" and the "have nots", Burlington: Ashgate

JACOBS, H. M.; PAULSEN, K. 2009. "Property rights: The neglected theme of 20th-century American planning", *Journal of the American Planning Association*, 75(2): 134-143.

JOSEPH, C.; GUNTON, T.; DAY, J. 2008. "Implementation of resource management plans: Identifying keys to success", *Journal of Environmental Management*, 88: 594-606.

LOIS-GONZÁLEZ, R.; ALDREY-VÁZQUEZ, J. 2011. "El problemático recorrido de la ordenación del territorio en Galicia", *Cuadernos Geográficos*, 47: 583-610.

LUBELL, M.; FEIOCK, R.; DE LA CRUZ, E. 2009. "Local institutions and the politics of urban growth", *American Journal of Political Science*, 53 (3): 649-665.

MASER, S.; RIKER, W.; ROSETT, R. 1977. "The effects of zoning and externalities on the price of land: An empirical analysis of Monroe county, New York", *Journal of Law and Economics*, 20 (1): 111-132.

MEILÁN GIL, J. 2001. "Los núcleos rurales en la ley del suelo de Galicia", *Anuario da Facultade de Dereito da Universidade da Coruña*, A Coruña: Universidade da Coruña.

MOSQUERIA LOURENZO, C.; DE SILVA MÉNDEZ, C. 2005. "Desfeita urbanística en Galiza: causas e alternativas", *Terra e Tempo*, 136: 11-23.

NEEDHAM, B. 2006. *Planning, law and economics: The rules we make for using land*, London: Routledge.

OECD. 2001. *Toward a new role for spatial planning*, OECD.

PALLAGST, K. 2007. *Growth Management in the US: Between Theory*, Ashgate Publishing, Ltd.

PINO VICENTE, D. 1995. "O planeamento urbanístico: Aproximación á súa problemática no noso país", *Cadernos A Nosa Terra de pensamento e cultura*, 19: 4-10.

PINO VICENTE, D.; BARROS RIVAS, X.; SÁNCHEZ GOYANES, E.; PÉREZ RÚA, M. 2010. "Apuntamentos sobre a problemática da ordenación do territorio en Galicia", *Instituto Galego de Estudos Europeos e Autonómicos*, 2: 1-23.

POLLAKOWSKI, H.; WATCHER, S. 1999. "The effects of land-use constraints on housing prices", *Land Economics*, 66(3): 315-325.

PRECEDO LEDO, A. 2006. "La ordenación territorial, ¿una frustración colectiva?", *Criterios*, 7: 142-150.

QUIGLEY, J.; RAPHAEL, S. 2005. "Regulation and the high cost of housing in California", *American Economic Review*, 95(2): 323-328.

QUIGLEY, J.; ROSENTHAL, L. 2005. "The effects of land use regulation on the price of housing: What do we know? What can we learn?", *Cityscape*, 8, 69-137.

RAPOSO ARCEO, J. 2009. "El suelo de núcleo rural en la ley 9/2002, de 30 de diciembre, de ordenación urbanística y protección del medio rural de Galicia", in José Luis Meilán Gil [Coord.]: *Comentarios a la ley de ordenación urbanística y protección del medio rural de Galicia*. Oviedo: Editorial Aranzadi.

RODRÍGUEZ GONZÁLEZ, R. 2004b. "Os concellos galegos para o século XXI. Vol.II, Un modelo explicativo: o Concello de Deza ¿utopía e viabilidade?", IDEGA: Universidade de Santiago de Compostela.

RODRÍGUEZ GONZÁLEZ, R. 2004. "Tratamento xeográfico e territorial da paisaxe e o espazo rural", in R. Rodríguez González [Coord.]: *Implicacións territoriais e socioeconómicas da Lei 9/2002, de ordenación urbanística e de protección do medio rural de Galicia*. Santiago de Compostela: Federación Galega de

Municipios e Provincias.

RODRÍGUEZ GONZÁLEZ, R. 2008. "Usos del suelo, ¿ordenación, sostenibilidad o fiscalidad?", in Colexio Oficial de Arquitectos de Galicia [Ed.]: *O espazo litoral*. A Coruña: COAG.

SOLÉ-OLLÉ, A.; VILADECANS-MARSALS, E. 2011. "Local spending and the housing boom", *Document de treball de l'IEB*.

SOLÉ-OLLÉ, A.; VILADECANS-MARSAL, E. 2012. "Do political parties matter for local land use policies?", *Document de treball de l'IEB*.

TERÉ PÉREZ, A. 2010. "El control externo del urbanismo", *Auditoría Pública*, 52: 19-32.

TORRES LUNA, M. P., LOIS GONZÁLEZ, R. C. 1995: "Las periferias urbanas de Galicia", *Anales de geografía de la Universidad Complutense*, 15: 435-444.

TUBÍO-SÁNCHEZ, J.; ÓNEGA-LÓPEZ, F.; TIMMERMANS, W.; CRECENTE-MASEDA, R. 2013. "Institutional change in land Planning: Two cases from Galicia", *European Planning Studies*, 21(8):1276-1296.

TUBÍO-SÁNCHEZ, J. M., CRECENTE-MASEDA, R., BUITELAAR, E. 2012. "The relationship between the institutional environment and institutional change. The case of the land-use acts of Galicia North-West of Spain and the Netherlands", *Belfast, Ireland, 6th Annual Conference of the International Academic Association on Planning, Law and Property Rights*.

VILLARES PAZ, R. 1982: *La propiedad de la tierra en Galicia, 1500-1936*, Madrid: Siglo XXI Editores.

Tables and figures

	The different estates of municipalities with regard to LOUGA	Number of municipalities
	Municipalities with land use planning based on the LOUGA that started implementing planning after enactment of the LOUGA.	31
	Municipalities with land use planning based on the LOUGA that started implementing planning based on previous acts.	19
CMLUP-2002	Municipalities that resorted to the 3rd transitional provision of the LOUGA	24
	Municipalities with suspended plans.	2
	Municipalities currently working on a CMLUP-2002	221
	Municipalities that did not have started the making of a CMLUP-2002	19

Table 6: Number of municipalities and situation in relation to land use act 9/2002 (LOUGA)

	Mean age of planning policy tools (years)	Previous planning policy tools *
LOUGA-adopters	15	35% SRLP 15% CMLUP 51% no plan
Working on the plan- making	10	50% SRLP 20% CMLUP 30% no plan
Non-adopters	4	15% SRLP 63 % CMLUP 21% no plan

Table 7: Age of planning policy tools in municipalities in 2002

*For municipalities that have not adapted to the LOUGA, the current land use planning policy tools are the same as in 2002.

Governing Political Party	Adopters (%)	Non-adopters (%)
PP	48.4	52.6
PSdG	28.8	10.5
BNG-PSdG	3.2	-
Other	3.2	5.3
Change of party	19.3	31.6

Table 8: Political parties governing during the terms 2003-2007 and 2007-2011

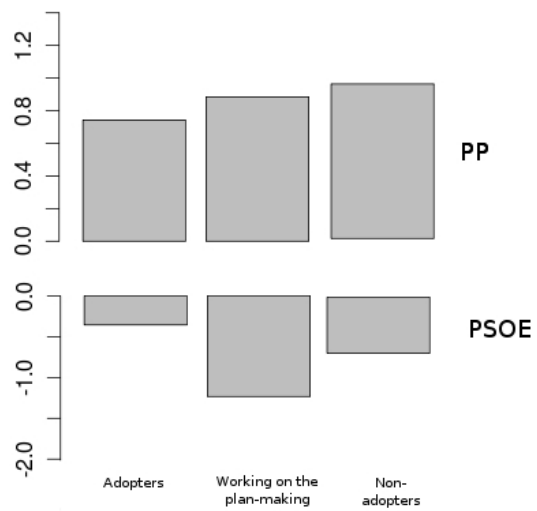


Figure 2: Mean of the variation of seats in the local elections of 2003 and 2007

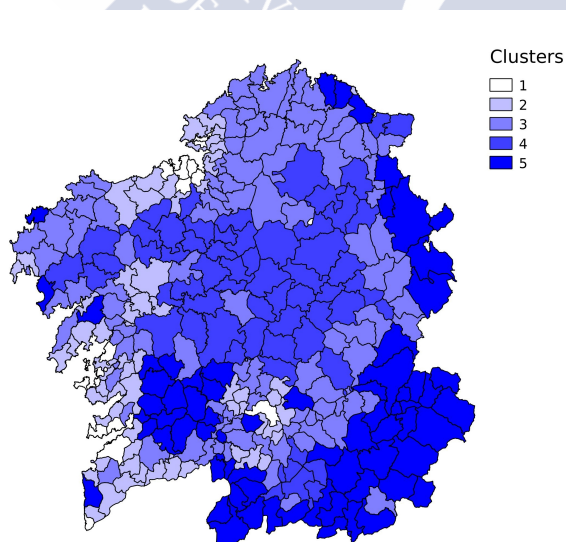


Figure 3: Map of municipal clusters

Cluster	No. municipalities by cluster	LOUGA adopters by cluster by cluster (%)	Adopters with previous planning tools (%)
1	16	12.5	100
2	65	6.2	100
3	102	11.8	58
4	62	12.9	12
5	70	7.1	20

Table 9: Adopters of LOUGA by cluster and adopters with previous planning policy tools

Cluster	No. municipalities by cluster	Non-adopters (%)	Non-adopters with previous planning tools (%)
1	16	-	-
2	65	7.7	100
3	102	6.9	85%
4	62	3.2	100
5	70	7.1	60

Table 10: Percent municipalities by cluster that did not adapt to the LOUGA and percent municipalities with non-adapted land use planning that had previous planning policy tools

	Type of planning policy tools	No. of municipalities
-	No planning tool or DUGB	68
A	SRMP before the LASGA	15
B	CMLUP before the LASGA	4
C	SRMP, LASGA between Act 7/1995 and Act 1/1997, or SRLP, LASGA until Act 7/1995	94
D	CMLUP, LASGA until Act 7/1995	8
G	CMLUP Act 1/1997, PXOM, 3rd transitional provision of the LOUGA	64
H	RPRA, 3rd transitional provision of the LOUGA, or POMR Act 1/1997	9
K	CMLUP LOUGA, not adapted to Act 2/2010	53

Table 11: Types of land use planning policy tool applicable in municipalities in April 2011



Figure 4: Increase of developable areas between 06-12 and percentage of seats by political party

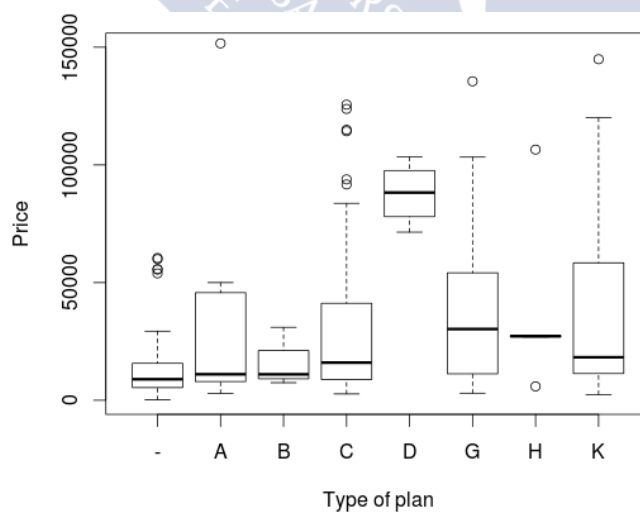


Figure 5: Prices of rural land between 2008 and 2010.
Source: Land Bank of Galicia

Type of planning tool	Property tax rate	No. of dwellings built 1990-2001	Applications for new development 2000	Population centres and designated places
No planning tool	0.48	247.4	9.11	1.2
SRMP before LASGA	0.49	364	24.4	1.5
CMLUP before the LASGA	0.60	681.5	25.5	1.5
SRMP 1985-1997	0.46	512.7	26.5	1.7
CMLUP 1985-1995	0.49	2873.2	85.1	2.5
CMLUP 1997, 3rd Transitional Provision	0.46	1012.5	34.1	2
RPRA	0.46	72.7	2.4	1.3
CMLUP LOUGA	0.47	996.2	26.3	1.6

Table 12: Relationship between four variables (data of statistical medians) and type of planning

	Number of non-adopters		Number of municipalities working on the plan-making		Number of adopters
	Currently without a plan	Currently with a plan	Currently without a plan	Currently with a plan	LOUGA-Plan
Variation of population between 2001-2010>0	0	6 [21,2]	7 [11]	57 [10,2]	4 [13]
Variation of population between 2001-2010<0	3 [-16]	9 [-11]	57 [-14,8]	99 [-10,8]	27 [-13,5]
Total of municipalities	3	15	64	156	31
Developable municipal area in their current plan (%)	0,027%	3,4%	1,9%	2,4%	2,6%
In conservative municipalities	0,035	2,8	0,11	1,6	3,0
In progressive municipalities	-	5	0,94	3,8	2,6

Table 13: Number of municipalities into the three categories and in relation to variation of population, developable area in their plans and colour of political party

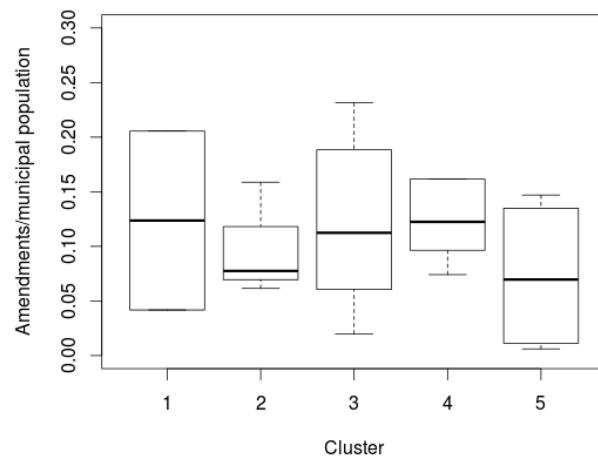


Figure 6: No. of amendments to plans adapted to the LOUGA by cluster

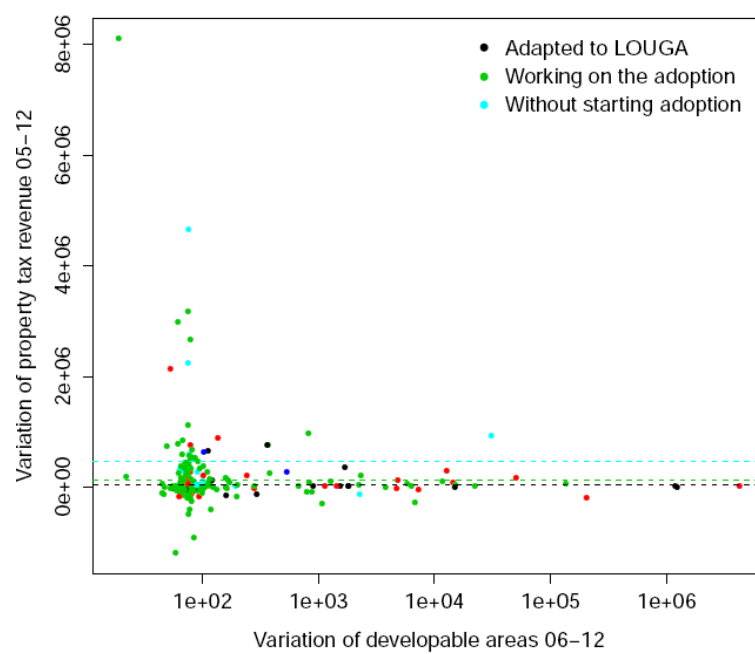


Figure 7: Relationship between variation of developable areas and increase of property tax revenue



Figure 8: Relationship between property tax revenue and seats of political parties



Chapter 5: Aversion and attachment to rules. An institutional approach to understanding why localities adopt (or reject) land-use planning

Abstract

In 2002, the region of Galicia in north-west Spain adopted a new land-use act which mandated that each of 315 municipalities adopt a legally binding land-use plan by the year 2006. The Galician regional government even arranged to cover the expenses for the plan-making. Notwithstanding this, to date (2011) only 31 municipalities have adopted such a plan. These municipalities are largely rural (only two of them are urban) and are characterized by population and economic decline. One-half of these municipalities did not have any land-use regulation before adopting their new land-use plans, and the other half had very old land-use plans (in 2002, the average age of existing plans was 15 years). The majority of the municipalities (222) in the region are, at this moment, working on plans, though some municipalities (19) have not started at all, even though the act has been in force for 10 years.

In this paper we seek to explain why some municipalities adopted a land-use plan in compliance with the new land-use act, whereas others seem to be reluctant to start the plan-making process. By adopting an institutional approach, this paper provides insights about the sources of institutional change and continuity that led the municipalities to adopt or to reject the act.

Key words: adoption, institutionalism, non-adoption

1. Introduction

In 2002 Galicia adopted a new land-use act which required each of 315 municipalities to make one legally binding land-use plan for the whole municipal territory before the year 2006. The Galician government even arranged to cover the expenses for the plan-making. Notwithstanding this, to date (2011) only 31 municipalities have adopted a land-use plan against 285 that did not. Almost all municipalities that did not adopt the new land-use plan are working on adapting their plans, only 19 municipalities of them did not start the process of plan-making. In Galicia not adopting a land-use plan within the allotted time seems to be the rule rather than the exception. The purpose of this paper is to understand why 19 municipalities did not start yet, after almost 10 years, the plan-making, whereas 31 municipalities completed and approved it. The paper focused therefore on the extreme behaviour of the municipalities, adoption of the act and not starting the plan-making. The big group of the municipalities currently working on adapting their plans are not analyzed because the time variable is not included in the analysis. In this way, the paper exclusively analyses the variables adoption and non-adoption.

2. A short overview of land-use planning in Galicia

The land-use act of 2002 is the third land-use act in 30 years. To better

understand why this land-use act came into force it is important to explain the process of urbanization in Galicia during the last decades. Compared to other regions, urbanization in Galicia started much latter. We cannot speak of an urban Galicia until the 1960s, for until that decade Galicia could be considered a rural region. After 1970 processes of urban growth and in particular processes of urban sprawl, mostly located in coastal areas and in municipalities near big cities, started to take place (Torres Luna and Lois González, 1995). Although Galicia has always had a scattered settlement pattern, this dispersion of settlements was in balance with the landscape. However, between the sixties and eighties Galicia experienced a marked transfer of population from the rural to the urban areas. In the eighties and nineties, and due to the improvement of the standard of living, the urban areas began a process of counter-urbanization, which led to the rise of settlements in peri-urban areas (Aldrey Vázquez, 2002). Some authors argued that this was the main socio-economic and socio-cultural change in the history of Galicia (Pino Vicente et al., 2010). This territorial change had led some authors to refer to Galicia as a diffused city (Docampo, Dalda and Harguindey, 2005) or as a «rururban weft», with characteristics both of urban and rural landscape (Oliveira et al., 2009). The dividing line between rural and urban has become blurred.

In the eighties and nineties Galicia passed two land-use acts (1985 and 1997) that did not really address the problem that was causing the urban sprawl. The land-use act of 2002, which substitutes all previous acts, focuses for the first time on rural areas, as the name of the act clearly illustrate: 'Act of urban planning and rural areas protection' (LOUGA, the Galician acronym). The articles of the act that refer to urban planning are similar to articles in the previous land-use act of 1997. In this way, the act shows a high continuity of urban land management when compared with previous acts. The new act is larger in explicitly addressing the management of the rural land by protecting more strictly rural areas from urban sprawl.

LOUGA introduces the comprehensive municipal land-use plan (CMLP), which regulates all uses to which land may be put in the whole municipality. Today 222 municipalities are working on land-use plans. The plans have to be detailed by prescribing all land-uses in the municipal area (forestry and agrarian land uses, developable land and urban land). The room for discretion is, therefore, limited. Plans are normally made by a private planning bureau hired by the municipal local authority. The administrative procedure consists of 6 phases. In two of them the plan has to be presented to regional government officials in order to confirm that the plan is in compliance with LOUGA's legal requirements. Many municipalities deliberately produce plans that do not meet the legal requirements of LOUGA, and that, therefore, will be rejected by the regional government. In this way municipalities can work on the land-use plans for years. Not only are the administrative procedures difficult, there is also legislative instability: LOUGA has undergone 5 modifications in 8 years. This means that if one municipality is making the plan, it is forced to readjust the content to the modification of the law. There may be therefore several explanations about why these municipalities are still working on their plans. But all these setbacks in the plan-making phase and during its approval by the local authorities do not explain why 31 municipalities have overcome all these difficulties and adopted the LOUGA whereas 19 municipalities did not start yet the plan-making. This paper aims at understanding this by developing a theoretical framework and a methodology. The aim is to explore explanations can be found in the literature

about the willingness to adopt land-use planning as well as the grounds of rejection. In the next section an approach based on institutional theory has been developed. A land-use plan is defined as a set of institutions assigning property rights and the adoption of a plan is defined as institutional change. The resistance to adopt a land-use plan is resistance to institutional change. As several authors have argued, a theory of institutional change has to explain not only why changes do occur, but also why changes can be blocked (Olsen, 2009; Immergut, 2006).

The paper is divided into four main sections. The first section critically examines sources of institutional change found in the literature. In the second sections, a methodology to test the validity of these sources is developed. The second section develops a questionnaire for semi-structured interviews. Third section presents the results of the interviews. Finally, the fourth section presents a discussion about the results and the final conclusions.

3. An institutional approach to understanding adoption and rejection of land-use planning

Since the late 1990s, planning has experienced what has been called the ‘institutional turn’ (Jessop, 2001; Nielsen, 2007; Healey, 2007). Land planning has started to be considered as an institutional arrangement (Buitelaar, 2007; Bromley, 2006), and institutional analysis has been applied to understand planning processes in various ways (Buitelaar, Lagendijk and Jacobs, 2007; Alexander, 2001; 2005; Healey, 2007; González and Healey, 2005; Schmidt, 2009).

Traditionally, institutional theory has tended to focus more on incremental changes (Dacin, Goodstein and Scott, 2002). Indeed, major contributions of recent new institutional work suggest that the majority of institutional changes may occur not as overt and formal changes to existing policies and institutions, but as incremental and gradual changes through less visible processes that may nonetheless be transformative over time (North, 1990; Sorensen, 2011a; 2011b; Thelen, 2004). North (1990) describes institutional change as ‘overwhelmingly incremental’. Following the differentiation made by Aoki (2007) we call this approach to institutional change “endogenous institutional change”. In this approach, institutions are considered as something spontaneously and endogenously shaped and sustained in the repeated operational societal life. If this were the case, in the case of Galicia, municipalities should adopt the act not because they are following a political mandate, but because the plan in itself emerge spontaneously and in a very incremental way. This means that adaptation to the LOUGA would not represent for the municipalities any radical change or departure from their daily planning activities.

On the contrary, and according again according to Aoki (2007), an approach to exogenous institutional change suggests that institutions are designed to achieve desirable goals for the main societal actors. More radical changes can be possible but, according to North (1990), ignore the deep-seated inheritance that underlies many informal constraints. Informal constraints have great tenacity for survival over time. In the exogenous approach to institutional change, institutions are designed by, in words of Commons, an authoritative agent like parliaments or courts, to achieve desired societal goals. In this approach, municipalities may be adopting the LOUGA because they either share the act's goals or the act, passed in the Galician parliament, forces them in a way or other to adopt the act.

3.1. Sources of institutional change

In order to understand institutional change it is important to pay attention to the possible triggers for change. Recently developed models to explain institutional change use the same ill-defined concepts when trying to identify the sources of institutional change. Concepts such as ‘unsettling circumstances’ (Bromley, 2006), ‘critical joints’ (Greenwood, Suddaby and Hinings, 2002), ‘external societal developments’ (Buitelaar, Lagendijk and Jacobs, 2007) or ‘precipitating events’ (Parkhe, 2003) are very imprecise in addressing the central question of institutional change. For instance, the concept of ‘critical junctures’ has been criticized in the literature for being incomplete, insofar as it is not clear what causes the switch from stability to instability (Immergut, 2006; Hall and Taylor, 1996; Thelen, 1999). Moreover, scholars have been less explicit in specifying the mechanism that translates critical junctures into lasting institutional arrangements, *i.e.*, in explaining the mechanism of reproduction (Thelen, 1999).

All these concepts remain rather imprecise because they do not address the kind of events or sources that trigger institutional change. They seem to suggest that things change because they change. Alternatively a ‘dialectical view’ on change can provide a more nuanced explanation of how institutions change, insofar as it tries to study the relationship between agency and structure and how they influence each other. For Benson (1977), dialectical analysis involves a “search for fundamental principles which account for the emergence and dissolution of specific social orders”. According to Benson (1977), contradictions grow out of social production in two ways. First, in any social setting there is a contradiction between ongoing production and the previously established social formation. This means that in trying to reproduce old institutional structures, inconsistencies and contradictions can emerge. Second, the production process is carried out in different social contexts producing multiple and incompatible social forms. In this case, institutional change occurs to solve contradictions between different current institutional setups. Some similar reasons for institutional change have been pointed out by Sewell (1992) in what he calls “the intersection of structures” or the “multiplicity of structures”.

The idea of a dialectical view on institutional change may lead to reformulate some ideas about change in regulations. For instance, it has been argued that technological developments can apparently trigger processes of institutional change (like the invention of the airplane and its effects on air rights (Jacobs, 1998)). However, Bush (1987) affirms that technological innovation creates new patterns of behavior, which in turn create new problems for the community. In this case, the source of change is a contradiction between gradually evolved informal institutions (patterns of behavior) and the (formal) institutional context. New technological developments lead to institutional change if they make possible a behaviour that can create a conflict with the existing social order. If this contradiction does not occur, the effects of new technological developments can go unnoticed.

Although this perspective shows a way to understand institutional change, it still lacks a theoretical framework that can systematically explain: 1) what the sources of contradiction are; and 2) why, by what mechanism and under what conditions those contradictions lead embedded agents to take collective action for institutional change. Such a framework is precisely what Seo and Creed (2002) tried to develop. Relying on Benson's work, they took a step forward and identified a set of sources that led to institutional change. Seo and Creed (2002)

proposed the following four sources of institutional change. Each paragraph includes examples of sources of institutional change in Galicia.

1) *Legitimacy that undermines functional efficiency.* Many institutions with a high level of legitimacy can be very resistant to change. Institutional change occurs when generating enough resources to keep these institutions running smoothly is no longer possible. In strict terms, this source of change could not be considered an institutional contradiction.

For instance, certain legitimated behaviours and practices, such as the idea of living in very low-density areas, can create –under a context of growing population – processes of urban sprawl. Urban sprawl generates extra costs related to the service of sewerage, water or electricity. These costs may seriously affect the local budgets over time. This means that urban sprawl would undermine the fiscal capacity of the municipality. A reaction of the municipality to this context may be to restrict growth through zoning (Fischel, 1978), that is to undertake institutional change of the land-use rules.

2) *Adaptation that undermines adaptability.*

Institutionalization is an adaptive process. Once in place, institutions are likely to be locked in and, in a sense, isolated or unresponsive to changes in their external environments. Such an unresponsiveness creates a space where contradictions between the institutions and their external environments develop and accumulate over time.

For instance, land-use planning in Spain is said to be hierarchical and rigid. This was an adaptation made in the past, when societies were more homogeneous that may undermine the adaptability to current times, when societies are much more diverse and with many more conflicting interests. Thus, under these circumstances other forms of planning and new modes of governance would be more suitable (Graham and Healey, 1999). In this sense, institutional change would occur to make land-use planning systems more flexible.

3) *Intra-institutional conformity that creates inter-institutional incompatibilities.* Conformity to certain institutional arrangements within a particular level or sector may cause conflicts or inconsistencies within the institutional arrangements of different levels or sectors. Usually, decentralization processes create many inter-institutional incompatibilities (Seo and Creed, 2002; Rodríguez-Pose and Sandall, 2008) that trigger institutional changes.

Many times, conflicts among different government levels can lead to reformulate institutions. For instance, the making of LOUGA was due to contradictions between the Galician legislation and the Spanish one.

4) *Conflicts with divergent interests.* The formation and reproduction of institutional arrangements are unlikely to satisfy the interests of all participants. Seo and Creed (2002) referred to conflicts with divergent interests as the most common type of institutional contradiction.

It is widely recognized that land-use planning has been frequently used to solve disputes or conflicts over land (Duke, 2004). These conflicts may be divided into two types: 1) Conflicts among landowners due to incompatible land uses; 2) conflicts between municipal goals and citizens' use of land, which can lead to increase natural hazards risk or to unintended consequences, 3) Municipal goals. In this sense attention is particularly paid to the taxation objectives of the municipalities, since it has been shown that municipalities in Spain and Galicia use land-use planning to obtain financial resources (Teré Pérez, 2010; Hita

Carbasés, 2011; Solé-Ollé and Viladecans-Marsal, 2011), or to the goal of zoning industrial land, for most of the municipalities that adopted LOUGA did not have industrial land. The other important goal of municipalities when adopting a land-use plan compliant with the current act may be to provide legal security to investments (Needham, 2007).

It is important to mention, however, that these sources of institutional change do not operate separately. Rather, as Seo and Creed (2002) suggest, they are intertwined among themselves. Yet, some of these sources seem to trigger endogenous, while other sources seem to trigger exogenous institutional change. For instance, the first two sources use to lead to incremental endogenous change in the sense of North (1990), whereas the last two ones are more related to exogenous and radical change, in the sense of Commons (1934). Considering these four sources of institutional contradictions, a set of questions, was developed to understand if these sources play a significant role in adopting the act.

3.2. Resistance to change. Sources of continuity

Institutional change may not only occur because there is not need for change. In the case there is a need for change, all institutional change processes face always some kind of resistance, because an institutional change implies a change of an acquired behaviour, interests, power etc. This section seeks to understand the main sources of resistance to change within the institutional literature, and therefore why institutional change of formal institutions created to regulate land-uses can be held back. The international literature on institutions used to refer to three major institutional paradigms, the rational, the historical and the sociological paradigm (Hall and Taylor, 1996). We discuss the sources of resistance to change within each institutional paradigm.

Rational institutionalism

Rational institutionalism explains the resistance to change of institutions based on the economic benefits provided by institutions as they are. These benefits are measured in economic terms. Institutions resist change because change may make that social systems work less efficiently. There is a wide literature in the interface of property rights and planning that suggests that land-use regulations minimize transaction costs (Lai, 2005; Webster, 1998), being this what explains why zoning is so prevalent and immune from criticism (Chung, 1994). This idea is, however, only applicable to explain why localities would be reluctant to abolish land-use regulations. It does not seem very useful to understand the behaviour of the Galician municipalities with regard to LOUGA. And this is so for two reasons. First, Galician municipalities that do not have a plan are reluctant to adapt their land-use plans to LOUGA or to make a land-use plan in compliance with the act; this means that they are reluctant to an institution that could – following the line of argument – reduce transaction costs. Second, even if transaction costs were reduced, this would not be sufficient to insure institutional change in land use regulations, for new land-use regulations mean new distributional effect in assigning property rights. There may be citizens or powerful groups that dislike the new assignment of property rights (Libecap, 1999), for it may reduce the value of their properties.

It has also frequently been pointed out that the instable and complex legislation with regard to land-use planning is preventing municipalities from adopting land-use plans (Meilán Gil, 2001; Raposo Arceo, 2009). Usually,

planners refer to the increasing complexity of land-use planning as the “judicialization” of the planning activity (Dalda Escudero, 2008). For instance, LOUGA has undergone 5 major changes in 8 years. The consequence of this is that municipalities working on the adaptation of their plans have to reformulate them to adapt them to the new changes. This may lead to municipalities to avoid the adoption of the act, for it would take too much time, and at the same time would be too politically costly.

The third reason why municipalities may be reluctant to adopt the LOUGA is related to, according to some authors, the lack of municipal human and economic resources to make and manage land-use plans. Municipalities, it is argued, do not have enough resources to make a plan and afterwards, once the plan has been adopted, to manage it (González-Crebrián y Tello, 1980). Many Galician municipalities (28%) do not have a local planner and around of the half of municipalities that does have a local planner, the planner works part-time (COAG, 2011). However, it is frequently argued that even in those municipalities that have a local planner, there are not enough human resources to manage the plan. This, therefore, may prevent municipalities from adopting the LOUGA.

Historical institutionalism

For historical institutionalism the concept of path dependence plays a key role (Peters, 1999; Hall and Taylor, 1996) in explaining the resistance to change of many institutions. Path dependency make difficult to change initial elections because the costs (learning costs in the case of technologies or transformation in the case of political changes) are too high. The costs are high enough to the extent that actors will keep using extant institutional arrangements even if more efficient alternatives in the long term are available. In addition, the returns to scale, this is the benefits from using a customary system, increase as the use of a given technology or institutions increase (North, 1990). However, it is difficult to empirically test these hypothesis. One of the reasons is that historical institutionalism finds itself in between rational and sociological institutionalism, so the reasons of resistance are also shared by other institutionalisms.

Sociological institutionalism

Sociological institutionalists usually take a normative approach to the study of institutions, tending to blur the line between institutions and culture (Ishiyama and Breuning, 2010; Hall and Taylor, 1998). Normativity means that institutions – or lack of them – persist because they are shared by a community (Zucker, 1977, Berger and Luckman, 1967). In Galicia, landownership has a strong cultural aspect.

Due to historical reasons, the access to full landownership took place much later than in other European regions (see for more detail Tubío-Sánchez et al., 2013). These historical reasons encouraged the creation of what some authors call a strong culture of property. This culture makes people in Galicia very sensitive to government intervention –through planning or other means – in landowneship (Villares Paz, 1982; Rodríguez González, 2004). Of course there is a relationship between a culture of property and the negative economic implications of changing property rights. The economic implications of changing property rights can be solved by compensation. However, in a context of strong culture of property, compensation may be ineffective as well, because the value of land is not restricted to its economic value, it has a sentimental value as well.

To sum up, we identify as sources for resistance to change the following reasons: 1.- Changes in property rights may lead to a reduction of property values, 2.- Instable legislation may prevent municipalities from adopting the LOUGA, 3.- Lack of human and economic resources to make and to manage the plan, 4.- Cultural resistance by citizens to government intervention on their landownership. Thee annex includes questions that were made to the municipalities.

The next section contains the methodology used to carry out the interviews. It also indicates the number of interviews and the person interviewed.

4. Methodology

We used the caste-study research. Case-study methods offer the possibility of gaining in depth knowledge about the relationship between reason of change (independent variable) and adoption or not adoption (dependent variable). A total of 50 phone interviews were carried out aiming at interviewing the local planner in the 31 municipalities that adopted the act as well as in the 19 municipalities that did not start the plan-making. Due to changes in local authorities it was not always possible to contact the planners that were present during the adoption of the act, or who have enough knowledge about the process to give an accurate answer. Therefore, the percentages given in the results are not referred to the total amount of municipalities, but to the number of answers obtained.

Two slightly different semi-structured interviews were designed for both cases. The one that was carried out in municipalities that adopted the act focused more on the reasons for change, whereas the one that was carried out in the municipalities that did not adopt the act focused more on the reasons for continuity.

5. Results of interviews and analysis

The reasons for the behaviour of the municipalities may heavily depend on many variables. In previous research (see Chapter 4) it has been shown that the behaviour of the municipalities when deciding if adopting a plan in compliance with the LOUGA or not depends on two basic characteristics, the variation of population between 2001 and 2010 and the current land-use plan before adopting. Thus, the following table shows the adopters and non-adopters according with each of the two characteristics. Brackets indicate the mean of the population change between 2001 and 2010.

	Non-adopters		Adopters
	Currently without a plan	Currently with a plan	LOUGA-Plan
Variation of population between 2001-2010>0	0	6 [21,2]	4 [13]
Variation of population between 2001-2010<0	3 [-16]	9 [-11]	27 [-13,5]
Total of municipalities	3	15	31

Table 14: Non adopters and adopters that gained and lost population between 2001 and 2011

All adopters were asked what was the main reason that led the municipality to adopt the LOUGA. The answers are related to the enlargement of the developable area, be it the endowment of residential or industrial land. In some cases because the plans they had had run out the developable land and in other causes because municipalities did not have a legally binding land-use plan to issue building permits. Although only 13% of the municipalities answered that to zone industrial land was one of the main triggers of the plan, around 60% answered later that to zone residential land was one of the main goals of the plan.

All non-adopters were asked why they did not adopt the LOUGA. The answers are related to the simply “no need” of plan (around 55 %), because some of the municipalities do have already a quite modern plan or because they are very remote municipalities that do not issue building permits. Around 20 % of municipalities mentioned as the main reason that to make a plan is too costly (they curiously omitted the fact that the regional government paid the expenditures of plan-making). Around 20 % of the municipalities suggested that to adapt the LOUGA would mean to reduce the endowment of developable land that their current plans zone as developable, something that these municipalities seem to be unwilling to accept.

The detailed sources of change and continuity for all municipalities according with the typology of sources explained in the introduction are presented below.

5.1 Sources of change

5.1.1. Sources of endogenous change

Legitimacy that undermines functional efficiency. Are the cost of urban sprawl a reason for change?

The problems of costs associated to over-planning and urban sprawl have been recently studied in Spain (Hortas-Rico and Solé-Ollé, 2010), as well in Galicia (Prada Blanco, 2008). In both cases, urban sprawl increases the the costs of municipal service delivery. It has been pointed out by a few economists that localities may adopt land regulations, in particular regulations related to urban containment when the costs for municipal delivery begin to rise, aiming at preserving open spaces (Fischel, 1978). Therefore, the question made to local planners was the following: Did the municipality adopt the plan to contain the

costs of providing municipal services like sewerage, water, public light, etc.? The results indicate that there is not a single municipality that adopted the LOUGA aiming at containing these costs. Several local planners suggested that the major of the municipality is far away of having a such idea in mind when (s)he came up with the idea of making a plan. In the case of non-adopters, all local planners suggested that a new land-use plan adapted to the LOUGA would not contain the costs of municipal services. Even more, most of the municipalities did not think that they have a problem with municipal costs, though many of them complain due to lack of resources to pay them. Municipalities consider rather they have a problem with revenues rather than with costs. In the answers there are not differences between those municipalities that loose population and those that are gaining population.

Adaptation that undermines adaptability. Is the need of new mode of governance the reasons of change?

A new mode of governance based on negotiations, collaboration, citizens' participation and partnerships are regarded as a factor enhancing the adoption of plans in general and of land-use planning in particular in a world where conflicting interests emerge and the government seems unable to satisfy all of them (Healey, 1996; 1997). This hypothesis was checked in the municipalities that adopted a land-use plan according to the LOUGA. The local planners of these municipalities were asked if the the municipality had carried out negotiations or participatory processes with the citizens. Concretely, the question was: Did the municipality negotiate with the citizens about certain areas of the municipality should be protected or developed in the plan? Most of the municipalities answered negatively to this question. A few of them suggested, however, that the plan was explained to the citizens in order to, on one hand, make it more clear and gain support for it and, and on the other hand, to make aware the citizens that the they could appeal to the plan if the did not agree with proposal. This form of participation, that we call consultation, is the dominant form of participation in the municipalities, and as it has been suggested by Arnstein (1969), it is the fourth degree of participation in a scale with 8 degrees. At this level of participation citizens, although heard, lack the power to insure that their views will be heeded by the municipality. The standard practice in Galicia with regard to participation in planning is not very different from other places. Plans are made by a team of planners hired by the municipality, being the local authorities who proposed this team the desired land-uses.

However, four municipalities municipalities were much more involved in a participatory process with the citizens when they wanted to zone industrial land uses. In these cases municipalities used to talk with the land-owners, or there are the landowners by themselves who started the negotiation to zone industrial land-uses. As we will see later, this is one of the main reasons why municipalities decided to adopt the LOUGA. In these cases, participations resembles a partnership (the sixth level of participation in the Arnstein (1969) ladder of participation) between the municipality and the land-owners that enables them to negotiate end engage in trade-offs. These negotiation cannot be avoided since to zone land for industrial uses (unlike for residential uses) involves a change in the landownership in the case that landowners are not the entrepreneurs.²¹

²¹ Notice that landowner of land zoned as residential have the option (actually, it is what the land-use act expects) that they become developers of their plots of land. In the case of industrial

In general, it can be said that in the municipalities that did adopt LOUGA there is a participation level of consultation. However, in a few cases, municipalities are forced to engage in a higher level of participation— partnership — when it comes to zone land for industrial land-uses.

5.1.2. Sources of exogenous change

Intra-institutional conformity that creates inter-institutional. Are conflicts among different administration levels a source for change?

All local planners were asked if there were conflicts among the municipality and other political levels (province, regional government) that triggered the adoption of LOUGA in the case of adopter, or that might trigger the adoption of LOUGA in the case of non-adopters. Local planners did not remember that any of these events occurred, and therefore they said that they did not have anything to do with the plan-making.

In the case of non-adopters, the pattern is the same. All municipalities answered that they do not observe any ongoing conflict that makes the municipality considering an adoption of the LOUGA. Only one municipality mentioned a conflict (a claim on the municipal boundaries with the neighbouring municipality), but it was not regarded as a reason for making a land-use plan.

Divergent interests

Is the municipal aim of collecting more taxes a reason for change?

As said in the introduction, municipalities may be very interested in making a new land-use plan since plans basically divide the municipal territory between non developable and developable areas by taking from some land-owners development rights and by giving to other landowners development rights. This division has a considerable fiscal implication—even if landowners do not exercise their development rights by developing their plots—, since landowners that receive development rights pay more taxes for two main reasons: 1) Tax rates are higher for developable plots (between 0,4 and 1,30%, whereas for non developable areas the tax rate should be among 0,3 and 0,9%. It is important to mention that municipalities have discretionary power to set up a tax rate, but only between these limits); 2) The cadastral value (property value) of plots located within developable areas is considerable higher than the cadastral values of plots located in non developable areas.

We will call to the revenue coming from property taxes “ordinary revenue”, since each landowner pays it every year, and rates and cadastral values do not change very often, so it is a high constant revenue. Other taxes are more related to the process of urbanization than the classification of land itself (see Cabasés Hita et al., (2011; p.18) for a more detailed explanation of the types of taxes), like for instance building permit tax, cash-in-lie of land, fees on developers, fees on residents, land-transaction tax, etc. We call these revenues “extraordinary revenues” since they occur only when one development takes place.

In Spain two thirds of municipality's own revenues are derived from taxes, both extraordinary and ordinary (the rest are grants from the Spanish state). Traditionally, the most important tax was the property tax, which accounts for

land, this is not the case, and that is the reason why municipalities have to become much more active in negotiating the acquisition of land with the landowners.

around 15% of the total of revenues. However, urban development resulting from the real estate boom has provided municipal governments with large sums of extraordinary revenues (those related only to the building activity in itself) that have been increasing to sum around 15% of the municipal budget (see Teré Perez, 2010). In total, municipalities during the years of high urban growth could collect (ordinary and extraordinary revenues together) around 30% of the municipal budget.

However, recent research has shown that municipalities increased dramatically the extraordinary revenues related to building activity, whereas the ordinary revenues remained quite stable over the last years. In addition it has been shown that municipalities did not save these revenues, they have been used it as an “extra” source of money to finance more municipal services (Solé-Ollé and Viladecans-Marsal, 2011). Municipalities in Galicia, it was argued, were not different from the rest of Spain and trying to capture these revenues, engaged very often in urban over-planning by being very loose in restricting urban development (Rodríguez González, 2008). Yet the results may play down the importance of this variable when a municipality decides to adopt or not the act. The next section shows the results of the interviews both for adopters and non adopters.

Adopters

The LOUGA passed in 2002 is an act that considerably restricts land development. It is however important to mention that municipalities that have adopted the LOUGA did not have a land-use plan or this was very outdated. Under these circumstances, to issue building permits became much more complicated, for it is the regional government who has to approve each building permit application, lasting the process several months. In this way, an incentive to adopt the LOUGA might have been the possibility to enjoy new revenue sources.

The 31 municipalities that adopted the LOUGA were asked about this. The questions was: “do you think that the land-use plan was approved to mainly increase the amount of revenue via taxes, building permits, etc.?”. Around 68 % of the municipalities answered that to increase the revenue sources was not the main reason to adopt the act. A few of them recognized that that it was maybe a reason, but not at all one of the most important reasons to adopt the act.

The rest of municipalities (32%) answered positively to the question. Although they considered the growth that the plan might bring as positive to increase the revenues associated to building activity. Indeed, some of them realize that after approved the plan more building permits were issued. It is important to mention that that the higher number of municipalities that considerer the possibility to increase the revenues associated to building activity as a reason for adopting the act find themselves in the the most urban municipalities. Most part of municipalities of the cluster 3, the cluster where the number of municipalities that are adopters of LOUGA is higher, consider that that to increase the revenue sources was not a reasons to adopt the act (around 70% of municipalities of cluster 3 answered this).

It is important to mention that most municipalities that adopted the act (those belonging to the cluster 3) are quite rural and did not have a previous land-use plan or this was very obsolete. It could be argued that they do not see in the building activity a growing sector that can create a revenue source for the municipality. In fact, 87% of the municipalities that adopted the LOUGA lost on average 13% of inhabitants between 2001 and 2010 (see table 14). However, the

two big cities that adopted the act did maintain their populations levels during 2000-2010. Population increased mostly in peripheral municipalities near to big cities and embedded in metropolitan areas.

There are only two peripheral municipality that adopted the LOUGA. In both of them the population increased around 24 % respectively (only 3% of the Galician municipalities experienced a higher increased than this). In these municipalities developable land run out (in one of them the residential and in the other one the industrial land) and a new plan adapted to the act was made to convert more rural land to urban. In one of these municipalities, the answer to the questions given by the local planner was: “the plan is like the goose that laid the golden egg, since it makes possible to develop more land and consequently it provided the municipality with more financial resources to pay for all services that the municipality offers to the citizens”.

Non-adopters

Most of municipalities that did not adopt the LOUGA had already a previous land use plan in compliance with the previous land-use act of 1997. Only four of them do not have any land-use plan at all.

Under the land-use act of 1997, the criteria to convert urban land to developable land were more flexible. In this way, municipalities with these plans use to have large endowments of developable land. To adopt a new act would mean reducing the amount of developable land. The question made was however the same that for the municipalities that adopted the act, that is, if they consider that a new land-use plan adopted the new act could provide them with more revenue sources. All of them answered no. Some of them argued that under the new act or under the current land-use plan, the amount of issued building permits would be similar. However, one municipality that experienced the most remarkably urban growth in the last years answered that the adoption of LOUGA would imply reducing the availability of developable land, for the new act restricts much more urban land uses. This could cause, the local planner argued, controversies among people that have been paying high property taxes (the extant plan classifies their properties as developable). Municipalities consider that these landowners could be very upset if, after have being paying high property taxes during several years, a new plan takes away their development rights. Another municipality answered the same, but instead of considering that a more restrictive land-use plan would upset people, the reason relied rather on the reduction of the revenues coming from property taxes. A more restrictive land-use plan, the planner argued, would reduce the amount of plots with development rights and therefore the municipality would collect less property taxes.

In previous research it has been shown that municipalities that have adopted LOUGA, which are quite rural, have on average low property tax rates compared with other more urban municipalities (Tubío-Sánchez and Crecente-Maseda, 2012). In general, Galician municipalities have lower property tax rates compared with the rest of Spanish municipalities (Corbacho, 2008). This seems to indicate that municipalities are not interested in collecting taxes. To better understand the reasons behind this municipal behaviour, the each municipal planner was asked: 1) if the municipality had adopted the plan to increase the land values and in this way to increase the ordinary revenues; 2) if they have carried out a cadastral evaluation of land values after having approved the plan²².

²² Article 28 of the Legislative Royal Decree 1/2004, which ratifies the text of the Law of Real

Surprisingly, most of local planners answered that they do not see any relationship between the land-use plan and the change of cadastral values. Apparently, they did not know that the municipality could request an evaluation of cadastral values after having approved the plan, and that this of course would affect land values and therefore the revenues coming from property taxes. The common belief among local planners was that this evaluation is made by the General Directorate of Cadastre every ten years, and that the municipality cannot start the cadastral evaluation *motu proprio*. Therefore, the planners do not believe that reasons for adopting the act rely on the search for more property tax revenues. The answer to the second questions tells us that 16% of the municipalities started a cadastral evaluation some time later after having approved the plan. However, in accordance with the answers to the first question, municipalities did it in most cases at the request of the General Directorate of Cadastre. It is interesting to mention here that one municipality said explicitly that the cadastral evaluation was not carried out because “the [current] major wants to win the next municipal elections”. If we combine these two answers (several municipalities that do not know the fiscal consequences of a plan and some municipalities saying explicitly that to avoid to upset people due to an increase in property taxes was the main reason for not having done the cadastral evaluation), we could conclude that municipalities are not interested in the ordinary revenues coming from property taxes because to set up these taxes has a high political costs for the local authorities. However, this does not mean that they are not interested in collecting non-ordinary revenues coming from the building activity.

Four municipalities that did not adopt the act do not have any land-use plan. These municipalities are located in very remote and mountainous areas. They do not issue almost any building permit, and in two cases they do not have the infrastructure to collect taxes. Taxes are collected by an organization at provincial level, and at the end of the year this revenue is sent to the municipality). They do not hire a municipal planner and simply consider that they do not need a plan because there is not growth at all and they do not expect that it in the future.

As conclusion, we have observed that most of the municipalities that have adopted the plan and were not growing answered that the main reason to approve the plan was not related to the search of extraordinary revenues coming from building activity. However, research has shown that these municipalities use to propose plans with more developable land than they growth rates can fulfill. How can this paradox be understood? There are two possibilities to explain this. The first one would assume that these municipalities do not actually consider a real possibility that they can enjoy extraordinary revenues from the building activity (with a declining population, building permits are rarely issued. However, they do not want to eliminate this possibility by promoting a generous plan in terms of developable land. The other possibility that could explain their “development-oriented” plans is that local authorities do not want to take development rights of landowners due to political costs that this could cause. Probably (as we will see later when we examine the reasons for resistance to adopt the plans) municipal behaviour is due to a combination of both.

In the few municipalities that have adopted LOUGA and that experienced a rapid urban growth, one of the reasons for adoption the LOUGA has been the

State Cadastre, envisages the possibility that local governments request assessed evaluation of property values if a land-use plan that changes cadastral values is approved.

possibility to obtain ordinary and non-ordinary revenues from the building activity. The plan was used not to restrict development, but rather to promote it.

In both cases the interviews suggest that the low interest in increasing the ordinary revenues (property taxes) is due mostly to the political costs that this increase may mean when going for the next municipal elections. Spanish municipalities in general, and Galician municipalities in particular, used to have an endemic budgetary shortfall. Between two options to improve their budgets (to increase ordinary revenues or to allow for more development to increase extraordinary revenues), municipalities have chosen the one that had less political costs for them.

With regard to the municipalities that did not adopt the act, we clearly can suggest that their current land-use plan provides them with more extraordinary and ordinary revenues than a plan made in compliance with the new act. In some of these municipalities the urban growth has been so high that the municipality actually would like to restrict it. But again, the potential political costs of taking away development rights from landowners who have been paying high property taxes for several years, prevent them from starting the plan-making.

Are conflicts among landowners due to incompatible land uses a reason for change?

With regard to conflicts, no municipality that adopted the LOUGA considered that there was any conflict that triggered the making of the plan. Local planners were asked if there were conflicts among citizens due to conflicting land uses, or if natural hazards occurred and if any of these cases the municipality thought that a land-use plan was a way to solve conflicts or to prevent them to occur. Local planners did not remember that any of these events occurred, and therefore they said that they did not have anything to do with the plan-making. In the case of non-adopters, they do not experience any conflict that could trigger the adoption of LOUGA.

As conclusion it can be said that conflicts did not play a main role in the adoption of LOUGA. However, we should not minimize the role of conflicts. In one of the case studies it was found that conflicts emerging from incompatible land-uses were one of the reasons that led the major to adopt a plan. Probably, it was not the most important reason, but it should not be underestimated.

Is it the goal of providing legal security a reason for change?

A land-use plan gives land use rights to citizens or takes from them. Knowing the exact land rights that everyone has enhances investments, since it reduces uncertainty about conflicting uses that can emerge in the future (Needham, 2007). Therefore, a land-use plan adapted to the extant act may facilitate that citizens decide to buy a house or to install factories in given locations, because they are sure that certain incompatible uses with that activity will not be implemented.

To know if this was a reason for the Galician municipalities to adopt LOUGA (remember that the half of the municipalities did not have a land-use plan, and the other half had a very obsolete land-use plan), the question made to them was: was one of the reasons to adopt the plan the willingness to offer a greater legal security?

When answering this question, four municipalities suggested that to provide legal security was not the reason for adopting the plan. Aside from the fact that some of them considered that it is a positive consequence of adopting it, it was not a reason for adopting it. However, the rest of municipalities considered

that providing legal security, although not explicitly mentioned, implicitly triggered the adoption of the plan. Nevertheless, it is important to say that most of local planners interpreted the concept of legal security as legal security with regard to their decisions about building permit issuing, rather than with regard to providing legal security to certain citizens' investment. In addition, local planners were asked if citizens were demanding a plan to have more legal security in their properties. All planners answered that none demanded this. This suggests that legal security was not a citizens' demand, and that its contribution to adopting the LOUGA was more related to securing the decision-making of planners when issuing building permits.

Was the zoning of industrial uses a reasons for change?

Since LOUGA prohibits industrial land uses if there is not plan that zones land with that use, one of the reasons to adopt the act could have been to zone industrial land. As said above, to zone land as industrial have several different consequences for the municipality and landowner than other types of uses. All Galician land-use acts copied the regulations to zone residential land from the the Spanish act of 1956. In this act it was assumed that the landowner would be the developer of his own parcels. Assembling land parcels for residential development relies heavily on the private landowners' initiative; the municipality remains very passive with respect to this. However, in the case of industrial land is different. In this case landowners are not supposed to be developers of their plots of land. This is because to service industrial land is expensive and land prices use to be low compared with residential uses. Under this context, the municipality has to be involved in the search of industrial land, very often pressed by local entrepreneurs who want to establish their firms in the locality.

Results of the interviews suggest that in around in 60% of the municipalities that adopted LOUGA, the search for industrial land was one of the major triggers to make the plan. In particular, this trigger becomes more important in those municipalities that are more rural . More urban municipalities or peri-urban municipalities tried to enlarge industrial land under LOUGA, but they pointed out that this was not the main reason for adopting the plan.

With regard to the non-adopter municipalities, the search of industrial land is a priority in 25% of the cases, and only in municipalities with growing population. However, instead of being a trigger for making a new land-use plan, these municipalities are modifying their current land-use plans to zone more land as industrial land. In fact, three municipalities (20%) were doing this. They regarded their land-use plans as useful, they only need to update the amount of land for industrial uses.

Despite all efforts made by the municipalities to negotiate with landowners to find land as suitable for development (sometimes buys the municipality the land, other times they just zone the land), all these industrial areas are not being developed, for the costs of servicing the land are so expensive that municipalities (or landowners) cannot afford them. When they are developed, it is mostly because land development is carried out by regional (Instituto Galego de Vivenda e Solo) or provincial agencies (Xestures).

To sum up, it can be said that to zone industrial land (together with possibility to issue building permits) is one of the main triggers to adopt LOUGA, in order to zone more residential and industrial land (notice that the adopters did not have a land-use plan or it was very outdated). In the case of non-adopters, this

problem is solved by a modification of their current plans.

Were the environmental goals a source for adopters?

All municipalities were asked if they have adopted LOUGA to protect certain areas of the municipality from environmental treats. All adopters answered that this was not a reason for adopting LOUGA. Only one of them mentioned that the municipality protected an area with plan, but it was only to prevent a conflict. A company dedicated to the extraction of aggregates wanted to move to that area, something that the neighbors were not willing to accept.

This shows that municipalities do not use land-use plans with an environmentalist perspective. To adopt a plan in compliance with LOUGA means that municipalities have to identify all their historical heritage, the best agricultural land, etc. and to protect them. But this is not something that municipalities do because they are willing to do it, they do it because the LOUGA forces to do it if they want to have plan that allows the to issue building permits. Municipalities do not primarily protect areas with land-use plans. Municipalities use other regulatory tools to protect heritage sites, that offer more security. These tools include natural parks (regional and national level of protection), the network Natura 2000 (European level of protection) or Natural Monuments (world level of protection). For instance, one municipality answered that they would never use a land-use plan to protect a certain area, since this can always be changed. In this case, the local authorities were interested in protecting the coast area of the municipality and for this they used the Natural Monument, which is much more difficult to change.

In the case of non-adopters, only one municipality answered that the environmental reasons that could trigger the plan would be to protect certain areas of the municipality from wind farms (the municipality has the highest number of wind farms in Galicia), something that the municipalities starts regarding as threatening to preserve the environmental values. However, the authorities recognize that wind farms represent their major revenue source.

5.2. Reasons of resistance or continuity

Because of its complexity, the administrative procedure of plan-making should be considered as a reason for resistance. The plan-making is a laborious process for two main reasons. The first reasons has to do with the fact that plan-making requires six steps to be completed, including two public exhibitions of the plan. In these public exhibitions, the general public can make amendments to the plan, which eventually may lead the planners to reformulate many parts of the plan. Although plans are made by a planners' team in collaboration with the municipality, it is the regional government who gives the final approval to the plans after checking that plans meet all the requirements of LOUGA. The regional government pays attention to the amount of land that municipalities convert from rural to urban use as well as the reasons that the municipalities provide to justify their growth need. Moreover, the plan has to obtain the approval of several public bodies which have their own laws, for instance legislation related to water and coastal areas, public infrastructure, cultural heritage, etc. In the worst of the cases – a municipality on the coast, with harbors, airports, etc. – around 15 public bodies have to give the approval to the plan. In addition, during the plan-making, local elections may take place (the average age for making a plan under LOUGA

is 7 years, that means that most of municipalities need more than one term in office), and newly elected local authorities may disagree with the planning goals of the previous government.

The second reason for delays in the plan-making has to do primarily with the instability of LOUGA. The act has undergone 7 changes (3 major and 4 minor changes) in 9 years. This means that municipalities have reformulated parts of the plans – and sometimes practically the whole plan – to be in compliance with the new changes.

To better understand what were the real reasons for delay that may prevent municipalities from adopting the plan or that delayed the plan-making in those that adopted LOUGA, we asked each municipal planner which reason was the most important for the delay of the plan-making (for adopters) or that may be preventing the plan-making (for non-adopters). The option they had were: 1) the planners' team (for adopters), 2) the municipality's unjustifiable growth expectations (for adopters), 3) administrative procedures or, changes in the legislation (for both).

In terms of legislation what factors are preventing municipalities from adopting LOUGA?

For adopters, the most part of municipalities (44%) suggested the approval of the many sectorial bodies of the public administration was the main reason for delay. Local planners mentioned the plan proposed by the municipality which contained an unjustifiable population growth as the second main reason (18%). One of the local planners suggested “there is a continuous tension between what municipalities want and what the regional government wants”. The regional government wants municipalities to recognize the real trends of population growth, while municipalities want to project unrealistic high growths. Around 11% of municipalities pointed out the planners teams were responsible for delays because they did not use to meet the deadlines. Only 7% mentioned the legal changes as one of the main reasons of delay.

However, in the case of non-adopters, the reason they identified as the most important (in almost 80% of the municipalities) was the continuous change of the land planning legislation. This prevents them from adapting because, according to many answers that the planners gave, “what is the use of adapting if within a couple of years your plan becomes obsolete in legal terms?”.

Are the lack of resources to manage the plan preventing municipalities from adapting LOUGA?

A few Galician scholars have pointed out that municipalities may not adopt plans because they do not have resources to make them or human and financial resources to manage them (González-Cebrián y Tello, 1980; García-Vidal, 2002). And this seems to be true since all municipalities that adopted LOUGA, except two, said that they would have many difficulties to finance the land-use plan. In most of the cases, local planners said that if the municipalities had a budget to finance the land-use plan at their own expenses, they would probably dedicate these financial resources to other expenses rather than to the plan. However, what it is interesting is that almost all local planners (both in the adopter and in the non-adopter municipalities) consider that municipalities have enough resources to manage the current land-use plan. Only in two cases, planners answered that they do not have enough human and economic resources to manage the plan. This seems to be in contradiction with the hypothesis of the Association

of Architects, which believe that the lack of land-use planning is due to the lack of resources of municipalities, both lack of human resources (many architects are working part time) or financial resources (García Vidal, 2002).

Are people's relationships (both cultural and economic) to property preventing municipalities from adopting LOUGA?

Around 64% of the non-adopters answered that people would show resistance if the municipality would want to make a land-use plan, and therefore to change their property rights. This would probably prevent municipalities from adopting, but notice that these municipalities do not find any reason to adopt LOUGA. Around 21% answered that people would show resistance, but this would not prevent the municipality from adopting to the LOUGA. Only 14% of the municipalities answered that they do not consider that people would show any resistance. Curiously, all municipalities that answer this are located in mountainous areas, whereas municipalities that answered that people would show resistance are mostly located in peri-urban areas. This suggests that more than a cultural factor (like ideology of property), what really causes people to resist the adoption of plan is the possibility that the plan reduces the value of their properties. This is more likely to occur in the urbanized municipalities than in very remote municipalities of the mountains.

In the case of adopters, only two municipalities mentioned that landowners showed resistance. In the rest of the cases the resistance was not remarkable.

6. Conclusions

This paper provides insights about the type of institutional change and the sources of institutional change with the adoption of LOUGA by Galician municipalities. This paper shows that all municipalities that adopted LOUGA either did not have a land-use plan (the half of them) or the one they had was very obsolete, on average 15 years old when LOUGA was passed in 2002, therefore a plan in compliance with the LOUGA was somehow a radical departure from their daily planning activities.

In fact, the main reason that led municipalities to adopt LOUGA was the municipal goal of converting agricultural land into developable land, either for residential or industrial uses. In many cases the approval of the plan was delayed because there is a conflict between the growth expectation of the municipalities and the regional government's goal of growth control. This confirms the results of previous research. In the case of non-adopters, the resistance to adopt LOUGA is due to three main factors. First, most of them do not see any need in adopting LOUGA. If they had – as some of them does have – a need of making a land-use plan, most municipalities acknowledge that citizens would show resistance, particularly in the more urban municipalities. To adopt LOUGA would mean to make a plan with a shorter endowment of developable land. In addition to this reason, municipalities pointed out that the continuous change in the planning legislation prevents them from adapting to LOUGA.

References

ALDREY VÁZQUEZ, J.: *Procesos de urbanización en el medio rural: las periferias*

urbanas en Galicia, «Coloquio de Geografía Rural-Los Espacios naturales entre el hoy y el mañana: actas del XI Coloquio de Geografía Rural.»

Alexander, E. (2001): "Governance and transaction costs in planning systems: a conceptual framework for institutional analysis of land-use planning and development control-the case of Israel", *Environment and Planning B: Planning and Design*, 28, pp. 755-776.

Alexander, E. (2005): "Institutional transformation and planning: from institutionalization theory to institutional design", *Planning Theory*, 4(3), pp. 209-223.

ÁLVAREZ-CORBACHO, X.: «Os ingresos urbanísticos dos concellos galegos», en LAGO PEÑAS, S, ÁLVAREZ CORBACHO, X, *Territorio, financiamento e control de gasto. Chaves de economía pública galega II*, Editorial Galaxia, 2008.

Aoki, M. (2007): "Endogenizing institutions and institutional changes", *Journal of Institutional Economics*, 3(1), pp. 1-31.

Arnstein, S. (1969): "A ladder of citizen participation", *Journal of the American Planning Association*, 35 (4), pp. 216-224.

Benson, J. (1977): "Organizations: A dialectical view", *Administrative Science Quarterly*, 22, pp. 1-21.

Berger, P.; Luckmann, T.: *The construction of social reality*, Anchor Books, 1966.

Bromley, D. W.: *Sufficient reason. Volitional pragmatism and the meaning of economic institutions*, Princeton University Press, 2006.

Buitelaar, E.: *The cost of land use decisions*, Blackwell, 2007.

Buitelaar, E.; Lagendijk, A.; Jacobs, W. (2007): "A theory of institutional change: illustrated by Dutch city-provinces and Dutch land policy", *Environment and Planning A*, 39, pp. 891-908.

Bush, P. (1987): "The theory of institutional change", *Journal of Economic Issues*, 21(3), pp. 1075-1116.

Cabasés Hita, F.; Ezcurra Orayen, R.; Pascual Arzo, P. (2011): "Municipal indebtedness in Spain revisited: the impact of borrowing limits and urban development", *XVIII Encuentro de Economía Pública, Málaga*.

Chung, L. (1994): "The economics of land-use zoning: a literature review and analysis of the work of Coase", *Town Planning Review*, 65(1), pp. 77-98.

Dalda, J.: «Entre a confusión e a reforma. O debate público e a situación do urbanismo en Galicia», en COLEXIO OFICIAL DE ARQUITECTOS DE GALICIA, *O espazo litoral*, 2008.

Duke, J. (2004): "Institutions and land-use conflicts: Harm, dispute processing, and transactions", *Journal of Economic Issues*, 38(1), pp. 227-252.

Fischel, W. (1978): "A property rights approach to municipal zoning", *Land Economics*, 54 (1), pp. 64-81.

García-Docampo, M.; Dalda-Escudero, J.; González-Harguindey, J.: *Cidade difusa en Galicia*, 2005.

García-Vidal, P.: «Galicia. Las perversas consecuencias de un crecimiento urbano en manos del mercado. Aportaciones para un debate desde la geografía», en *La ciudad: nuevos procesos, nuevas respuestas*, Universidad de León, Secretariado de Publicaciones y Medios Audiovisuales, 2003.

González-Cebrián y Tello, J. (1980): "Plan general de La Coruña: en defensa de la gestión directa", *Obradoiro*, 6, pp. 52-59.

González, S.; Healey, P. (2005): "A sociological institutionalist approach to the study of innovation in governance capacity", *Urban Studies*, 42 (11), pp. 2055-2069.

Graham, S.; Healey, P. (1999): "Relational concepts of space and place: issues for planning theory and practice", *European Planning Studies*, 7 (5), pp. 623-646.

Greenwood, R.; Suddaby, R.; Hinings, C. (2002): "Theorizing change: The role of professional associations in the transformation of institutionalized fields", *The Academy of Management Journal*, 45(1), pp. 58-80.

Hall, P.; Taylor, R. (1996): "Political science and the three new institutionalisms", *Political Studies*, 44(5), pp. 936-957.

Healey, P. (1996): "The communicative turn in planning theory and its implications for spatial strategy formations", *Environment and Planning B: Planning and Design*, 23 (2), pp. 217-234.

Healey, P.: *Collaborative Planning: Shaping Places in Fragmented Societies*, UBC Press, 1997.

Healey, P.: «*The new institutionalism and the transformative goals of planning*», en *Institutions and planning*, Emerald Group Publishing, 2007.

Hortas-Rico, M.; Solé-Ollé, A. (2010): "Does urban sprawl increase the costs of providing local public services? Evidence from Spanish municipalities", *Urban Studies*, 47(7), pp. 1513-1540.

Immergut, E.: «*Historical institutionalism in political science and the problem of change*», en A. Wimmer and R. Kossler, *Understanding change. Models, methodologies and metaphors*, Palgrave Macmillan, New York, 2006.

Ishiyama, J.; Breuning, M.: *21st Century political science: A reference handbook*, SAGE, 2010.

Jessop, B. (2001): "Institutional re(turns) and the strategic-relational approach", *Environment and Planning A*, 33, pp. 1213-1235.

Lai, L. (2005): "Neo-Institutional economics and planning theory", *Planning Theory*, 4(7), pp. 7-19.

Libecap, G.: «*Contracting for property rights*», en Terry L. Anderson and Fred S. McChesney, *The law and economics of property rights*, , 1999.

Lois-González, R.; Torres-Luna, M. (1995): "Las periferias urbanas de Galicia", *Anales de Geografía de la Universidad Complutense*, 15, pp. 435-444.

Meilán Gil, J.: «*Los núcleos rurales en la ley del suelo de Galicia*», en , *Anuario da Facultade de Dereito da Universidade da Coruña*, Universidade da Coruña, 2001.

Needham, B.: *Dutch land use planning. Planning and managing land use in the Netherlands, the principles and the practice*, Sdu Uitgevers, 2007.

Nielsen, K.: «*The institutional turn in the social sciences: a review of approaches and a future research agenda*», en , *Economics and the social sciences: boundaries, interaction and interpretation*, Edward Elgar Publishing, 2007.

North, D.: *Institutions, institutional change and economic performance*, Cambridge University Press, 1990.

Oliveira, M.; Anllo, C.; Lois, M.; Nogueira, C.: , Xunta de Galicia, 2009.

Parkhe, A. (2003): "Institutional environments, institutional change and international alliances", *Journal of International Management*, 9(3), pp. 305-316.

Peters, B.: *Institutional theory in political science: the "new institutionalism"*, Continuum International Publishing Group, 2005.

Pino Vicente, D.; Barros Rivas, X.; Sánchez Goyanes, E.; Pérez Rúa, M. (2010): "Apuntamentos sobre a problemática da ordenación do territorio en Galicia", *Instituto Galego de Estudos Europeos e Autonómicos*, 2, pp. 1-23.

Prada Blanco, A. (2008): "Consecuencias e custos da dispersión", *Grial*, 177, pp. 132-137.

- Raposo Arceo, J.: «El suelo rústico en la Ley 9/2002, de 30 de diciembre», en JOSÉ LUIS MEILÁN GIL, *Comentarios a la ley de ordenación urbanística y protección del medio rural de Galicia*, Thomson Reuters, 2009.
- Rodríguez González, R.: «Tratamento xeográfico e territorial da paisaxe e o espazo rural», en Román Rodríguez González, *Implicacións territoriais e socioeconómicas da Lei 9/2002, de ordenación urbanística e de protección do medio rural de Galicia*, Federación Galega de Municipios e Provincias, 2004.
- Rodriguez-Pose, A.; Sandall, R. (2008): "From identity to the economy: analysing the evolution of the decentralisation discourse", *Environment and Planning C-Government and Policy*, 26 (1), pp. 54-72.
- Schmidt, S. (2009): "Land use planning tools and institutional change in Germany: Recent developments in local and regional planning", *European Planning Studies*, 17(12), pp. 1907-1921.
- Seo, M.; Creed, W. (2002): "Institutional contradictions, praxis, and institutional change: A dialectical perspective", *Academy of Management Review*, 27(2), pp. 222-247.
- Sewell, W. (1992): "A theory of structure: Duality, agency, and transformation", *American Journal of Sociology*, 98(1), pp. 1-29.
- Solé-Ollé, A.; Viladecans-Marsals, E. (2011): "Local spending and the housing boom", *Doc*, , pp. .
- Sorensen, A. (2011): "Uneven processes of institutional change: path dependence, scale and the contested regulation of urban development in Japan", *International Journal of Urban and Regional Research*, 35(4), pp. 712-734.
- Teré Pérez, A. (2010): "El control externo del urbanismo", *Auditoría Pública*, 52, pp. 19-32.
- Thelen, K. (1999): "Historical institutionalism in comparative politics", *Annual Review of Political Science*, 2, pp. 369-404.
- Thelen, K.: *How institutions evolve: the political economy of skills in Germany, Britain, the United States, and Japan*, Cambridge University Press, 2004.
- Tubío-Sánchez, J.; Ónega-López, F.; Timmermans, W.; Crecente-Maseda, R. (2013): "Institutional change in land Planning: Two cases from Galicia", *European Planning Studies*, 21(8), pp. 1276-1296.
- Villares, R.: *La propiedad de la tierra en Galicia, 1500-1936*, Siglo XXI Editores, 1982.
- Webster, C. (1998): "Public choice, Pigouvian and Coasian planning theory", *Urban Studies*, 35(1), pp. 53-75.
- Zucker, L. (1977): "The role of institutionalization in cultural persistence", *American Sociological Review*, 42(5), pp. 726-743.

Chapter 6: Poisoning the mother-in-law. Four case studies on land-use conflicts, externalities and planning

Abstract

Land-use planning is considered a rearrangement of property rights. But what are the reasons for this rearrangement? Why do societies change the bundle of property rights of their individuals? The most frequent reason given in the literature is that societies rearrange property rights to deal with externalities. A definition of externalities has been a contested issue in the literature. The aim of this paper is to clarify and set up a definition of externalities. Then, in the light of that definition, we want to understand the role that externalities may have played in the adoption of land-use plans by four local authorities that have been carefully selected. Furthermore, the role of local authorities as an actor that has its own interests that are not always coincident with the voters' interests, as commonly assumed in the literature, is explored and included in the discussion. The main conclusion of this paper is that a classical concept of externalities is of little value to understand the behaviour of local authorities with regard to land-use planning

Key words: Externalities, land-use planning, planning implementation

1. Introduction

Galicia is a region of Northwest of Spain with a short tradition in land-use planning. In 2002 the region passed a planning act aiming at controlling the urban sprawl in rural areas. However, the act yields, after 10 years, a low level of implementation. Until 2011, only 10 % of the Galician municipalities decided to make a plan in compliance with the act. We undertook four cases studies of four municipalities (two adopters of the act and two non adopters) to explore the role of externalities in the adoption or not of the act.

Jacobs and Paulsen (2009) argue that land-use planning is fundamentally about the allocation, distribution, and alteration of property rights. The most recurrent reason for this rearrangement given by the economic literature has been the market failure argument. A market failure occurs when individuals' pursuit of pure self-interest leads to results that are not efficient and therefore that can be improved upon from the social point of view. The negative social effects of market failures are called externalities.

The definition of externalities was a contested debate in the 1960s and 1970s, particularly in the economic literature analysing the market failure, though in the last decades this debate was fading away (Lagueux, 2010). However, in the planning literature, and despite the emergence of collaborative planning as new way of handling conflicts differently from the regulation of land use rights by the government (Healey, 1998), the concept of externality is still very lively, especially in the literature in the interface between economics and law.

Within this literature, one of the main reasons why societies develop land policies is to tackle externalities (Pogodzinski and Sass, 1990; Chung, 1994; Needham, 2006:58; van der Krabben, 2009). In the seminal work by Klosterman (1985), "Reasons for and against planning", all reasons for planning are related to the negative effects of externalities. This explanation of planning is in the subconscious of all planners, and it is usually expressed as the conflict among the public interest versus the private interest. However, planners refer to this conflict or divergence in a very imprecise way. Planners are not to be very familiar with

many of the concepts used in the theory of externalities. Sorensen (1994:201-202) observed that "our ability to define and measure externalities is severely limited, yet an entire professional edifice has been erected on these flimsy foundations". These "flimsy foundations" hampers the understanding of key areas for planners, like planning implementation and the question why societies develop land policies. The implementation of planning tends to be answered with normative statements such as the reduction of the divergence between public and private interest. This does not tell us much about what is going on in the real world.

From an institutional point of view a land-use plan is a set of institutions that regulate behaviour of landowners and land users. Within the institutional literature, the so called rational choice institutionalism, as defined by Hall and Taylor (1996) seems to be the approach that has a more clear answer about why societies regulate land-uses. The question of why society chooses to adopt the institutions of government regulation of land uses has been addressed within this paradigm (Lai, 1997; Chung, 1994).

The main aim of this paper is to understand if the theory of externalities and social choice is useful to shed light on outcomes in four municipalities that have been carefully selected. The paper is organized into four main sections. In section two we discuss briefly the concept of externalities as well as the relationship that authoritative agents (parliaments or courts) have with regard to externalities. In section three we present the four case studies and in the fourth section, we discuss the outcomes of the case studies in the light of the conceptual framework of the first section. The last section consists of a set of concluding remarks.

2. The concept of externalities and the role of authoritative agents

To better understand the reasons given by the rational choice institutionalism that may explain the adoption (and non-adoption) of a new land-use plan in the four case studies, we first explain some ideas about the concept of externalities. The classical theoretical background discussed in rational choice institutionalism is provided mainly by Pigou and Coase. These scholars have had a considerable influence in how planning is understood and interpreted nowadays. In his work "The economics of Welfare", Pigou (1920) suggested that the free play of self-interest in markets does not lead always to allocative efficiency of resources, and, therefore, government intervention is required. By allocative efficiency of resources it is meant that a market organization that is not Pareto efficient, and implies that a certain change in allocation of goods may result in some individual made "better-off" with not individual being made worse-off. It is commonly accepted that outcomes that are not Pareto efficient are to be avoided, and therefore Pareto efficiency has been an important criterion for evaluating economic systems or public policies.

In the Pigouvian tradition, a land-use plan can be regarded as a government intervention in the housing or land market when markets cannot achieve by themselves a competitive equilibrium or Pareto-Optimality, that is to say, that the government can do better than the markets does. It is commonly argued that Pareto efficiency is not achieved because of the existence of externalities. And again, in welfare economics these externalities lead to market failures and therefore they are considered to be justification for government intervention, i.e.,

land-use planning. Coase (1960) included a new concept called “transaction costs”. Transaction costs can be defined as “the costs involved in operating the various social arrangements” (Coase, 1960) or, more broadly, as the costs of “operating the economic system” (Lai, 1997). When transaction costs tends to zero, markets tend to efficiency in terms of Pareto-optimality, for there are not barriers to transactions and litigant parties achieve agreement instantly. However, the world of economic transactions is full of transaction costs, and market transactions are almost never frictionless (Buitelaar, 2007). In this way, public policy makers should consider what is the best institutional arrangement in order to reduce transaction costs.

The literature based on Coasian and Pigovian approaches recognize that there are externalities and that there are land-use regulations to tackle with these externalities. Also both approaches make a set of assumptions related to actors' behaviour. The main assumption, and by the way, the most important source of externalities rely on the self-interested behaviour of actors, with a well-established scale of preferences (Héritier, 2007; Hall and Taylor, 1996). In both approaches it also seems quite clear that externalities and the social conflicts are the driving force that give shape to the new institutional arrangements. These new arrangement are made in such a way that they provide more efficient outcomes. Pigovians develop tax and subsidies to tackle externalities, whereas Coasians develop new institutional arrangements that tend to reduce transaction costs. Both approaches, however, tend to be equally normative in the planning literature, for markets “should” achieve Pareto optimum to reduce the transaction costs²³. For Coasians, if zoning is still popular in our current societies it is because it provides a more efficient way to deal with externalities (Lai, 2005; Webster, 1998).

However, there is a difference to the two approaches. In the Pigovian approach, the market intervention is justified when external effects move from the optimal Pareto-equilibrium to an inefficient state. Despite this, nothing is said about the nature of these external effects. The Coasian approach goes a step forward and understand externalities as a manifestation of the high costs of transacting over property rights. Coase (1960) suggests that it is a legal decision to decide if a harmful effect is or not an externality, and according to him this decision should be based on a cost-benefit analysis.

The Coasian approach, and Transaction Costs Theory based on property rights have been quite influential in recent times in trying to explain what kind of institutional arrangements in land-use regulation can better reduce transaction costs (Buitelaar, 2007; Alexander, 2001; Musole, 2009).

2.1. The four features in the classical concept of externalities

If societies make plans with the aim of tackling externalities, it seems quite obvious that, to better understand the process of institutional change (i.e. why societies adopt new land-use regulations) we should answer first what are

²³ Héritier (2007) divides rational choice explanation of institutional change into functional (intentional) approach which views institutions as an efficient and stable solution to a particular collective action problems (most historical institutionalist literature could belong to this group) and a rational non-intentional evolutionary approach viewing the outcome of institutional change as a selection and adjustment process. The first approach influenced authors like Williamson, whereas the second one has little influence on explaining institutional change because it would focus more on how institutions survive over time rather than how and why they change (Kingston and Caballero, 2009; Hall and Taylor, 1996)

externalities, where externalities come from and how they are defined and formalized by societies.

Externalities arise in the work of Pigou (1920) to explain how a market transaction can be optimal at the individual level, but not optimal at the social level. This occurs because externalities are indirect effects of consumption or production activity which do not work through the price system; that is, externalities have effects on the utility function of third parties (Laffont, 1987; Bator, 1958, Buchanan and Stubblebine, 1962). Therefore, the existence of externalities relies on the inability of price system to account for all costs involved in private market transactions. Externalities are thus the by-products of the market activity, and we have knowledge about them only when third parties are taken into consideration. As a consequence of this, externalities cause inefficiencies (resources are not allocated efficiently) and thus markets cannot attain a Pareto optimality. So, the first characteristic of externalities is that they have effects on utility functions of third parties without their having agreed to that and therefore they are not compensated.

A second characteristic of externalities is given by Mishan (1971:2) when arguing that externalities are “not a deliberate creation but an unintended or incidental by-product of some otherwise legitimate activity”. In the classical example of the factory and the laundry owner, the factory does not harm the laundry owner intentionally. If the factory were polluting the air to harm the laundry on purpose the laundry owner, we could not call it an externality. Mishan illustrates this by saying that if someone gradually poisons his mother-in-law, it is affecting the production function of the former and the consumption function of the latter. This would seem to fit the concept of externalities. But Mishan (1969) points out that the act of poisoning does not “accord with the popular notion of an external effect” (Mishan, 1969:343). So, externalities are unintended.

According to Coase (1960), externalities arise because of high transaction costs. But transaction costs may be high for three main reasons in the Coase's example of straying cattle that destroy crops on neighboring land. First, because the farmer and the cattle raiser have entitlements over land secured by an inalienable rule, using the Calabresi and Melamed (1972) terminology. This rule can be a zoning plan. If this plan hampers the efficient use of land, we are not talking about an externality problem, we are rather talking about a government failure, for property rights were badly assigned by the government. However, and again drawing on the Calabresi and Melamed (1972) terminology, entitlements over land can be secured by property rules. This is already the case in Coase's cattle-crop example. In this case we would face an externality if transaction costs are too high (for instance, if it is too costly to quantify the damage). Though one can wonder where did the cattle raiser and the farmer obtain their property rights from if only there was a market and no government (Canterbery and Marvasti, 1992; McChesney, 2006), we have, just in order to be logically coherent, to conclude with Demsetz (1967; 2003) that in the Coase's cattle-crop example, there is not an externality. Demsetz's argument is that it is optimal since the potential gains in solving the conflict are less than the implied costs.

The third source of high transaction costs is the lack of well-defined property rights. Furthermore, externalities are external to the market because they cannot be traded, and they cannot be trade because there are not property rights assigned to them. In this way externalities use to be defined as “a conflicting reciprocal claim over a rival undefined use”, for when rights are well defined

“property rights could not be enforced without violating a pre-existing jural correlation of rights and duties” (Nicita and Rizzolli, 2007:3). For instance, manure is a product of growing cattle that can have in many cases a negative effect on the utility function of third parties. However, as Mishan (1971) suggests, these negative effects could be internalized into the economy if a market for manure comes into being. To create a market (actors interested in buying and selling) would be required to assign property rights, like in the case of carbon emissions trading. Therefore, we can conclude that having not well-defined property rights is a feature of externalities.

Finally, the fourth feature of externalities is that externalities are source of conflicts. Even a nuisance fulfills the three features of a negative externality cited above, it would be difficult to consider it as a negative externality if nobody complains about it. Since the beginning, the theory of externalities was linked to conflicts. In this way, Buchanan and Subblebine (1962: 373) in an attempt to define the notion of externality rigorously and precisely, argue that an externality is “potentially relevant [in terms of Pareto optimality] when it generates any desire on the part of the externally benefited to modify the behaviour of the party empowered to take action through trade, persuasion, compromise, agreement, collective action, etc.”. If an externality continue exerts no such desire is “defined as irrelevant” (Buchanan and Subblebine, 1962: 374). Putting together all features of negative externalities, they can be defined as follows:

Negative externalities are unintended effects produced in settings of weak or undefined property rights that affect utility functions of third parties, leading to conflicting estates of non-Pareto optimality in resource allocation.

2.2. Externalities and authoritative agents

In the classical literature on externalities, there are only two actors. Think for instance of the classic example “the laundry owner vs. the smoke factory”. In this example there is one emitter and one victim. When the authoritative agents (the government or the court) comes to light it is only to decide about the conflict. For the government, both in the Pigouvian and the Coasian tradition, the government should be committed to the social costs of the conflicts. Curiously, these traditions never reflect on the costs that making a decision could have for the authoritative agent, in particular when this is elected in democratic elections.

Since the pioneering work of Arrow (1952) “Social choice and individual values”, a considerable literature on voting rules and the required conditions for efficient decision-making has been growing, aiming at developing models and understanding which voting rule renders outcomes that are better in terms of Pareto-optimality (Buchanan and Tullock, 1962; Young, 1995; Özkal-Sanver and Sanver, 2006; Dasgupta and Maskin, 2008). All this literature emphasizes the idea of making decisions by aggregating preferences of individuals. When a government or authoritative agent is mentioned, this is referred to an instrument that represents the aggregate preferences of individuals. Even when some scholars suggest that voting externalities could be a new way of tackling externalities that differs from the Pigouvian or Coasian tradition, the chosen policies merely present the preferences of a majority (Anderson, 2011). It is certainly astonishing that so little attention has been paid to the possibility that, once in office, the politician's preference may diverge from those of his constituents, and that he may therefore

choose policies at variance from his platform. Instead it is simply assumed that promises will be kept whether or not such behaviour is congruent with the interest of the officeholder (Ferejohn, 1986). Furthermore, most of this literature fails to recognize that when governments make decisions they are very concerned with the political costs that these decisions may bring to them. Thus, the analysis of externalities cannot be reduced in democratic societies to the classical actors, one emitter and one victim. First because the victim does not complain to the emitter, it rather reports the nuisance to an authoritative agent, and not because it is more cheaply to do so than a bargaining process as suggested by Priest and Klein (1984), but rather because the authoritative agent has the immediate power. Second, when authoritative agents are subjected to elections, they may consider the political costs of getting involved in the conflict. There are only two options for authoritative agents in deciding about a conflict: take the side of the victim and consider its claim as reasonable, then the authoritative agents becomes a victim itself. Or take the side of the emitter as more reasonable and do nothing, then the authoritative agent becomes the emitter itself. In taking one side or other, there are not only political costs, but also power relationships. All this has been neglected by the existing literature on social choice and externalities.

3. Four case studies

In the following case studies we try to identify conflicts and therefore externalities that might lead municipalities to adopt a land-use plan. For doing this, the four case studies consist of two municipalities that adopted a land use plan in compliance with the LOUGA and two municipalities that did not adopt LOUGA. Each pair of municipalities is formed by one rural and urban municipality (in Chapter 4, these municipalities belong to cluster 3 and 2 respectively). This allows to understand what are the differences between the kind of externalities that might be leading municipalities to adopt LOUGA.

The case studies are based mainly on semi-structure interviews with local authorities, planners, NGO organizations, developers, farmers and some other relevant actors. Relevant information has also been found in reviews of local newspapers and the plans in force in each municipality. The aim of the case studies is twofold. First we want to understand the relationship between a classical definition of externalities and the plausible adoption of a land-use plan to tackle them. Second, we want to analyse how the final decision of making a land-use plan has been influenced by the political costs of making the decision.

3.1. Oleiros: an urban adopter

Oleiros is an urban municipality known in Galicia by its residential character and low density development. Most part of its population commute everyday to work in near cities like A Coruña and surroundings. It is the municipality of Galicia with the highest rent per capita (several of the richest men of Spain live in Oleiros) as well as the municipality with the highest proportion of inhabitants with an university degree. In Galicia, Oleiros is known for the amazing quality of its land-use planning.

Oleiros is governed since 1987 by a local political party, without regional representation, called Alternativa dos Veciños (Neighbors' Alternative). It is one of the few political parties that has a vote system based on open lists. Voters are able

to vote for any of the candidates on the list, giving to the voters some say over the order of the list and thus which candidates get elected. This culture of citizen participation is also reflected in the making of participatory budgets. All this has contributed to make Oleiros the municipality of Galicia with the highest rate of public spaces and social services.

Oleiros was the first municipality in Galicia that made a land-use plan after the Spanish dictatorship, concretely in the year 1984. Since then, only two more plans were made, but all of them were based on the vision that the first plan developed for the municipality. Oleiros did not have a plan in compliance with the previous land use act of 1997. This means that the land-use plan that has been adapted to the LOUGA was based on the first land use act of 1985.

The municipality has tried, since the early beginning of the democratic period, to protect the environmental values. In particular Oleiros always tried to protect the coast from development. For instance, the coastal area called “Costa de Dexo-Serantes” was already protected in the previous land-use plans, but the municipality decided to give it the highest level of protection in 2000 by declaring the area “Natural Monument”. This makes Oleiros the only municipality in Galicia that has protected its coast.

Carlos Vales, who is now the director of the Centre for Environmental Dissemination, and who encouraged the protection of this area in the 1990s, recalls that in the 1980s, the residential development was becoming chaotic, with overcrowded schools and urban sprawl and land speculation. But the land-use plans and the decision to take land planning very seriously by the local authority stopped that process. According to him, today he does not observe any acute environmental problem, for the culture created in the municipality made people aware of respecting the land-use plan. This is even acknowledged by the members of the opposition parties. The biggest environmental NGO of Galicia, ADEGA, also said that they do not recall any environmental or other conflicts in Oleiros.

With regard to the adoption of the LOUGA, Oleiros started making a modification of the former land-use plan before the passing of the LOUGA in 2002. This modification aimed, according to the local authorities, at increasing the developable areas in two parishes in which residential land had been used up. Meanwhile the LOUGA was passed and the municipality decided to make a whole new land-use plan.

The reason given by the local authority to adopt a LOUGA plan is that the endowment of developable land had run out in some parts of the municipality by the beginning of 2000. In these years, when the plan-making started, there was a high demand of residential housing due to the buoyant housing market in Spain. Furthermore, the municipality wanted to make projects like the golf course and the yacht harbour. The supply of land under the previous plan was, according to the local authority, not enough for the demand of residential land and the projects conceived by the local government. The previous plan was, therefore, restricting the growth capacity of the municipality.

Some members of the political opposition pointed out that the reason to make the plan was to promote urban growth, in an excessive way according to them. In fact, they mentioned that the regional government recommended the municipality to cut down the growth projections when considering the first draft of the plan, for they were not justifiable. The regional government argued that 8000 dwellings projected in the plan for a period of eight years were unjustified given the trend of population growth. The municipality modified the plan and

made a projection of 8700 dwellings, but now for a time-frame of 12-16 years. The municipality also reduced the number of developable areas, a total of 14. The regional government considered that in the new time-frame, the growth projections were correct and issued a report where, after having evaluated a second draft of plan, gave its approval to around 25% of the plan. A last obstacle to definitely approve the plan was the airport footprint. The section of Civil Aviation, from the Ministry of Public Works, issued a report about the plan where it did not allow any of the stipulated developments within the 220 ha of the airport footprint. The municipality disagreed with this decision and reported it. Finally, the Supreme Court of Galicia found in favour of the municipality in 2012 and the footprint was reduced to only 0,015 ha.

The interest of local authorities in growing is explained by the opposition parties through the clientelistic relationship that the local authority has with big developers that find in the Oleiros a market for extremely expensive homes. For instance, the opposition parties have criticised that the municipality had used the land-use plan to allow the building of a golf course of 577.309 sqm. together with 688 dwellings and a luxury hotel. The project was conceived by the mayor in the early years of 2000²⁴. The developer, Jove, who would carry out the construction, was one of the biggest developers in Spain at that time. In fact he started his activity as developer in Oleiros around 1993. The mayor rejects these critics. He argues that the golf course, which would be owned by the municipality, is a very effective way to protect that area from development. With regard to the dwellings, the mayor said that half of them will be social housing, which are located in one of the best places of the municipality. For the local authority, this project seems to be a way to combine development with social and environmental goals. Some members of the opposition parties pointed out that the municipality, due to the increasing costs of social services, takes the easy way out for getting resources by fostering more development, suggesting the idea that the municipality is trapped into a so-called growth machine. This is also so for some local official, who pointed out that the first land-use plan which promoted a urban growth of high quality was “the goose that laid the golden egg”, allowing Oleiros so provide social services that ended up attracting more population.

The mayor certainly evaluated the political costs of making the land-use plan. According to him, he knew that he would lose votes and that probably he would have problems in getting approval for the plan, for his party did not have a majority. But the scarcity of developable land when the housing market was flourishing fuelled the government desire of making the plan. In a certain way, the mayor realised that there was no choice and the benefits of making the plan would be greater than the loses.

A new plan would also increase legal security. According to the local planner and the plan maker, since the former plan was approved in 1997, two land-use Acts were passed. In fact, though there was more developable land, the land-use plan would be made anyway because uncertainty about the permitted uses had increased considerably after the passing of two land-use acts.

The only problems that several interviewers contemplated is the weak transport infrastructure. The municipality doubled its population in the last years while the transport networks remained almost the same. Sometimes this causes heavy traffic jams. This, however, does not seem to be a problem for the local authorities.

²⁴ http://ccaa.elpais.com/ccaa/2014/04/26/galicia/1398533877_215898.html

It is important to recall that neither environmental conflicts or other kind of conflicts played any kind of role in triggering the adoption to LOUGA.

3.2. Ames: a urban non-adopter

Ames is, like Oleiros, a residential municipality, near the capital of Galicia, Santiago de Compostela. It was the Galician municipality that grew the most from 2001 to 2010. The current land-use plan was made in 2002 and is based in the land-use Act of 1997. This land-use plan converted large areas of agricultural land to developable land. Although there are 15 municipalities with more population, only seven municipalities zone more developable land than the municipality of Ames. The municipality did not contact the Regional Government to make the land-use plan.

The understanding of the making of the current plan will help to understand why Ames did not engage in the making of a new land-use plan. When the land-use plan was approved in 2002, the mayor was José Astray Mariño, from the conservative party PP. Astray was the mayor of the municipality between 1979 and 2003. During all these years the mayor established a close relationship with the developer Mahía (the biggest developer of Galicia after Jove at that time). The plan adopted in 2002 converted 19 areas to developable land, though many of these areas were protected forestry areas. The developer Mahía received, by a planning agreement, more than 50% of all developable areas (around 140.000 sqm) to build thousands of dwellings²⁵.

The very restrictive plan of the near municipality, Santiago de Compostela, favoured the migration of new residents to Ames. The population of the municipality of Ames grew rapidly in the last 20 years. When the capital of Galicia moved from La Coruña to Santiago, many government officials moved as well. They were young couples at the age of having children. In addition, the number of students were increasing in the university of Santiago de Compostela. Many others young professors and government officials, decided to move to other near locations seeking lower housing prices. The urban growth of Ames needs to be understood not only as a consequence of a very expansive land-use plan, but also as consequence of the lack of flexibility of the land-use plan of Santiago to accommodate new residents.

According to an official of the local authority, the main problem of the municipality, which has its origins in the land-use plan approved in 2002, is that Ames is today a municipality with urban demands but with a rural settlement pattern. This means that municipal services (sewerage, public lights, roads, etc.) are very expensive. Local officials also point out several environmental conflicts that take place in the municipality and whose the land-use plan of 2002 is the cause. There are some forestry areas that were developed after being zoned as residential in the land-use plan of 2002, like Aldea Nova. In 2006 these areas suffered an acute wave of forest fires that placed at risk the residential zones and even people's lives. Local officials point out that residents complain every year about landowners that do not clear the vegetation on their properties. The local official takes the side of landowners when saying that they should not assume the costs of clearing their properties and blame the municipality for converting a forestry area into a residential one.

²⁵ <http://www.elcorreogallego.es/comarcas/ecg/astray-otorgo-2002-mahia-52-suelo-recalificado-convenio/idEdicion-2009-08-25/idNoticia-460886/>

Another serious environmental problem caused by the plan of 2002 is the conversion of areas with flooding risk into residential areas, like the Agra da Condomiña. There are many other areas of Ames that have suffered from floods and have brought actions against the municipality. However, floods have been occurring in the last eight years and the municipality does not recognize officially any mistake in land-use planning (Devesa Fernández and Fra Paleo, 2013). A local official argues that although the residents have raised protests against the municipality, these problems are not regarded as a source of environmental conflict to be solved through a land-use plan. And this makes sense for the interviewer since it was a plan that caused the conflicts. One of the local planners has given similar reasons. He explained that the municipality was working on the land-use plan when the LOUGA came into effect. To avoid the restriction that LOUGA would impose, in particular for developable areas in rural settlements, the municipality pushed the works of plan-making.

Another severe problem in Ames, recognized by the local planner and the local official, is that the municipality does not have enough public land to build enough schools or sport centres that population increase would require. The lack of publicly owned land is a long-lasting problem in Ames. In a governmental report (Consello de Contas, 2003) is pointed out that Ames has carried out many residential developments without using the legal instruments of value capturing. These instruments would provide the municipality with around 10% of land of every development project. This land, once public owned, could be used to build schools, health centres or social housing.

Several of these problems could be considered as drivers for a new land-use plan. In fact this is what happened. In 2003, the democratic candidate won the local election after having severely criticised the land-use plan approved one year before by the conservative government. One of the key arguments pointed out that the around 80% of the developable areas are in hands of big developers whereas only 20% are in hands of citizens (Xornal Avance, 2003)²⁶. Only the developer Mahía owned around 50% of the developable land. But there were also other reasons that explain the conservative defeat.

Astray, the conservative mayor that lost the election, explained his defeat arguing: "I lost because in 4 years 5.000 new voters came from the city" looking for more affordable housing. He recognized that he was not able to connect with this new segment of population (El País, 2005)²⁷. Astray was in this way victim of the urban expansion that he encouraged. For the next electoral period, the socialist mayor offered as an electoral promise the making of a new land-use plan.

During the term in office of the new mayor, the proposal of making a new land-use plan faced serious challenges. According to the new socialist mayor, he slowly started to realize (and many people convinced him of this) that it would be incredibly hard, at the peak of the Spanish housing bubble, to change the land-use plan. Although he recognized that the land-use plan was harming the collective interests of the municipality (for instance, one pressing issue was that schools were overcrowded and the municipality did not own land to build new schools²⁸), the private interests were more powerful. Even the mayor's aim of softening the private interests of the developers in favour of the collective interests, in particular

²⁶ <http://es.calameo.com/read/000586710167439dca208>

²⁷ http://elpais.com/diario/2005/05/28/espana/1117231215_850215.html

²⁸ <http://www.elcorreogallego.es/comarcas/ecg/ames-modifica-su-pxom-para-otro-colegio-un-parque-e-iglesia/idEdicion-2011-03-17/idNoticia-649723/>

forcing developers to comply with the law and transfer 10% of each developable area to the municipality, the mayor recognized he has facing serious obstacles²⁹. The developer Mahía filed ten judicial appeals against him in only 12 months and started a media campaign against the local authority stating that Mahía “was being persecuted by the mayor” who “has a campaign of sabotage against us” and even threatened to fire employees (El Correo Gallego, 2006). The mayor admitted: “I spent more time at the court than at the town council. I came up with the idea that I would never be able to change the plan. They had [this big developer] such an unbelievable power”.

The plan adopted in 2002 was having its consequences, in particular with regard to the cost of providing municipal services. Ames is the only municipality where local officials suggested that the costs of providing services of high quality, similar to services provided in big cities, to a population that lives scattered in the territory, like in a populated rural area, is very high. The municipality faced more and more problems in paying for all these costs. In 2005 the municipality commissioned a study to know the needs of public services if the population kept increasing. This study suggested that the municipality would required 11 million Euro only for sewerage and water supply³⁰.

Another important reason (both for the former and current government) to make a new land-use plan is that the municipality cannot locate new businesses in the municipality and has seen how all them go to neighboring municipalities. This is so despite the fact that the current plan zones a large industrial area. However, the landowners are unwilling to sell the land, and according to a local official, the municipality does not want to expropriate because it would cause a social conflict with considerable political costs for the local authority. Prices for industrial uses are considerable lower than for residential uses, and landowners believe that the plan will be changed some day in the future. Recently, the owners of the industrial land, requested the current local authority the conversion of the industrial area, for they are very unhappy with paying a lot of taxes and not being able to sell their parcels³¹. Clearly, the local authority prefers to give up annual revenues of 50.000 € on property taxes than to have a conflict with the landowners of the zoned industrial area.

But not only the big developers were against adopting LOUGA. Other local officials mentioned that to adopt LOUGA would mean to reduce the endowment of developable land, and this would have severe political costs for the municipality. A conflict among the landowners and the local government would arise immediately, since, as one of official said: “how would you explain to people, who have been paying high property taxes during the last ten years for owning development rights, that now these rights are going to be taken away and all what they have been paying was in vain?”. Other local officials mentioned that this would have a negative impact for the municipal budget as well, for a plan in compliance with LOUGA reduces the endowment of developable land and therefore it reduces the amount of taxes that can be collected by the municipality. With regard to the industrial land, current local officials agree that, although the

²⁹ When carrying developments, in Spain it is legally required that the developer (who is usually the landowner as well) gives to the land bank of the municipality 10% of the developable land. This is a type of value capturing. The municipality can use this land to build facilities like schools, sport centres, etc.

³⁰ <http://www.lavozdegalicia.es/hemeroteca/2005/09/06/4045761.shtml>

³¹ http://www.lavozdegalicia.es/noticia/santiago/2014/06/01/concello-ames-descalificara-suelo-industrial-pegarinos/0003_201406S1C9996.htm

plan zones an industrial area, it could not be serviced and developed because it would require expropriation and this would make the landowners unhappy.

In 2011, the socialist mayor started to be accused by the conservative opposition to have supported some developers by giving them building permits³². The conservative party won the local election in that year. The new local authorities also want to make a new land-use plan. But the reasons they have are quite different. In an interview with the urban councillor, he suggested that the developable areas in the municipality, in particular industrial land, are used up. He also suggested that the new land-use plan should reduce the size of developable land to encourage the building of single family homes. He also recognizes that there is a lack of municipal owned land for public facilities like schools or sport centres. All these examples leave clear that making certain decisions have political costs for the local authorities.

Ames is today, after almost 20 years of large developments and where between 2001-2011 the number of dwellings increased around 77%, one of the municipalities of Spain with more empty dwellings (around 23%)³³. There are huge harmful effects (conflicts among landowners and residents, floods, expensive urban and municipal services that are not sustainable, etc.). Though there are forces that push to make a new land-use plan, the distribution of property rights made in the current plan seems to make it difficult to accomplish.

3.3. Castroverde: a rural adopter

The municipality of Castroverde is a rural municipality near the third biggest city of Galicia, Lugo. The main activity in the municipality is agriculture (mainly dairy milk production) and timber production. Like most rural municipalities, Castroverde experiences a population and an economic decline. Between 2001 and 2010 the municipality lost around 12% of its population which corresponds with the median of the municipalities that lost population in Galicia. Castroverde had, before adopting the LOUGA, a very simple land-use plan approved in 1984 that only zoned the urban centre of the municipality. Other land-uses (forestry or agricultural, or even small rural settlements) did not have any land-use classification.

The idea of making a land-use plan was encouraged by the current socialist mayor who won the local election in 1999. However, the former mayor had already in mind the idea of making a land-use plan which basically would protect the Way of St. James as well as the medieval urban centre of the municipality.

It was, however, the current mayor in his second term in office, who finally succeeded in making the land-use plan. According to him, there were three main reasons for making the plan. First, in the municipality there is a severe conflict among farmers that retire and afforest their parcels with those farmers that continue the agricultural activity. The trees in afforested parcels project shadows that reduce the crop production in adjacent agricultural parcels. More than 10% of the municipal surface has been afforested or abandoned between 1984 and 2005 (Corbelle Rico and Crecente Maseda, 2013). The mayor, who is himself a farmer, explained that farmers very often went to him complaining about neighbors that afforested their parcels. In the mayor's words, these conflicts were a neverending

³² <http://www.elcorreogallego.es/comarcas/ecg/ibercelta-niega-trato-de-favor-alguno-por-parte-de-su-antiguo-empleado/idEdicion-2011-03-25/idNoticia-652502/>

³³ <http://www.ine.es/prensa/np775.pdf>

story. As the frequency of the claimant farmers increased he started to consider the land-use plan as a tool that could effectively solve these conflicts. The second reason the mayor points out is that, when the LOUGA was passed, the whole municipality (except the urban centre) was zoned directly as “rustic land”, as prescribed by the LOUGA for those municipalities that do not have a land-use plan. This made very difficult for the municipality to issue building permits. In fact, the local planner, who helps people that seek building permits to build or to repair a house, explains that people became really angry when they knew that the municipality was not allowed to issue building permits. The third reason pointed out by the mayor has to do with industrial land zoning. Several years ago, entrepreneurs from the municipality were looking for land to locate their firms. For the same reason that the municipality could not issue building permits for residential use, it could not issue building permits for industrial land either.

According to other sources of evidence, like local officials and the planners involved in the plan-making, some of the reasons given by the mayor might be relativized. Local officials pointed out almost the same reasons quoted by the mayor, giving more or less weight to some of them. However, nobody else beside the mayor pointed out the land use conflict between agricultural and forestry uses. On the contrary, both the local planner and the certifying officer stressed the idea that the main reason for adopting the LOUGA was an obsolete land-use plan that, under the LOUGA, did not allowing them to issue all of the demanded building permits.

Although the mayor did not mention this, the aim of the municipality, according to the planners that made the plan, was to promote urban growth. Indeed, the first draft of the plan projected the building of 700 dwellings every year for a period of 12 years, what makes a total of 10.200 dwellings. Considering that the municipality lost 12% of its population in one decade, the regional government took the projection of the plan as too optimistic and required the municipality to reduce it. Finally, the land use plan projected the growth of 1.039 dwellings for the 12 years, which is considerable lower than the initial projection³⁴.

Reviewing the newspaper news it becomes clear that one of the main aims for the mayor was to promote urban growth. The mayor lightly mentioned that the municipality also wanted to enjoy the growth that a new hospital, built near the boundary with a neighboring municipality, could bring for the town Vilar de Cas. But one of the planners that worked on the plan provided evidence that this was a significant reason for the local authority to make the land-use plan. Actually, in the first draft of the plan, there was a developable area near the boundaries of the municipality, but the regional government opposed this idea concluding that land in that area had a great agricultural value. The mayor, disappointed with the decision of the regional government said at that time, in a public statement reported in the media, that the local authority and the neighbors of Vilar de Cas should “keep fighting to get it”³⁵. One of the key arguments for the mayor in that public statement was that the municipality, since “it is within the metropolitan area of Lugo, should have possibilities of future urban growth”. This leaves clear that one of the main goals of Castroverde was to foster growth and urban expansion.

³⁴ <http://www.planeamentourbanistico.xunta.es/siotuga/documentos/urbanismo/CASTROVERDE/documents/26345me004.PDF>

³⁵ http://www.galiciae.com:81/2008/3/18/18032008comarcas_2.pdf

With regard to the land use conflicts among forestry and agricultural use, the farmers differ from the point of view of the mayor. One of the most important farmers of Castroverde points out that he has to rent agricultural land in other municipalities because there is not land available in Castroverde. Though he recognizes that there are conflicts among landowners, he does not see that the land-use plan has solved anything. The farmer relates the example of a relative of his that afforested one parcel in agricultural land. After protesting the farmer received this answer from the relative: "if you don't sue me, I am not going to fall the trees". This kind of behaviour used to be very common in agricultural municipalities. Farmers do not want to report neighbors because they believe this can be a source of further and even worse problems. Though they think that a land-use plan would prevent the indiscriminate afforestation of agricultural parcels, when this finally occurs, they seem to forget that the land-use plan is a binding rule that prevents agricultural zones from being afforested. Furthermore, it has been shown that farmers usually tend to think that the municipalities have a land-use plan that prescribes land-use when in most cases there is not such a plan (Osorio-Castelao, Corbelle-Rico, Onega-Lopez, in press). This makes clear the limited relevance of a land-use plan for farmers when considering the protection of their rights.

We should not, however, play down the fact that Castroverde is the municipality of the province of Lugo (and probably of Galicia) where the regional government carried out more actions after getting reports of illegal afforestation. However, the number of reports taken into consideration, only 30 between 2007-2012, is ridiculously low compared with the number of parcels that have been illegally afforested (Cuba Campello and Ónega López, in press). Most of the reports (around 70%) are usually made by citizens, but only 30% of the reports are made by the different bodies of the regional policy. The mayor complains that the municipality does not have a policy to enforce the land-use plan. Considering the date, the regional surveillance seems to be scarce as well. In comparative terms, however, the forestry-agricultural conflict is more notorious in Castroverde than in the rest of Galician municipalities.

With regard to the industrial park, there is the idea that it came too late. The local entrepreneurs lobbied the mayor for several years. Though the LOUGA provides ways to zone industrial land without making a whole land-use plan, the municipality realized that the land-use plan could solve several problem at the same time. A timber dealer suggested that many entrepreneurs that wanted their firms located in the municipality, decided to buy industrial land in other near by municipalities, mostly the bigger ones like Lugo. The timber dealer himself left because it took 12 years from the time a group of entrepreneurs started lobbying the former mayor in the 1990s to have an industrial park. Another entrepreneur also left after a couple of years of trying to get an industrial plot. Some others decided to buy a parcel in the industrial park, but now, having investments in other industrial parks and with the financial crisis, they do not see it as viable to open their firms. All interviewed entrepreneurs agreed on the idea that the industrial park came too late in Castroverde and that the productive fabric of the municipality was weakened because of that.

With regards to the relationship between developers and the land-use plan, it is important to notice that in Castroverde, as a rural municipality, the construction industry is very tiny. The developers interviewed seem to be happy with the land-use plan and consider that today the issuing of building permits is

considerably more expeditious, even when it can be delayed when the building permits need an approval by other sectorial government departments like the General Directorate of Cultural Heritage. Since developers are small, they own, if any, very small areas. One developer illustrated this when saying that he bought a parcel of land for 30000 € thinking it would be zoned as developable. Finally it was not, but the developer accepts this in part because the investment was relatively low. In general, developers are of the idea that now there is not any kind of clientelism in the municipality when issuing building permits, a situation that differs considerably from the one when there was not a plan. Permits are issued according with what the plan zones. The interviewed developers declared that, now, they feel more secure when getting permits to carry out developments.

Despite all these reasons form making the plan, the mayor was concerned with the political costs of approving it. Only a couple of months before the local election of 2007, the team of planners had finished the review of citizens' amendments to the plan and was ready to send it back with the answers. The mayor pointed out that he was advised not to delay to gain time and after the local election notify the results of the amendments. He recognized that during the political campaign he had to hear many people complaining about the plan. Even the mayor himself recognized that no mayor in his place “would not do such a crazy thing” as he did. The land-use plan provided several benefits for the municipality, some of them unexpected. The municipality now issues more building permits and the tax property revenue increased considerably, for the property values of developable areas increased.

3.4. Abadín: a rural non-adopter

Abadín is a rural municipality in the province of Lugo. It is an hour drive from the capital of the province. It has lost population between 2001 and 2010, around 16%, slightly more than the lost of population of Castroverde. The municipality, unlike Castroverde, does not have any land-use plan. The only planning tool is a demarcation of urban growth boundaries approved in 1992. With Ribeira de Piquín, it is the only municipality in Lugo that did not start the adoption of the LOUGA. The municipality has been steadily governed by the conservative party PP since 1983, obtaining majority of votes in all local elections. Abadín is a municipality with scarce industrial activity, being the main economic activity agriculture. However, in the last years, many wind farms were located in the mountains of the municipality and today the municipality has in this activity its more substantial revenue source, making a total of around 300.000 € every year.

According to the mayor, the municipality does not have any land use problem that required the making of a land-use plan. Although the LOUGA forbids issuing building permits in unzoned land, this does not seem to be a problem for the mayor. The mayor argues that when someone wants to build a house, it is the municipality who bears the costs of zoning a small area in compliance with the LOUGA. The reasons for this, the mayor argues, is that the municipality has been losing population for decades and in his opinion, a land-use plan that should zone around 198 rural settlements of the municipality is not necessary since in most of them there will never take place any development. On the other hand, zoning single developments seems for the municipality much easier. The usual procedure to do this in most municipalities that do not have a

land-use plan is the following: the interested person has to hire a planner to make a kind of very small plan to zone the area where the building should be located. The local planner of the municipality may give advice about whether the more suitable locations with more possibilities to get the building permit according to legal requirements. This plan, which has to be very detailed (a project of the house and a study of the area where it will be located), has to be sent to the regional government for approval. The new resident has little certainty about whether the building permit will be granted or not. (S)he assumes the costs of plan-making without knowing in advance if the building permit will be granted or not.

In the case of Abadín, the local authority acknowledges that these costs could prevent people from seeking building permits in the municipality. As far as the municipality has sufficient resources coming from the revenues of wind farms and the zoning of a rural settlements costs about 3000 €, what is perfectly affordable for the municipality, the municipality decides to bear the costs of the plan-making. In the last seven years, the municipality zoned eight rural settlements aiming at issuing building permits.

The mayor adds another important reason for not making the land-use plan. He recognizes that a land-use plan would have fiscal implications for the land-owners. Owners of developable should pay more property taxes. But this would be in direct conflict with the ideas of the mayor, since the most important of the local policies (this has been suggested by other members of the local authorities) is to keep taxes as low as possible. Municipal services like water or garbage collection are almost free of charge. The only reason to make a land-use plan, the mayor continues, would be to experience a rapid population growth, what is not the case and it is not expected.

However, there are currently several conflicts in the municipality that would not occur if land-use plan were in force. For instance, a stone quarry was located in a place of great natural value. The environmental NGO Adegá reported it when it realized that the quarry did not have any permit to develop its activity. The mayor, who admitted he knew that the quarry was carrying out its activity, explains that the origin of the conflict was not the activity of the quarry itself. The conflict arose when one person “sold” (obviously illegally) a parcel of common land to the quarry. The municipality did not react to this, even knowing it, showing a very passive attitude. The argument of the mayor is that the municipality did not issue any permit and should not have reasons to worry about.

Zoning rural settlements is also causing some problems. The approval of one of the rural settlement plan has been delayed because of cultural heritage restrictions. However, some neighbors needed the approval to build a social centre. If they did not, they would lose the grant they got. So they decided to start the construction, and again the municipality had a very passive attitude by not stopping it, knowing perfectly well that it was an illegal construction. Then it was reported that the works did not have any permit, and the municipality declared it had nothing to do with that.

The other big issue in the municipality, like in the previous case studies, is the industrial park. Abadín does not have any industrial area. The mayor said that already in 2006 the municipality started working on a plan to zone industrial land. Today the plan is already finished but it has not yet been approved because the sectorial administration is reviewing for the final approval. The mayor recognizes that the municipality has been issuing building permits to locate industries in unzoned land. He argues that these firms are related to agricultural activity, like a

shipper, and the LOUGA does allow this. He does not seem to recognize that this is a very loose interpretation of the LOUGA articles with regard to permitted uses in rustic land.

The municipality acquired some parcels of land to build the industrial park. However, the location where the municipality is giving permits is another place, called A Xesta, a location that is connected with the recently built highway, and therefore preferred by the entrepreneurs. In fact, the plan for the industrial park is being made to legalize the firms located here. Several entrepreneurs in this area recognize that they have a building permit, but in many cases the procedures to obtain them involved many agents and discussions. The processes took so long that sometimes entrepreneurs were discouraged and left. For example, one timber dealer and one transportation firm. The opposition parties reported even more cases, like a garage for agricultural machinery and a manufacturing industry of pieces for wind farms that left because the municipality was unable to provide them with a place with the required conditions. Entrepreneurs believe that not having a land-use plan and the instability with regard to residential, and in particular industrial land uses, is harming the economic development of the municipality. On the contrary, the mayor believes that he offers all kind of possibilities to those that want to locate their firms in the municipality. In fact, the industrial park was his electoral promise for the local elections of 2011, since the building of a new motorway would make Abadín less than one hour drive from several cities.

The opposition parties admit that it is hard for one municipality like Abadín to make a land-use plan because people do not see what problems a plan could solve. But at the same time, when talking to the people, what they hear is that the municipality needs “spatial planning”. Although opposition parties have always offered a land-use plan as an electoral promise, until now it seems they did not get the support of the people. One spokesman of an opposition party declared that the mayor has only one policy, that is the policy of “no-conflicts”. According to him, the mayor “does not want to have conflicts with anybody, and a land-use plan means to cause and face conflicts”. Some members of the local authority criticise this, in particular when they try to convince him of rising taxes, and that this would be good for the municipality. However, the mayor does not want to face the conflict that this could carry for him in political costs. And in the end, the municipality can afford this, because the revenues of wind farms are more than enough for a rural municipality like Abadín.

4. Discussion

In the four case studies we have identified a set of conflicts that may be symptom of externalities and that are represented in table 15. Notice that sometimes there is only one party with an interest that cannot be fulfilled for whatever reasons. Depending on which party has the interest, there are three hierarchical levels that range from the interests of private actors, interests of local authorities to interests of regional government. Most of the conflicts emerge because of the primary interest of the local government in urban growth. The legal requirement of making a plan that zones developable areas is imposed by the regional government. The interest of the regional government in controlling the urban expansion diverge, as we have seen in the case studies, from the interest of local government in fostering that urban growth. However, we cannot say that behind this divergence there is an externality problem, for no effect on third

parties takes place before the development. Planners would suggest that the interest of the regional government or some of the interest of the local authorities (like the preservation of open spaces in Oleiros) is to prevent externalities, but according to a classical definition of externalities, the prevention of externalities is no an externalities in itself. Preventive actions define what is an externality and at the same time indicate who has to internalize them by liability or inalienability rules

What we see rather in Oleiros and Castroverde when adopting the LOUGA (and also in Ames, which is a non-adopter because its current plan is much more expansive that it would be under the LOUGA) are municipalities that seek urban growth and try to stimulate urban expansion with their land-use plans. A land-use plan is for then mostly a tool to enhance housing activity by giving legal security. If these municipalities did not want to grow (or did not expect growth of any kind like Abadín), the truth is that they would probably never make a land-use plan. The making of the plans by Oleiros and Castroverde (as well as the non-adopter Ames) is explained much more by the idea of land-based elites that utilize governmental authorities at local level to assist in achieving growth and transforming localities in “growth machines” (Molotch, 1976) than explained by the theory of externalities.

		Unintended effects	Undefined property rights	Affects utility or production function	Create conflicts	Possibility of Pareto-improvement
Interest of the regional government	Airport footprint in Oleiros	Prevention	*	*	*	*
	Excessive developable areas in Oleiros and Castroverde	Prevention	*	*	*	*
Interest of local authorities	Preservation of open spaces in Oleiros	Prevention	*	*	*	*
	Urban growth (Castroverde and Oleiros)					
	Controlling effects of urban growth in Ames (the costs of municipal services)	Intended effects (there is a plan)	There is a plan assigning property rights	*	*	*
	Agricultural and forestry conflicts in Castroverde	*	*	*	*	*
Interest of private actors	Residential and forestry conflicts in Ames	Intended effects (there is a plan)	There is a plan assigning property rights	*	*	*
	Floods in Ames	Intended effects	There is a plan	*	*	*

	(there is a plan)	assigning property rights			
Forestry-agricultural conflicts in Castroverde	*	*	*	*	*
Industrial park (Ames, Castroverde, Abadín)	*	*	*	*	*
Reliability of building permits (Abadín)	*	*	*	*	*

Table 15: Types of conflicts and the five characteristics of externalities

With regard to the the numerous negative effects of urban growth in Ames, we can conclude that these effects are not externalities, for there is a land-use plan assigning property rights. These property rights indicate who has to internalize the externalities. It is true that there are possibilities for Pareto improvement. Economists would call this situation a government failure (Wolf, 1979). Thus, there are only four possible conflicts that in appearance would meet our definition of externalities: agricultural and forestry conflicts in Castroverde, reliability of building permits in Abadín, and the search of industrial land in Ames, Abadín and Castroverde.

The classical literature on externalities would argue that in these three cases there is room for improvement toward Pareto efficiency. Let us pay attention to the conflict between forestry and agricultural uses in Castroverde, which represents a classical example of externalities. In a classical example of externalities there are only two actors, one is the emitter and the other is the victim. The government only appears when it observes that is necessary, in order to gain efficiency, to restore the lost equilibrium by taxing the emitter, or by reducing transaction costs to solve the conflict. But the classical example of externalities is misleading with regard to the number of actors. The government is not an impartial part in the negotiations; it is involved in the conflicts because it has interests in it or just because it favours the victim or the emitter. An when the government does not get involved, it is not because what is occurring in the municipalities is not relevant to the local authority. Rather, the lack of involvement comes from its interests in not getting involved.

Taking this into consideration, we have to reframe the classical example of externalities and include the government as a third party that has also an utility function. This utility function depends on the number of votes. In all the four case studies we have seen that the mayors make calculations, in terms of political costs and possible benefits, and receive advice about getting or not dragged into conflicts. This changes completely the reasoning behind the Pareto-optimality, since now the losses or the benefits of the local authorities has to be considered. The local government can have only two roles in the conflict. Either it can be regarded as emitter when does not want to get involved in the conflicts, for it takes the part of the emitter and does not assume its responsibility to mitigate the pain of the victim. Or it can play the role of the victim when it assumes its

responsibility by declaring that the emitter has to bear the costs, that is to internalize the externalities.

Drawing on the work of Dahlman (1979), the local authorities may find themselves in four situations with regard to conflicts. This is illustrated in table 16.

		Expectations	
		Correct	Incorrect
Conflicts	Reduced	I	III
	Endured	II	IV

Table 16: The four mayor's expectations with regard to conflicts

In the case I, the municipality correctly anticipates the costs of bargaining to be low enough for him to gain from eliminating the conflict, and the externality becomes internalized by the emitter. In case II, the local authority correctly anticipates the costs of eliminating the conflict and it does not act, having the externality internalized by those that were affected. There is no inoptimality problem. In the case III, the local authority decides to carry out, in John Commons terminology, managerial bargaining but finds during the process of bargaining and policing the arrangement costs him too much to do so. In case IV, the local authority decides to live with the conflict in belief that it would cost too much to eliminate it but is incorrect: he would have gained from eliminating it in view of the costs with the emitter.

Dahlman (1979) show that case I and II are not Pareto-relevant externality remaining. In case number II there is obviously not Pareto-relevant side effects remaining. In case III is not Pareto-relevant, and it does not matter if the conflicts endures or no, for the local authority realizes that the costs of making a land-use plan are too high. In case IV the local authority should have bargained for the abatement of the conflict but failed to do so. In case IV Dahlman (1979) would argue that from the point of view of the local authority, it would not appear that is a mistake to endure the conflict, because

“[G]iven the information that he has at his disposal, he performs his constrained optimization and does nothing. His information is incomplete or wrong, so he makes the wrong decision: given the correct information there is a loss of income and the situation looks very much like what we associate with an externality. Yet that interpretation is fundamentally incorrect [...]. This can be regarded as an externality only if you assume that he should have known better or that there is someone else who does know better” (Dahlman, 1979:150).

It is easy to see that the case I corresponds to Castroverde, case III corresponds to Ames and the negative effects of urban growth, and case II and IV corresponds to Abadín (see Table 17). Notice that it is not possible to know if the expectations of the mayor about making or not a land-use plan are correct or incorrect, when most planners around the world – and probably most economists – would argue that the he is incorrect, since the endure negative effects reduces Pareto-optimality. Since the early theoretical debates around externalities, some authors have argued that the real problem of externalities is that Pareto-optimality exists and it is a desirable goal and externalities move markets further away from

the Pareto-optimality. However, it is not possible to define how far we are from the Pareto-optimality, if there is any distance.

		Mayor's expectations	
		Correct	Incorrect
Conflicts	Reduced	Castroverde	Ames
	Endured	Abadín	Abadín

Table 17: *The four case studies and mayor's expectations*

Baumol (1972) has suggested that a very substantial portion of the costs that impose externalities is psychic, and “even if we knew to evaluate the psychic costs to some individuals we seem to have little hope of dealing with effects so widely diffused through the population” (p.11). This lack of information has also been pointed out by Atwood (1969) when arguing that there is not judicial machinery capable of producing the information needed to master an externality issue. Given the fact that even in the simplest case it is impossible to draw a dividing line such that an “externality” can be meaningfully identified, some authors have declared that the concept of externality is not an useful term (Cheung, 1970; Randall, 1983). In Dahlman's words (1979:156) “it is doubtful whether the term “externality” has any meaningful interpretation, except as an indicator of political beliefs and value judgements of the person who uses (or avoids using) the term”. The striking conclusions of this analysis is that externalities, that is what is external to markets, are prescribed by governments by setting institutional frameworks that indicate who has to internalize the external effect and in which degree. The plan of Castroverde that tries to solve the agricultural-forestry conflict is an example of this. The plan of Oleiros does not solve any externality issue, rather it defines externalities. As Vatn and Bromley (1997) points out, it is the institutional setting which defines what is to be considered internal and what is considered external.

The utility function of authoritative agents and Pareto-optimality

In the four case studies the mayors have evaluated the chance of success in making the land-use plan and the risks that the plan could entail with regard to the local elections. So there are consequences if local authorities do not decide to make a land-use plan, and these consequences cannot be called “unintended”. If municipalities do not take responsibility in the conflicts that are going on in the municipality, they take the side of the emitter or polluter.

We try to understand this through the analysis of the two non-adopters. One of them, Ames, has a plan that assigns property rights and prescribes who has to internalize externalities. The other is Abadín, which has no land-use plan. Giving this situation, we try to clarify in the classic terminology of externalities who is the “polluter” and the “victim”.

When the mayor of Castroverde, after evaluating the risks of it, decides to adopt a land-use plan, a Pareto-optimum is attained. However, when the mayor of Abadín, after evaluating the political costs of adopting a land-use plan, decides not to adopt it, the result is Pareto-optimum as well. And this is so because the responsibility of shifting costs (that is, deciding who is going to internalize the externality) may have political costs for the municipality. These costs may be higher than the benefits of having a plan, like in the case of Abadín.

Governments have interests. When these interests are in the well-being of the people, like in Oleiros, the land-use plans provide all the social benefits that a planner would desire. But very often, plans may reflect the interests of regulatory bodies that have clientelistic relationships (James, 2000). Arrow (1969:13) is right when arguing that:

Political policy is not made by voters, not even in the sense that they choose the vector of political actions which best suits them. It is in fact made by representatives in one form or another. Political representation is an outstanding example of the principal-agent relation. This means that the link between individual utility functions and social action is tenuous, though by no means completely absent. Representatives are no more a random sample of their constituents than physicians are of their patients.

The case of Ames is a good example of this. It shows also how difficult it is to reverse a situation in a democratic society when economic power displaces political power. The actions of government or courts (taking into consideration that courts decide on the base of laws passed in parliaments) are never unintended. These actions may be poisonous or curative.

5. Concluding remarks

In this paper we have shown that a classical definition of externalities is not suitable to explain the array of conflicts that we have found in the four case studies. We have seen in the four case studies that the alleged externalities do not meet a classical definition of externalities outlined in this paper. In all conflicts studied in the four cases, there are not unintended effects, if we consider the government as what it is, a third actor that may take the side of the victim or the emitter. In several cases, the rights are perfectly defined by inalienability rules (plans). And in the cases that conflicts really seem to fit the definition, there is no room for Pareto improvement if we again consider the government as a third actor with a utility function. The only two features of a definition of externalities is that they are conflicts that have effects on utility functions.

This challenges the traditional justification of planning, and land-use planning, as a collective action that deals primarily with externalities and social good. The theoretical body around externalities is confusing and lacks logical consistency. This have been pointed by some scholars (Cheung, 1970; Randall,1983).

The problem with the definition of externalities is quite clear and it was clear from the beginning. It becomes an issue because economists and political scientist refuse to accept that if markets do not work as they are supposed to work, maximizing the utility function of rational individual, then there must be a kind of “dark matter”, of course external to the market, that makes markets work inefficiently, that is, externalities. But if we just accept that there are not individuals, that there are groups of individual, that are maybe rational in several ways but not in economic terms (acting as maximizers) and that there are power relationships, etc., that is, if we admit what we observe every day in the real world, the definition of the problem of externalities disappear and it becomes only what it is: a political discussion discerning about who has to bear the costs of the running of markets.

With regard to the Pareto-optimality, it seems to be the main interest of

economists when analyzing externalities. This “devotion to Pareto optimality”, as Bromley (1982) points out, is based on the widespread belief that economic efficiency is the only matter on which economists can pass scientific judgements. Furthermore, this idea has also been accepted by planners in order to gain legitimacy when trying to influence decision-making. However, when looking at the four case studies studied in this paper, we observe that in all of them externalities are not Pareto-relevant, and it does not matter if a land-use plan has been adopted or not. The insights of authors like Dahlman (1979) and others have shown why this is so. In conclusion, what seems to be an scientific justification of planning, turns out to be a political decision (whatever it is) away from any scientific justification.

However, this should not prevent planners of getting involved in understanding these issues. As noted above, we do not know if Abadín is making the correct decision in not adopting a land-use plan. Imagine that the mayor of Abadín is incorrect. This would imply that if he would decide to make a land-use plan, he would not be affected by political costs and the private actors could be made better-off. This leads us to the following argument: when the lack of accurate information prevents actors from making economic transactions. This has already been noticed by other scholars that define transaction costs as “the costs that are incurred to increase the information available to us and to reduce uncertainty” (Buitelaar, 2004). Needham (2006), referring to transaction costs, states that land-use planning reduces uncertainty about the economic context for investment decision. The transaction costs associated with the lack of information (which land-uses are permitted and which not) can prevent them from making investments on land. By trying to generate more reliable information and knowledge, the role of planners is key to improving the decision making. If planners can show that in municipalities from like Abadín many entrepreneurs and people left because of the insecurity with regard to building permits, local authorities may start reconsidering their particular cost benefit-analysis, and a situation where costs were much more than benefits, can turn into a situation where a plan can provide more benefits than costs. Although there are many more reasons for making a land-use plan, like justice, legitimacy or environmental protection, in the end they are implemented if it is less costly for the actors involved than the benefits of a current situation. Land-use planning implementation has to do more with showing the current costs, understanding cost broadly, of not having undertaken planning than giving normative assumptions about having it.

References

- Alexander, E. (2001): "Governance and transaction costs in planning systems: a conceptual framework for institutional analysis of land-use planning and development control-the case of Israel", *Environment and Planning B: Planning and Design*, 28, pp. 755-776.
- Anderson, D. (2011): "A voting approach to externality problems", *Journal of Economic and Social Policy*, 14(1), pp. 1-12.
- Arrow, K. (1969): "The organization of economic activity: issues pertinent to the choice of market versus nonmarket", *The analysis and evaluation of public expenditure: The PPB system*, , pp. 59-73.
- ARROW, K.J.: *Social Choice and Individual Values*, John Wiley & Sons, 1963

(Second Edition).

Bator, F. (1958): "The anatomy of market failure", *The Quarterly Journal of Economics*, 72(3), pp. 351-379.

Baumol, W. (1972): "On taxation and the control of externalities", *The American Economic Review*, 62(3), pp. 307-322.

Buchanan, J.; Stubblebine, C. (1962): "Externality", *Economica*, 29 (116), pp. 371-384.

BUCHANAN, J.; TULLOCK, G.: *The calculus of consent. Logical foundations of constitutional democracy*, Liberty Fund. Indianapolis, 1999.

Buitelaar, E. (2004): "A transaction-cost analysis of the land development process", *Urban Studies*, 41 (13), pp. 2539-2553.

BUITELAAR, E.: *The cost of land use decisions*, Blackwell, 2007.

Calabresi, G.; Melamed, A. (1972): "Property rules, liability rules, and inalienability: One view of the cathedral", *Harvard Law Review*, 85(6), pp. 1089-1128.

Cantervery, E.; Marvasti, A. (1992): "The Coase Theorem as a negative externality", *Journal of Economic Issues*, 26(4), pp. 1179-1189.

Cheung, S. (1979): "The Structure of a Contract and the Theory of a Non-Exclusive Resource", *Journal of Law and Economics*, 13(1), pp. 49-70.

Chung, L. (1994): "The economics of land-use zoning: a literature review and analysis of the work of Coase", *Town Planning Review*, 65(1), pp. 77-98.

Coase, R. (1960): "The problem of social cost", *Journal of Law and Economics*, 3, pp. 1-44.

Corbelle Rico, E.; Crecente Maseda, R. (2012): "Urbanización, forestación e abandono. Cambios recentes na paisaxe de Galicia", *Revista Galega de Economía*, 22(2)

CUBA CAMPELLO, C.; ÓNEGA LÓPEZ, F.: «Conflitos na terra. Análise da realidade administrativa dos conflitos de uso agroforesta na provincia de Lugo», en R. CRECENTE MASEDA AND U. FRA PALEO, *Territorios a examen III*, Universidade de Santiago de Compostela, in press.

Dahlman, C. (1979): "The problem of externality", *Journal of Law and Economics*, 22(1), pp. 141-162.

Dasgupta, P.; Maskin, E. (2008): "On the robustness of majority rule", *Journal of the European Economic Association*, 6(5), pp. 949-973.

Demsetz, H. (1967): "Toward a theory of property rights", *The American Economic Review*, 57(2), pp. 347-359.

DEMSETZ, H.: «Ownership and the externality problem», en T.L. ANDERSON AND F.S. MCCHESENEY (EDS.), *Property rights: Cooperation, Conflict and Law*, Princeton University Press. Princeton, 2003.

DEVESA FERNÁNDEZ, A.; FRA PALEO, U.: «Escenarios de risco de inundación nas chairas do río Sar en Bertamiráns», en R. CRECENTE MASEDA AND U. FRA PALEO, *Territorios a examen II. Interpretando procesos de cambio.*, Universidade de Santiago de Compostela, 2013.

Ferejohn, J. (1986): "Incumbent performance and electoral control", *Public Choice*, 50(1-3), pp. 5-25.

Hall, P.; Taylor, R. (1996): "Political science and the three new institutionalisms", *Political Studies*, 44(5), pp. 936-957.

HÉRITIER, A.: *Explaining institutional change in Europe*, Oxford University Press, 2007.

- Jacobs, H.; Paulsen, K. (2009): "Property rights: The neglected theme of 20th-century American planning", *Journal of the American Planning Association*, 75(2), pp. 134-143.
- James, O. (2000): "Regulating inside government: Public interest justification and regulatory failures", *Public Administration*, 78(2), pp. 327-343.
- LAFFONT, J.: *Externalities*, The MacMillan Press Limited, London, 1987.
- Lagueux, M. (2010): "The residual character of externalities", *The European Journal of the History of Economic Thought*, 17(4), pp. 957-973.
- Lai, L. (1997): "Property rights justifications for planning and theory of zoning", *Progress in Planning*, 48(3), pp. 161-246.
- Lai, L. (2005): "Neo-Institutional economics and planning theory", *Planning Theory*, 4(7), pp. 7-19.
- Mchesney, F. (2006): "Coase, Demsetz, and the unending externality debate", *Cato Journal*, 26(1), pp. 179-201.
- Mishan, E. (1971): "The postwar literature on externalities: An interpretative Essay", *Journal of Economic Literature*, 9(1), pp. 1-28.
- Molotch, H. (1976): "The city as a growth machine: toward a political economy of place", *The American Journal of Sociology*, 82 (2), pp. 309-332.
- Musole, M. (2009): "Property rights, transactions costs and institutional change: conceptual framework and literature review", *Progress in Planning*, 71, pp. 43-85.
- NEEDHAM, B.: *Planning, law and economics: The rules we make for using land*, Routledge, 2006.
- Nicita, A.; Rizzolli, M. (2006): "Property rules, liability rules and externalities ", *Journal of public finance and public choice*, 24(2-3), pp. 99-125.
- Öskäl-Sanver, I.; Sanver, M. (2006): "Ensuring pareto optimality by referendum voting", *Social Choice Welfare*, 27, pp. 211-219.
- Osorio Castela, L.; Corbelle Rico, E.; Ónega López, F.: "Recuperación e posta en produción de terras abandonadas: a visión do sector vacún leiteiro de Galicia como demandantes no mercado de terras", *Recursos Rurais*, in press, pp. .
- Pogodzinski, M.; Sass, T. (1990): "The economic theory of zoning: A critical review", *Land Economics*, 66(3), pp. 294-314.
- Priest, G.; Klein, B. (1984): "The selection of disputes for litigation", *Journal of legal studies*, 12(1), pp. 1-55.
- Randall, A. (1983): "The problem of market failure", *Natural Resources Journal*, 23(1), pp. 131-148.
- Sorensen, T. (1994): "Further Thoughts on Coasian Approaches to Zoning: A Response to Lai Wai Chung", *Town and Planning Review*, 65(2), pp. 197-203.
- Vatn, A.; Bromley, D. (1997): "Externalities - A market model failure", *Environmental and Resource Economics*, 9, pp. 135-151.
- Webster, C. (1998): "Public choice, Pigouvian and Coasian planning theory", *Urban Studies*, 35(1), pp. 53-75.
- Wolf, C. (1979): "A theory of nonmarket failure: Framework for implementation analysis", *Journal of Law and Economics*, 22(1), pp. 107-139.
- Young, P. (1995): "Optimal voting rules", *The Journal of Economic Perspectives*, 9(1), pp. 51-64.
- PIGOU, A. (2006): *The Economics of Welfare*, Pigou AC, 2006.



Conclusions

Clarifying concepts

We started this dissertation making a concrete research question stated in Chapter 1: why are some municipalities in Galicia willing to adopt a land-use plan and why are most municipalities reluctant to do it? To answer this question we have focussed our research on two groups of municipalities: those municipalities that did adopt a LOUGA plan (31 municipalities) and those municipalities that did not start plan-making (19 municipalities). In Chapter 4 we found out that the adopters are mostly rural municipalities that had, before adopting LOUGA, very obsolete land-use plans or did not have any land-use plan at all. The non-adopters are either municipalities in remote areas, or they are urban municipalities that have zoned areas of developable land that are considerable larger than developable areas in the rest of municipalities. From the institutional perspective we use in the research, how can this be explained?

In the search of a hypothesis that could be a plausible answer to the question, we first reviewed the main ideas about implementation of public policies and more specifically about land planning. However, we soon realized that this literature did not provide an accurate explanation because the arguments suffer from considerable circularity. For instance, it is very common to find the argument of the sort “good plans from the technical point of view are easier to implement”. The problem of such a statement is that plans are not randomly good or bad from the technical point of view. If they are good it is maybe because there is a real interest or will to implement them. Thus, most arguments in the literature are consequences rather than causes of plan implementation.

When considering will or interests in planning, we are already moving toward considering land-use plans as a set of institutions. From an institutional approach, plan implementation can be understood as institutional change. However, many of the concepts within institutional literature are extremely confusing and make them inapplicable to understanding public policies like land planning. In this dissertation it took a great deal of effort to precisely define what is meant by concepts like institutions and institutional change.

To cite an example, imagine that we had used Hodgson's definition of institutions. For Hodgson institutions are only institutions if they shape behaviour, and they shape behaviour if they are somehow in the mind. But what is the consequence of this if we try to understand the implementation of LOUGA under this definition, knowing that LOUGA was adopted by 10% of municipalities? Does this mean that the act was not an institution because it did not shape the behaviour of most municipalities? How many municipalities should have adopted it to consider it an institution? If we consider that LOUGA is an institution only for the municipalities that adopted it, then for the rest of municipalities it is not an institution? They do not follow the rule because it is not an institution (normative belief) for them or because they obtain more benefits trespassing the rule? In the first case it would be not an institution? It would be an institution in the second case? All these questions make clear that Hodgson's definition of institution is not enough clear to understand our research question.

In Chapter 3, when analysing the passing and implementation of the Galician and Dutch land-use acts, we have shown that both of them are institutions for the local authorities. To follow these institutions does not depend on the fact that they become “normative beliefs”. It rather depends on an

enforcement mechanism. The Dutch land act had a better performance in terms of adoption than the Galician act because the enforcement mechanism was more credible and the government had more legitimacy to implement the act. In political terms, this just means that the Dutch government has more power to force municipalities to comply with the act than the Galician government. Rational institutionalists have neglected formal institutions that are normally secured by fiat, and this is surprising since almost all public policies have this basis. The reasons for this is that rational institutionalists have an ambivalence relationship with the concept of power. They recognize its relevance yet they push it to the analytic periphery (Moe, 2005).

The sources of institutional change and continuity

The passing of the Act by the regional government, as well as the adoption of land-use plan in compliance with the act by the local authorities, are understood in this dissertation as institutional changes. As explained in Chapter 1, institutional changes have drivers that fuel it, but also opposite forces that contribute to the continuity of the existing institutional framework. The passing of a land-use act or the adoption of the act by the municipalities is always the result of the conflict between these two forces, and adoption takes effect when the drivers are able to overcome the forces hampering the change.

In Chapter 2 we have developed a model of institutional change that basically relies on the concept of institutional contradictions. The model has proved to be useful to understand why the LOUGA was made and finally passed by the Galician Parliament. Based on the idea of institutional contradictions, we have identified a set of sources that induce institutional change. The first source of institutional change identified in the making of LOUGA is, in Seo and Creed's (2002) terminology, "intrainstitutional conformity that creates inter-institutional incompatibilities". Decentralized administrations are very prone to create this sort of incompatibilities because when one administrative level undertakes institutional change, other levels are affected too, very often unintendedly. The land-use act LOUGA was passed because the Spanish government passed an act that created legal incompatibilities with the previous land-use act, and not because the Spanish land-use act wanted to have a direct effect on Galician land planning. Galicia adopted a land-use act, but instead of just solving the legal incompatibilities, the main goal of the act was to control urban sprawl that was taking place, primarily in sub-urban municipalities. However, the municipalities that finally adopted a land-use plan were very rural municipalities where urban sprawl was not an issue. And this happened because the LOUGA created legal incompatibilities with the land-use plans (or lack of) of the municipalities. What we observe here is that an institutional change at the state level created a cascade of changes at lower levels, and the policy goals are far away of being aligned with the policy goals of the upper institutional changes. Why does it happen?

When institutional change occurs, not only one source of institutional change is at work. Single sources do not explain completely the direction and scope that institutional change takes. As said above, the LOUGA could be very similar to the previous act if the only goal of the act were to remove the legal incompatibilities. To explain the scope of the LOUGA, we have to rely on other sources of institutional change. We have shown in Chapter 2 that the source "adaptation that undermines adaptability" is very useful to understand the scope of the LOUGA and also of other land policies like the Land Bank of Galicia. The

massive privatization of land-ownership in the early 20th century, something that can be considered an adaptive move in the past, resulted in undermining the adaptability of Galician society to new developments and creates several and acute conflicts for society. At the municipal level we did not find however any additional source of institutional change that can explain why rural municipalities that are losing population adopted a land-use plan that converted large areas of agricultural land to developable land.

To explain this, and also to explain the scope of the LOUGA (why did it go beyond the adjustment with the Spanish legislation and tried to control urban sprawl) and to explain the scope of the land-use plans adopted by the municipalities (why did they convert so much land to urban uses if the goal of LOUGA was to prevent urban sprawl), it is necessary to pay attention to the role of agency. In our model of institutional change in Chapter 2, and drawing on the work of Bromley (2006), we define two key actors involved in institutional change. First, actors that belong to an epistemic community and create in Bromley's phrase "warranted belief". Second, there must be actors that acknowledge the warranted beliefs as certain and decide to act upon them. We have identified the first type of actors and their influence in defining the final scope of the LOUGA. It was however harder to identify them at local level, because there are a myriad of individuals that try to influence the decision making of the local authorities. However, what we found is that developers and other collectives like entrepreneurs play a key role in defining the final scope of the land-use plan. Big developers and landowners lobby local authorities and local authorities get convinced that the construction industry will foster the development of the municipality.

Sources of continuity

First, we have to understand continuity as an opposite force to change. This means that we can only identify sources for continuity in those municipalities where there are sources of institutional change as well. For a small set of municipalities, that are located in the mountains and remote areas, the only reason for continuity is that they do not find any reason for change since they almost never issue building permits.

What we have found as reasons for continuity is that a new land-use plan alters the distribution of property rights. In the case that one municipality frequently issues building permits (which in our model means a driver for change), there is more pressure for institutional change. Because of the high value of development rights, we have seen that either municipalities without a land-use plan are reluctant to adopt a land-use plan that may reduce the expectation of landowners of future urban uses, or as it is stated in Chapter 6, there is a land-use plan assigning development rights to power developers that do not want to get rid of them and have had considerable political and economic power in defining the land-use plans that are currently in force, like the case of Ames.

These sources of continuity and change identified are in line with the conclusions on institutional change of a few authors. For instance, Knight (1992) argues that, when we emphasize the distributional consequences of institutional change, and give up considering institutional change as a result of voluntary bargaining, then institutional change is "function of the distributional conflict over substantive social outcomes; maintenance and stability are function of the continuing ability of institutional rules to provide distributional advantages" (p.

210). And because institutional change entails distributional effects, this explains why municipalities have many conflicts with the regional government and with other sectors of municipalities; these conflicts make mayors fear the political costs of adoption. Thus, when plans are adopted and the distributive effects are made effective, the change is rather traumatic than smooth (Bromley, 1989). This tells us something about the nature of institutional change of formal institutions, which differs considerably from the definition of institutions that is used by rational choice institutionalists, or institutionalists like North (1990) or Thelen (2004) who consider institutional change as gradual and incremental. Again, this result seems to support the understanding about institutional change of old institutionalists. For Commons (1934), the legal framework in societies is designed for deciding of disputes according to prevailing customs (Commons, 1934). Commons called this process ‘artificial selection’ to differentiate it from evolutionary theories that involved ‘natural selection’ (Commons, 1934:376)

In Chapter 6 we have studied with more detail one of the sources of institutional change, “Isomorphism that conflicts with divergent interests”, which is according to Seo and Creed (2002) the most common. This source of institutional change is mostly personified in the concept of externalities, widely used by rational institutionalist to explain institutional change. We have found, however, that a classical definition of externalities is of little use to understand the adoption of land-use plans, in particular if we consider institutional change as a way to improve Pareto-optimality. This is so because of three reasons. First, the negative effects usually took place in the past and because many of them are irreversible (like urban sprawl in the case of Ames), now it is not possible to restore a Pareto equilibrium (Bromley, 1982). Second, negative effects that are taking place in the present are not abated, this is because the costs of doing it are higher than the benefits (Dahlman, 1979), in particular if we consider the political costs for the local authorities like in the case of Abadín. And if we prevent negative effects from occurring in the future by assigning inalienability rules (zoning), we are not dealing with an externality problem, we are defining what externalities are and therefore internalizing them, like in the case of Oleiros.

Why the scope of the institutional change?

Although we have understood why the municipalities have adopted LOUGA, we wanted to analyze with detail the scope of the land-use plans in terms of conversion from agricultural to developable land use. We have found that conservative municipalities (with more than 40% of the seats) tend to significantly convert more land from agricultural to developable uses. This conclusion is not new since it has been shown that in Spain or California (USA) conservative authorities are prone to develop more land (Solé-Ollé and Viladecans-Marsal, 2013; Kahn, 2011). What it is interesting is to understand is why, in general, municipalities have used the LOUGA to convert land. It is very paradoxical that main goal of LOUGA had been to prevent urban sprawl, and that the reason that municipalities have to adopt the act is to promote urban growth. It seems that the municipalities choose those planning tools that give them more development rights..

The main hypothesis in the literature is that local authorities foster urban growth because in doing so they can increase the revenues from property taxes or other fees related to development and also promote the economic activity. This is the Molotch (1976) hypothesis. However, we have shown that Galician

municipalities are very loose in collecting all these revenues compared for instance with the rest of Spain (see Chapter 3). In another studies, we have found out that Galician municipalities seem not to be interested in one the main value capturing instruments such as the right to acquire 10% of the developable areas after a land readjustment project (Rodríguez-Egido, Tubío-Sánchez and Crecente Maseda, in press; Domínguez-Gómez, Tubío-Sánchez and Crecente-Maseda, in press). In addition, there is evidence that mayors are very concerned with the political costs associated with taking possession of part of the rent that land-use planning activity create for landowners.

This may make look Galician municipalities appear to act in a irrational way. However, this is not so. There is another explanation that goes beyond the scope of this dissertation but that is worth mentioning here. Solé-Ollé and Viladecans-Marsal (2012) have shown that municipalities with low political competition tend to be captured by developer lobbies in order to obtain more expansive land policies. In Chapter 4, we have shown that the group of adopters had the lowest variation of seats between the elections of 2003 and 2007, compared with non-adopters or the group working on plan-making. In Chapter 6, two of the four case studies support also this argument. The municipalities of Ames and Oleiros have been governed by the same mayor for a period of 2 decades. In both of them there were and still are ties between the mayor and the biggest developers. Notice that these ties may speed up the approval of a land-use plan like in the case of Oleiros, or they may be an obstacle if a new land-use plan proposes to reduce the developable areas, like in Ames. Notice too, that the ties between developers and municipality may be symbiotic and provide benefits to both parties, like in Oleiros, or they may provide most benefits to the developers, like the case of Ames. There is also another reason that, together with the previous one, can help to understand why conservative municipalities are more prone to convert more land. Solé-Ollé and Viladecans-Marsal (2012) suggest that conservative government tend to represent more the interests of developers than the interest of environmental organizations. In a context where the political competition is low and the environmental organizations are weak, the opportunity for developers lobbying local authorities is practically without obstacles.

Future research lines. Is land planning in Galicia ruled by a clientelistic mode of governance?

When looking at Galician land planning what we have from an organization point of view is an upper authoritative agent, the regional government, that passed a land-use act to prevent urban sprawl because it was not happy with it. Land-owners could obtain building permits in a very loose way, and this was having negative consequences in the view of the regional government. So the regional government had a conflict of interest with the landowners. It would be a mistake to believe that municipalities are a second authoritative agent with regard to the goals of the act, and thereby supporters of it. Traditionally, there are only 3 municipalities (barely 1% of the municipalities) that are (or at least were) very careful with land-use planning and used to tools and practices to content urban development: Oleiros, Santiago de Compostela and Allariz. The rest of the municipalities were, some of them more and some less, quite happy with what they were doing. So, the question is: if the government is the one who has a conflict of interest with the landowners, and it is in the end paying for the making of the land-use plans, why are the municipalities in the middle of the conflict? Are

municipalities an obstacle to solving this conflict?

Legal scholars would answer this question by saying that the municipalities have to be in the middle because the Galician constitution gives municipalities their own competences on land-use planning. If the regional government interferes in this, it could be reported by the municipalities. However, this explanation is not completely convincing. The regional government is right now making a new land-use use act that will take most of the municipal competences on agricultural and forestry uses and neither municipalities nor legal scholars have raised protests. There may be another reasons for this.

What we have seen in Chapter 4 and 5 is that in Galicia there are many administrative bodies that have to make a report about the land-use plan. Most of these administrative bodies are not well connected amongst themselves in terms of information sharing and policy objectives. Furthermore, most of the time of plan-making is taken up in gathering the required information (that should be provided by the administrative bodies themselves), so that they can make a decision about the plan proposal. Taking into consideration that many of these administrative bodies have their own policies that conflict among them (the forestry policy is at odds with the agricultural policy or the infrastructure policy), it is quite normal that the reports that they make about the draft of the plan are very often contradictory. Thus, the plan-making becomes an exercise of unifying all sectorial policies but only for one administrative district, the municipality. If land planning is about coordinating interests and sectorial policies (Faludi and van der Valk 1994), the government is failing in doing this. But, may we hypothesize why there is this lack of integration?

It would not be absurd to assume that regional government prefers that the municipalities are the ones that deal with the “dirty” work of telling citizens that certain rules have to be followed when using land. In fact, what the regional government is doing with this is shifting the political costs to municipalities. It is therefore understandable that municipalities want to get rid of this costs. However, the regional government may be profiting from this situation by not only shifting political costs to the municipalities but also creating clientelistic relationships with them. We try to go deeper into this hypothesis.

Galician municipalities obtain funding both from tax and fees revenues and transfers from the government. The municipal budgets use to be much smaller compared to the rest of Spain because municipalities are not interested, as shown in the dissertation, in increasing the income from tax and fees revenues. On the other hand, the transfers from the government are assigned on the basis of certain criteria, and are quite similar for all municipalities. In the case of municipalities with less than 2000 inhabitants (almost 30% of the municipalities), government transfers represent almost 85% of their income. However, the government also grant subsidies to municipalities. Corbacho (2003) has shown that for the years 1998-99, Galician municipalities received 200 million Euro in subsidies granted through individual agreements. Most of the subsidies were used to finance infrastructures. Though we do not have current data, this seems to be part of the of the financing culture between regional government and municipalities. Corbacho (2003:35) suggests that the regional government uses these subsidies as a tool to “distribute favors in calculating and clientelistic way”.

This would explain why municipalities are very reluctant to make land-use plans and to generate their own income through planning. But also why the regional government may not be interested in forcing municipalities to make land-

use plan. The loser the municipalities are in generating their own revenues from the planning activity, the more room the government has to create clientelistic relationships and gaining support from them. This idea may complete the conclusion of Chapter 3, when saying that the regional government does not have enough power (credibility) to enforce the land-use act. However, we would need to carry out more research to obtain more evidence that the governance structure with regard to land-use planning is clientelistic.

Implication of these results for land policies

In the introduction of the dissertation we referred to four institutionalisms. However, we end up focusing more on rational choice institutionalism, for it has developed a conceptual framework to understand action. Other institutionalisms are neither useful to understand change nor continuity because they practically define institutions based on their continuity over time, for the continuity of institutions is an essential feature that allows us to call them institutions. This is not useful. Within the rational choice institutionalism we have focused more on the new institutional economics (NIE), in particular on authors like Coase, Demsetz and Williamson.

A key concept of NIE is that of transaction and costs of making transactions. In the model that new institutional economists have in mind, there is one seller A and one buyer B that have as goal to maximize their utility function. In addition, the world seems to be plenty of resources. The free bargaining of agents A and B create mechanisms of voluntary cooperation, that is, institutions, that aimed at reducing transactions costs. When these changes occur, we have institutional changes. The emerging institutions are self-enforced, for they provide mutual benefits to A and B. A government or a authoritative agent is absent in the model. Demsetz, who wants to be more Coasian than Coase himself would be, argues that what we only need is to clearly define property rights and individual A and B can bargain and solve everything by themselves.

It is not difficult to see that we have found in this dissertation, when looking at the real world, challenges this model in several ways. Between A and B are information asymmetries, power asymmetries, etc. And many of these asymmetries are created by the institutional setup where they are embedded. Something that restrains A to act in a certain way liberates B to act in a certain way. A may be very upset, but there is a power that restricts his behaviour to free the behaviour of B. The case studies in Chapter 6 are full of these situations. The problem with new institutional economists is that they tend to consider transactions between individuals that only try to maximize their utility function without any third party influencing that transaction. And that simply does not exist in the world.

In front of the dysfunctional concept of transactions of new institutional economists, we have seen that there are other definitions that are more accurate and precise, especially the definition of transactions of John R. Commons. For Commons (1931: 447) “ transactions are, not the "exchange of commodities," but the alienation and acquisition, between individuals, of the rights of property and liberty created by society” and “all transactions are controlled and liberated by working rules” (p. 447). This means that all transactions are embedded in a set of institutions that define how to carry out transactions. However, in defining these set of rules there are not criteria of efficiency. Commons argues that the working rules liberate some transactions and control others in order to solve ongoing social

concerns.

When trying to understand the research question, we have found that NIE does not give a satisfactory answer for three main reasons.

1.- Land policies are not the result of the evolution of institutions that aim to reduce transaction costs to make markets work more efficiently. Rather, they are the result of collective action to achieve certain goals. For the regional government, the passing of the LOUGA had as goal to prevent urban sprawl. For the municipalities, the making of a land-use plan under LOUGA was the only way, giving the institutional setting under LOUGA, to foster urban expansion in the years of the Spanish housing boom.

2.- Land policies like many other institutions secured by fiat and enforcement mechanisms are strange to the new institutional concept of institution. And this is so because NIE understands institutions as a result of cooperative bargaining. There is nothing external that can force free individuals to bargain in a certain direction. Thus, NIE is very weak when it comes to explain institutions that are secured by fiat and enforcement mechanisms. Curiously, all public policies are of this kind. All public policies develop enforcement mechanisms because public policies entail distributional consequences, which may upset those that lose. So, it is surprising how many now want to understand a public policy like land planning from a NIE perspective.

3.- New institutional economists do not explicitly treat the concept of power because power threatens their model of free exchange. But what we have seen in this dissertation is that institutions are the result of political processes where power is key to understand the final outcomes.

The consequences of making land policies based on the NIE definition of transaction (and therefore of institution) or based on the concept of transaction of an old institutionalist like Commons are huge. For instance, a new institutional economist considers zoning as an institutional arrangement that reduces transaction costs, since it reduces the bargaining costs to decide about land uses. Furthermore, (s)he will consider that land prices are related to the stringency of zoning, for zoning may constrain the supply of land. However, what we observe is that zoning, and in particular high levels of stringency, are used by communities to prevent the value of property from falling. Communities do not reduce transaction costs through zoning, what they actually do is to increase transaction costs to the maximum by giving to individuals inalienable entitlements that they cannot trade.

Imagine that housing prices are so high that some people cannot afford a house. The policy recommendation of new institutional economists would suggest to reduce zoning stringency, so that in the new situation individuals can bargain easier. His model of transactions, where there is not power or enforcement, prevent him from understanding that zoning was a consequence of valuable property and not its consequence. If he uses, however, Commons' definition of transaction, the policy recommendation would be to create and enforce new institutional arrangements that solves the conflict. And in the new institutional setup, some individual may lose.

There are many examples of policies based on the new institutional concept of transaction. The land reforms that took place in Latin America or Africa in the 1980s and 1990s expecting to create functional land markets by just given entitlements to landowners. Or all the policies that most post-Soviet states have been implementing through massive privatization of land expecting that individual A and B happily started bargaining. In the best cases, the outcomes of these policies did not have any effect. But in several cases, the consequences were disastrous.

Policy recommendations

In this dissertation we have shown that municipalities are reluctant to adopt the LOUGA because this has distributional effects. In many cases, the adoption of the LOUGA would mean that a new land-use plan either would take away development rights (or the expectations) of many landowners (something that scares municipalities due to high political costs) or it will take away the development rights of very powerful landowner and developers that are not happy with the idea. Thus, to improve the implementations rates of the LOUGA, the regional government could introduce the mechanism of transfer of development rights (TDR). A TDR approach will begin with the identification of specific areas or districts where the value of development rights is so high that hampers the adoption of the LOUGA. This area becomes a “sending” area of development rights to another district, called “receiving” areas of development rights, that will increase their density. There are many models of TDS, but the underlaying idea of all of them is to create a market mechanism to transfer development rights. This has the benefit of landowners being compensated by selling their development rights to landowner in receiving areas, which frees municipalities from paying compensation to landowner for taking away their development rights. TDR have been widely used in the USA, and when they are well-designed, they are very effective.

References

- Bromley, D. (1982): "Land and water problems: An institutional perspective", *American Journal of Agricultural Economics*, 64(5), pp. 834-844.
- BROMLEY, D.: *Economic interest and institutions. The conceptual foundations of public policy*, Oxford: Basil Blackwell, 1989.
- COMMONS, J.: *Institutional economics: its place in political economy*, Transaction Publishers, 1934.
- Corbacho, X. (2003): "O financiamento municipal galego: reformas inaprazables", *Revista Galega de Economía*, 12(1), pp. 31-44.
- Dahlman, C. (1979): "The problem of externality", *Journal of Law and Economics*, 22(1), pp. 141-162.
- DOMÍNGUEZ-GÓMEZ, R.; TUBÍO-SÁNCHEZ, JM.; CRECENTE-MASEDA, R.: «¿Quién se beneficia del crecimiento urbanístico? Málaga y A Coruña en los años del boom inmobiliario», en R. CRECENTE MASEDA AND U. FRA PALEO, *Territorios a examen III*, Universidade de Santiago de Compostela, in press.
- FALUDI, A.; VAN DER VALK, A.: *Rule and order: Dutch planning doctrine in the twentieth century*, Springer, 1994.
- Kahn, M. (2011): "Do liberal cities limit new housing development? Evidence

- from California", *Journal of Urban Economics*, 69, pp. 223-228.
- KNIGHT, J. (1992): *Institutions and social conflict*, Cambridge University Press.
- Moe, T. (2005): "Power and Political Institutions", *Perspectives on Politics*, 30(02), pp. 215-233.
- Molotch, H. (1976): "The city as a growth machine: toward a political economy of place", *The American Journal of Sociology*, 82 (2), pp. 309-332.
- NORTH, D.: *Institutions, institutional change and economic performance*, Cambridge University Press, 1990.
- RODRÍGUEZ-EGIDO, K.; TUBÍO-SÁNCHEZ, JM.; CRECENTE-MASEDA, R.: «Entre el amanecer y el atardecer. Gestión urbanística en Salamanca y Lugo.», en R. CRECENTE MASEDA AND U. FRA PALEO, *Territorios a examen III*, Universidade de Santiago de Compostela, in press.
- Seo, M.; Creed, W. (2002): "Institutional contradictions, praxis, and institutional change: A dialectical perspective", *Academy of Management Review*, 27(2), pp. 222-247.
- Solé-Ollé, A.; Viladecans-Marsal, E. (2013): "Do political parties matter for local land use policies", *Journal of Urban Economics*, 78, pp. 42-56.
- Solé-Ollé, A.; Viladecans-Marsal, E. (2010): "Lobbying, political competition, and local land supply: recent evidence from Spain", Document de treball de l'IEB 2010/45.
- THELEN, K.: *How institutions evolve: the political economy of skills in Germany, Britain, the United States, and Japan*, Cambridge University Press, 2004.



Appendix I. Interview questions

The interviews of chapter 5 were carried out between April and August of 2012. The interviews of the case studies were carried out between September and October of 2012

The following questions were made to adopters. The questions made to non-adopters are the same but the required changes to fit the case of non-adoption.

- 1.- What are the main reasons that led the municipality to adopt the LOUGA?
- 2.- Do you remember what were the main obstacles to adopt the LOUGA?
- 3.- Do you think that the previous plan (or lack of it) did not fulfil the goals of the municipality? Why?
- 4.- Have you ever heard talking about the costs of providing municipal services like water, sewerage, etc. in the municipality? Was anyone thinking that the plan could be a solution?
- 5.- What processes were going on in your municipality that have triggered the adoption of the plan?
- 6.- Do you think there was any conflict (environmental, among citizens, environmental hazards, etc.) that had triggered the adoption of the plan?
- 7.- Was legal security an important reason to adopt the plan?
- 8.- Did the municipality undertake process of public participation in order to let people participate in the plan making?
- 9.- Did environmental reasons play any role in the adoption of the plan, like to protect certain areas of great value?
- 10.- Did economic reasons play any role in the adoption of the plan, like to promote development or to increase revenues coming from the building activity?
- 11.- Do you think that procedures to adopt the plan took too long? Who was responsible for that? The planners, the municipality, the regional government?
- 12.- How do you evaluate the capacities and resources of the municipality to manage the plan?
- 13.- Do you think that the subvention was important to adopt the plan?
- 14.- What are the negative effects after adopting the plan that you did not expect before the adoption?
- 15.- What are the positive effects after adopting the plan that you did not expect before the adoption?



Appendix II. Extended summary in Galician

A definición do problema

En 2002 Galicia aprobou a súa terceira lei do solo, a lei 9/2002 de ordenación urbanística e protección do medio rural (LOUPMR, ou de xeito máis abreviado, LOUGA) que esixía a cada unha dos 315 municipios facer un plan xeral de ordenación municipal antes do 2006. O goberno galego incluso cubría os custes da redacción do plan. Sen embargo, dunha década despois da súa aprobación, soamente 53 municipios (no ano 2011) se adaptaron á lei, mentres 264 non o fixeron. Case tódolos municipios que non se adaptaron están traballando na redacción do plan, e únicamente 19 non comezaron aínda os traballos. A LOUGA diferénciase das leis anteriores porque trata de asignar usos do solo a todo o territorio municipal, prestando especial atención ós usos agroforestais, pois o gran obxectivo da lei era o de controlar o crecemento urbano desordenado.

Galicia ten algunhas características que a fan ideal como un laboratorio para intentar atopar as respostas á pregunta por que as sociedades crean e implantan políticas de ordenación de usos do solo. As razóns desta idoneidade son varias, pero principalmente teñen que ver con que en Galicia non hai unha gran tradición nin cultura na planificación de usos. O territorio galego estivo manexado durante séculos por institucións informais no sentido de Ostrom. Aínda que desde a aprobación da lei estatal do solo en 1956 pódese dicir que o territorio español dotouse dun corpo lexislativo para a regulación dos usos do solo, especialmente urbanos, só nos últimos 25 anos, o goberno rexional levou a cabo serios intentos de crear unha lexislación autonómica que puidese resolver os problemas de planificación de usos do solo. Tódolos estes intentos fixeron que en 25 anos aprobáronse 3 leis do solo, en 1985, en 1997 e en 2002.

Unha das características principais do territorio Galego é a fragmentación da propiedade. Varios autores indican que é precisamente esta fragmentación e a súa complexidade de xestión a razón de ser de moitas políticas e accións territoriais. As leis do solo, como reguladoras dos dereitos de propiedade, vense evidentemente afectadas por esta estrutura da propiedade.

A pregunta de investigación

O parlamento de Galicia aprobou a Lei de ordenación urbana e protección do medio rural (LOUPMR) en 2002. A lei indicaba así mesmo que os concellos se deberían adaptar á nova lei antes de 2006; o goberno autonómico incluso subvencionaba a redacción do planeamento para facilitar a implantación, sobre todo naqueles que dispoñían de poucos recursos. Analizando un período de case unha década (entre 2002 e 2011), compróbase que a adopción por parte dos concellos foi moi desigual. En 2011 só 53 dos 315 concellos se adaptaron á nova lei do solo, 19 dos 315 nin sequera comezaron os traballos de redacción e a meirande parte deles atópanse redactando o planeamento en diferentes fases. A pregunta de investigación é: por que un grupo de concellos decidiu adaptarse á lei do solo e outro grupo nin sequera comezou os traballos de redacción?

Hai que ter en consideración na definición do grupo dos que se adaptaron que dos 53 concellos que se adaptaron á LOUGA, 22 deles xa viñan realizando traballos de redacción para adaptarse a lei do solo anterior. Polo tanto estes 21 concellos non se adaptaron á LOUGA porque compartiran os obxectivos da propia lei, senón que se adaptaron porque o cambio lexislativo atopounos na fase de

redacción.

En canto ó grupo de concellos que non se adaptaron, non contamos todos aqueles que están traballando na redacción de planeamento, pois estes non se poden considerar que non se adaptaran; están no proceso de adaptarse. O seu estudo non se inclúe nesta investigación pois significaría ter dúas preguntas de investigación, ademais de incluír unha variable máis na análise como é o tempo de adaptación. Isto crearía dificultades metodolóxicas e faría máis confusos os resultados da investigación.

Metodoloxía

A metodoloxía utilizada nesta investigación é unha mistura entre unha metodoloxía cualitativa e outra cuantitativa. Este tipo de métodos combinados caracterizan os procesos analizados así como comprensión dos mesmos. Na parte cuantitativa da investigación o que se pretende é caracterizar ós municipios segundo unha serie de variables. É precisamente desta caracterización de onde se escollen os casos de estudo a analízan na análise cualitativa. Isto permite comprender como funcionan as hipóteses de investigación formuladas en diferentes contextos, xerando análises que testen con maior rigor a súa validez.

Revisión da literatura e hipóteses principais

Despois de comprobar que a teoría da implantación de políticas públicas sobre dunha considerable circularidade nos seus argumentos, a aproximación pola que se optou para responder á pregunta de investigación é a da literatura institucional. O plan é considerado como un conxunto de institucións que regulan os dereitos de propiedade, é dicir, como hai que usar a terra. A aprobación dun plan considérase un cambio institucional mentres que a non aprobación é resistencia ó cambio institucional. Na literatura existen catro grandes tipos de institucionalismos, o da elección racional, o histórico, o sociolóxico e o discursivo. Analizáronse os catro institucionalismos tratando de ver en cada un deles os argumentos que explicaban tanto cambio institucional como resistencia ó cambio. Veuse que tanto o institucionalismo histórico como o sociolóxico céntranse máis en explicar a resistencia ó cambio. Isto sucede así porque entenden institución – incluso desde a propia definición – como inalterables e permanentes no tempo. O institucionalismo discursivo non formula realmente unha teoría de por que aparecen os discursos en determinados momentos e cunha certa dirección, polo tanto non parece explicativo do cambio institucional nin tampouco da resistencia ó cambio. En canto ó institucionalismo de elección racional, vemos que formula unha teoría da acción e polo tanto do cambio, así como de resistencia ó cambio. Considerouse como unha hipótese a valorar o concepto de externalidades negativas como a base da creación de moitas políticas públicas, en particular políticas de uso da terra. En canto á resistencia ó cambio, o institucionalismo racional tamén proporciona algunha razón valiosa, sobre todo aquelas teorías que están na interfaz coa *behavioural economics*, como por exemplo os efectos distributivos do cambio institucional ou incluso a teoría da prospección de Kahneman.

Sen embargo, todo isto non parecían suficientes hipóteses para responder á pregunta con satisfacción. Nin sequera podían explicar o cambio institucional de moitas institucións, como por exemplo a aprobación da propia LOUGA. Para isto necesitábase comprender os mecanismos de cambio institucional con máis detalle. O concepto de contracción institucional, de Seo e Creed, proporcionaban

unha nova visión á hora de entender o cambio institucional. Gran parte desta investigación céntrase en entender o cambio desde esta perspectiva. A concepto de contradición institucional céntrase na idea de que as institucións sociais reproducense no tempo ata que por unha serie de razóns (as propias fontes de cambio institucional), algunhas institucións entran en contradición co *setup* institucional existente. Sobre esta idea elaborouse un marco conceptual e un modelo de cambio institucional.

Contido dos capítulos

A investigación divídese, á parte do capítulo introdutorio, en cinco capítulos e nun apartado de conclusións. No segundo capítulo estúdase a aprobación da LOUGA por parte do parlamento galego en 2002. Préstase especial atención a entender por que ese ano se aproba unha lei que trata de cambiar substancialmente a política do planeamento local en Galicia, sobre todo se se compara coas leis anteriores de 1997 e 1985. En realidade a LOUGA é o resultado da suma de dous corpos lexislativos que nun inicio ían estar separados, por un lado a Lei de ordenación urbanística (que é moi continuísta co articulado das leis anteriores) e unha novo articulado, o da protección do medio rural, que é novo. A lei non se pode entender sen o grado de desorganización territorial que sufriu o Galicia na década dos 80 e 90 e como un concepto como o feísmo foi relevante á hora de dirixir atención a este fenómeno.

No terceiro capítulo compárase a aprobación da lei do solo holandesa en 2008 e coa aprobación da LOUPMR en 2002 e trátase de ver cal foi o patrón de difusión das leis nos municipios. Préstase especial atención ó mecanismo de cumprimento (*enforcement mechanism*) que se establecía en ambas leis. O principal resultado deste capítulo é que a implantación da lei holandesa foi máis efectiva que a galega. O mecanismo de cumprimento non é explicativo en si mesmo; o mecanismo de cumprimento é función da lexitimidade dun goberno para facer cumprir a propia lexislación que aproba no parlamento. O que vemos é que o goberno holandés ten máis lexitimade que o goberno galego á hora de condicionar o comportamento municipal en relación ós usos do solo.

No cuarto capítulo analízase desde unha perspectiva cuantitativa, baseada na estatística descritiva, as principais características dos municipios que se adaptaron e os que non iniciaron os traballos de redacción. Obsérvase que os municipios que se adaptaron son na súa maioría rurais, e que ou ben tiñan un plan moi obsoleto (a metade deles) ou non tiñan ningún tipo de figura de planeamento (a outra metade). Obsérvase ademais que utilizaron os plans para clasificar máis solo como urbanizable, sendo os municipios con gobernos do PP en maioría (con un número maior de 40% dos concelleiros) os máis proclives a clasificar máis solo como urbanizable nos seus plans.

En canto ós municipios que aínda non comezaron a realizar planeamento, pódense diferenciar dous grupos. Un deles, moi pequeno, de municipios en áreas remotas de montaña, e outro máis grande nas periferias urbanas. Este segundo grupo ten plans aprobados ó abeiro da lei do solo de 1997.

No quinto capítulo levamos a cabo entrevistas vía telefónica cos arquitectos municipais de tódolos concellos que se adaptaron, así como dos concellos que aínda non iniciaron a tramitación. Estas entrevistas, de tipo semi-estruturado, que non duraban máis aló dos 20-30 minutos, tiñan como obxectivo coñecer cal fora a razón pola cal se aprobara o plan no caso dos que se adaptaran e cal é razón de non iniciar a tramitación no caso dos que se adaptaron. En segundo

lugar pretendíase coñecer a percepción dos arquitectos municipais en torno ás principais hipóteses formuladas na investigación, tanto da literatura internacional como da literatura galega. Comprabamos que o principal motivo para aprobar o plan foi o de conceder licencias de construción e o de crear polígonos industriais, pois a LOUGA impedíalle facelo ó ter o municipio o planeamento moi obsoleto ou non ter ningún tipo de planeamento. Comprabamos ademais que non se adaptaban, nin facían os plan máis expansivos, para poder obter máis recursos a través de taxas ou impostos que xera a actividade urbanística.

En canto ós concellos que non se adaptaron, comprobamos que a razón de resistencia é a non necesidade de facer un plan, pois o vixente permítelles conceder licencias, ou de non facer sequera un plan pois apenas hai actividade urbanística no municipio. Os arquitectos dos concellos que teñen plan apuntan que, unha adaptación á nova lei implicaría reducir o tamaño de moitos dos núcleos rurais, polo que xeraría resistencia entre a poboación. OS resultados cuantitativos deste capítulo confirmar desde a vertente cualitativa os resultados cualitativos do capítulo anterior.

No capítulo sexto e último lévanse a cabo catro caso de estudo, que consisten en dous municipios que se adaptaron á nova lei e dous que non o fixeron. Ademais procurouse que nas parellas dos que se adaptaron e non se adaptaron un deles fora rural e outro urbano, e que pertencesen ós conglomerados máis relevantes desde o punto de vista da maior número de concellos que se adaptaron (conglomerado 3) e da menor número (conglomerado 2) establecidos no capítulo cuarto. Os concellos escollidos foron Ames, Oleiros, Castroverde e Abadín. Os dous primeiros pertencen ó conglomerado 2, Ames non se adaptou e Oleiros si. Castroverde e Abadín pertencen ó conglomerado 3, Castroverde adaptouse a Abadín non. Nos casos de estudo prestouse especialmente atención ós conflitos e ó papel que as externalidades puideron ter na adopción da nova lei. Comprobase que os alcaldes miden o custe electoral de facer un plan, e non son propensos a facelo ata que están seguros de que ese custo é asumible para eles. No caso de Ames, a pesar de que houbo intentos por facer un novo plan, o goberno local non foi capaz debido á distribución de dereitos de construción que facía moi conflictivo (e custoso politicamente) calquera alteración dos mesmos. No caso de Abadín, a razón principal para non adaptarse son as implicacións negativas que tería para os veciños en canto aumento de IBI, ademais de que debido á case nula actividade urbanística, en conxunto con suficientes recursos que proveñen dos parques eólicos, para o concello parécelle máis sinxelo ir delimitando núcleos na medida que se vaian pedido licencias de construción.

En canto ós que se adaptaron, as principais razóns para o concello de Oleiros foi o esgotamento do solo urbanizable do anterior plan, xunto coa necesidade de actualizar o plan ós novos marcos legais pois o anterior plan non estaba adaptado á lei do 97. No caso de Castroverde xogou un papel importante adaptarse o feito de que tivesen unha normas subsidiarias que só delimitaban o núcleo urbano e que non permitían, unha vez aprobada a nova lei, conceder licencias no resto do termo municipal. Tamén xogaron un papel os conflitos entre usos agrícolas e forestais.

Conclusiones

O concepto de cambio institucional que empregamos para entender a aprobación da lei do solo e a súa difusión nos municipios galegos é unha alternativa á literatura da implantación á hora de entender por que se implantan ou

non as políticas territoriais. Apoiándonos no concepto de contradición institucional como impulsor do cambio institucional, observamos que sempre existen varias tipos de contradición ou fontes de cambio institucional que non operan sempre na mesma dirección. Neste sentido, unha administración descentralizada con varios niveis administrativos é propensa a que emerxan contradicións entre as institución dos diferentes niveis administrativos. Debido á aprobación dunha lei estatal coa que a lei anterior do solo galega tiña certas incompatibilidades, xurdíu a oportunidade de facer unha nova lei do solo, a LOUGA. Sen embargo, en vez de resolver as principais contradicións e incompatibilidades legais, a LOUGA tivo como obxectivo controlar o crecemento urbano disperso. A pesar desto, os municipios que aprobaron a lei do solo foron municipios rurais, a meirande parte deles sen planeamento ou con planeamento obsoleto, onde o crecemento urbano disperso non era o maior problema. E isto sucedeu porque a nova lei do solo creaba incompatibilidades co marco institucional vixente nestes municipios (plan obsoleto ou falta del). O que observamos polo tanto é que un cambio institucional a nivel nacional séguelle unha cascada de cambios moitas que toman direccións moitas veces imprevistas.

Esto sucede así porque cada vez que sucede ou hai oportunidade dun cambio institucional, este non é soamente dirixido por unha fonte do cambio, actívanse outras fontes que ata ese momento estaban aletargadas. Por exemplo, vimos no Capítulo 2 que unha fonte de cambios, que operou sobre todo en darlle dirección á nova lei do solo, foi a de adaptacións feitas no pasado, a privatización masiva de parcelas de pequena dimensión, que terminou por minar a capacidade de adaptación no presente, como a capacidade de controlar a urbanización difusa ou as consecuencias da propia estrutura da propiedade (que fomenta o abandono e crea barreiras para iniciar actividades agrarias) nas vagas de incendios que ten Galicia cada verán. Vimos que a nivel municipal foi máis difícil encontrar outras fontes de cambio institucional que o propio conflito ente a nova lei do solo e os seus planeamentos obsoletos (ou falta deles) que explicase o obxectivo dos plan de clasificar tanto solo urbanizable en concellos que están perdendo poboación. Que o período onde se aprobasen estes plans vaia desde 2002 ata 2011, e cubra practicamente todo o percorrido da burbulla inmobiliaria en España pode axudar a entender por que se fixeron plan tan expansivos, con moitos sectores urbanizables que, polas condicións dos concellos onde se aprobaron e independentemente da crise financeira, nunca se van a desenvolver. O que si parece que quedou claro é que os municipios non fixeron os plan máis expansivos co obxectivo de aumentar os seus ingresos. Os gobernos locais non se mostran moi interesados en facer unha ponencia de valores catastrais despois de aprobar o plan, a cal aumentaría os valores catastrais das parcelas. Tamén son moi laxos no cobro da diferentes taxas que xera a actividade urbanística. Os municipios galegos teñen, neste sentido, un comportamento diferente ó resto dos municipios españois, onde a actividade urbanística si se utilizou moitas veces como unha oportunidade para o financiamento local.

As fontes de continuidade para o grupo de municipios que non iniciaron os trámites son sobre todo as implicacións redistributivas dos dereitos de propiedade que implica facer un novo plan. Hai que ter en conta que moitos dos municipios que non iniciaron a tramitación para adaptarse, teñen un plan aprobado ó abeiro da lei do solo de 1997. Os seus núcleos rurais son moi expansivos, concedendo licencias directas para construción de vivenda unifamiliar. Estes núcleos serían recortados se os municipios se adaptaran á LOUGA, o que acabaría ocasionando

conflictos que os alcaldes consideran de un alto custo político.

Os municipios galegos que se adaptaron á noval lei do solo poden parecer estar actuando dunha maneira irracional na medida en que promoven o desenvolvemento pero parece que non se queren beneficiar del. Sen embargo, unha explicación a isto basease na baixa competencia nas eleccións municipais, polo que os gobernos locais acaban desenvolvendo lazos con sectores económicos como os da construción ou empresarios que desexan desenvolver certas actividades no municipio. Os casos de estudo de Oleiros e Ames parece dar suficiente evidencia desto.

Desde a perspectiva da nova economía institucional, é difícil de entender os cambios institucionais que deron lugar tanto como a aprobación da lei do solo como da aprobación por parte dos concellos dun plan de acordo á LOUPMR. Na resposta á pregunta de investigación, comprobouse que as institucións como as políticas do solo non son o resultado do obxectivo de reducir custes de transacción para lograr que os mercados funcionen dun xeito máis eficiente. Ademais, os economistas da nova economía institucional non adoitan estudar os casos de políticas públicas que se implantan mediante mandatos legais, pois entenden as institucións como o resultado de negociacións cooperativas, exentas da intervención de poderes autoritativos (parlamentos, cortes, etc.).

Recomendacións

Nesta investigación comprobamos que a razón pola cal os municipios que non iniciaron os traballos de redacción foi principalmente porque a adopción tería efectos redistributivos da propia aprobación do plan. A adaptación á LOUGA significaría recortar boa parte destes dereitos. Sen embargo, isto é algo que os concellos consideran custoso desde o punto de vista político e ata inxusto, pois os propietarios levan moitos anos pagando un elevado IBI por posuír eses dereitos. O principal problema para implantar a LOUGA é a compensación do propietarios ós que se quitarían os dereitos de edificación.

Unha solución que permitiría unha compensación sen custe para a administración local, sería a de introducir un mercado de dereitos de edificación. Este mercado consistiría na demarcación dun distrito emisor de dereitos de edificación (aquelas zonas onde se quere restrinxir a edificación) e un distrito receptor (aquelas zonas onde se quere promover a edificación). Este mecanismo, que é coñecido en inglés como *Transfer of Development Rights* (TDR), permite que os demandantes de dereitos de construción da zona receptora lle compren ós propietarios de dereitos na zona emisora os dereitos de edificación. Deste xeito os propietarios na zona emisora son compensados a través dun mecanismo de mercado por non se lles permitir construír. Os TDR son amplamente utilizados en EE UU, e cando están ben deseñados soen dar moi bos resultados.