THE COLLEGE CHASE: HIGHER EDUCATION AND URBAN ENTREPRENEURIALISM IN ISRAEL

GILLAD ROSEN & ERAN RAZIN

Department of Geography, The Hebrew University of Jerusalem 91905, Israel. E-mails: gilladr@pob.huji.ac.il; msrazin@mssc.huji.ac.il

Received: July 2005; revised March 2006

ABSTRACT
Local government initiative to attract colleges, in spite of being formally excluded from the higher education system, is shown to represent urban entrepreneurialism, in which strategies undertaken – reactive or proactive, competition or co-operation, and means of support – are influenced by location. However, such decentralised forms of local governance do not indicate a diminishing role of the central state, but rather reshape regulation – decisions reflecting greater pluralism, becoming more exposed to external pressures for market-oriented initiatives in high demand locations, and for publicly supported colleges in less attractive locations. Local entrepreneurialism is particularly influential at the intra-regional level, but saturation could emphasise the need to move from local entrepreneurialism to competitive regionalism.

Key words: Urban entrepreneurialism, higher education, decentralisation, Israel

INTRODUCTION
Urban entrepreneurialism has been a prime theme in the urban development literature in recent decades. Competition over private and public investments has aimed to generate employment and economic growth, or to give a boost to the local tax base. Investment sought was expected to directly enhance production or consumption, or to indirectly stimulate economic growth through its contribution to image and urban regeneration (Hamnett & Shoval 2004). It has been argued that the definition of urban economic development should encompass the study of nonprofits as well, such as higher education institutions (HEIs) and medical institutions (Adams 2003).

In this paper we discuss local initiative to attract HEIs in Israel. Increasing competition among Israeli local authorities focused, during the 1980s, on manufacturing, tourism, shopping centres and other ratable land uses (Razin 1990, 1998). Planning, development and public finance of higher education were regarded as a monopoly of the central government. However, higher education has become an arena of competition between local authorities in Israel since the 1990s, despite the long-range and indirect nature of benefits.

We argue that utilising a window of opportunity created by a fundamental change in the higher education system, in spite of being formally excluded from the system, represents a form of local government entrepreneurialism. We further argue that the proliferation of local entrepreneurialism does not necessarily imply a diminishing role of the central state or outcomes that mainly reflect market forces. Our examination of motives, magnitude, means and outcomes of local government involvement in higher education in Israel also demonstrates the prime role of location in determining structural constraints to local initiative. These locational constraints are associated with the choice of reactive or proactive strategies, intra-regional competition or co-operation, and emphasis on local incentives or on political lobbying.
Our study is based on qualitative and quantitative methodologies, which draw information from sources such as newspapers and magazines, data from the Council of Higher Education and the Central Bureau of Statistics, mail questionnaires and interviews. The analysis begins with mapping Israel’s higher education system and its growth, examining the spatial layout of institutions, and comparing characteristics of local authorities with and without institutions: population size, socio-economic features, location (metropolitan core, metro fringe, periphery), ethnic identity (Jewish, Arab) and type of local authority (urban, rural). The comparison includes the 220 Israeli local authorities that have more than 5,000 inhabitants. This analysis is followed by a thorough qualitative examination of the role of local government in planning and development of HEIs, based on mail questionnaires and interviews. Mail questionnaires were sent to 11 out of 33 local authorities that have HEIs within their jurisdictional areas, chosen to represent six sub-groups, defined according to location, type of institution and year of establishment. These 11 local authorities accommodate 38 HEIs (62% of all HEIs in the country). Interviews were conducted with key figures in the Council for Higher Education in 2002. This phase was supplemented by a qualitative examination of three clusters of local authorities, each representing a region of a different type. This last examination was based on over 20 interviews and on documents collected from local government agencies, such as land use outline plans and council meeting briefs, and from the High Court of Justice.

LOCAL GOVERNMENT AND ENTREPRENEURIALISM

Research on urban entrepreneurialism tended to interpret the phenomenon in the context of the shift from the Keynesian welfare state and Fordist mode of production to the post-Fordist, flexible accumulation, neo-conservative realignment of politics and markets (Hubbard & Hall 1998). Following Harvey’s (1989) seminal work, studies discussed strategy types, means and outcomes, emphasising public-private partnerships and institutional thickness (Wood 1998; MacLeod & Goodwin 1999). Locational flexibility has intensified the search for sustained competitive advantages, associated with concepts such as learning regions and industrial districts (Morgan 1997; Porter 1999). Such competitive advantages go beyond agglomeration economies and depend on the ability of cities and regions to offer competitive quality of life (Hall & Hubbard 1996). A further evolution of local entrepreneurialism into competitive regionalism that involves intra-regional co-operation has also been observed (Brenner 2003).

An issue emphasised in recent literature concerns the defining attributes of an entrepreneurial city. Broadest definitions include any form of local public action to encourage development. However, some argue against trivialising urban entrepreneurialism by including in it all manner of routine place marketing and administration of pro-business climate (Jessop 1998). The highest form of urban entrepreneurialism concerns Schumpeterian-type innovation that incorporates an entrepreneurial discourse and self-image (Jessop & Sum 2000). One could argue, however, that effective public sector entrepreneurialism mainly concerns pursuing policies that have worked elsewhere, or reacting effectively to opportunities. True innovations, such as Disneyland, Stanford Research Park or Sun City (Findlay 1992), are usually the domain of the private sector or of NGOs. Benefits of imitating best practices could be limited due to the proliferation and perhaps oversupply of such initiatives, frequently ignoring contextual conditions making for success; thus an early detection of emerging opportunities could be crucial for successful local entrepreneurialism.

American models of urban entrepreneurialism emphasise public-private partnerships and competition over private investment that frequently involves public subsidies. In Europe, inter-jurisdictional competition and co-operation with the private sector have been weaker, and public-private partnerships are frequently a product of central government encouragement (Davies 2003). Local areas in Europe do increasingly compete for regeneration and economic development funds, rather than wait for grants to be allocated on the basis of needs. These funds, however, are public, distributed by central governments and the EU (Jonas & Ward 2002).

A related issue thus questions whether the role of the state has been downplayed in the urban entrepreneurialism and regime theory.
literature, overstating local agents that compete directly in a global economy (Hamilton et al. 2004). This could have partly resulted from the strong American orientation of much of the literature (MacLeod & Goodwin 1999). A subsequent debate concerns whether the literature has overemphasised the local political agency to the neglect of powerful economic and cultural constraining processes. The ability of local political leadership to modify patterns of local economic development that are otherwise explained by market-oriented location theory has been a subject of considerable debate (Dowding 2001; Mossberger & Stoker 2001). Savitch & Kantor (2002) conclude that cities do have choices, but the room for manoeuvring varies from place to place, depending on structural forces, such as market conditions, local culture and intergovernmental support, as well as on an accurate identification of market opportunities and locational advantages that can be promoted through political action (Rosentraub & Helmke 1996).

HEIs AND LOCAL DEVELOPMENT

HEIs influence local development (Beck et al. 1995). Short-range effects include direct employment and multiplier effects of HEI expenditures, are expected to be more substantial where HEIs are financed by non-local sources and attract a large body of non-local students who live and spend locally (Felsenstein 1996). Long-range effects are largely based on improved local human capital (Gottman 1986; Rosentraub & Warren 1986). A further distinction is made between economic effects and quality of life effects that have indirect effects on economic growth.

Urban scholars and practitioners, although increasingly aware of the local economic development effects of HEIs, have paid limited attention to policy strategies employed to gain the greatest benefit from the presence of HEIs. The role of HEIs in development strategies of local authorities has been scarcely studied (Adams 2003). Local governments were involved in higher education in the historical past, as for example in the Netherlands (Florax 1992; Florax & Folmer 1992). Consolidation of welfare state mechanisms led to growing involvement of central governments in higher education, acknowledging the public good nature of basic research and teaching performed in HEIs. Central state involvement thus narrowed the room for initiatives of local governments, although such initiatives remained common in the United States (Feldman 1994). In recent decades, however, local governments have become more involved in HEI activity related to economic development, taking part in growth coalitions to develop the local human capital, encouraging commercial exploration of research, technology transfer and the like (Van Geenhuizen et al. 1997).

In relatively centralised states, the evolution of higher education is expected to reflect a balance between central government regulation (Florax 1992; Koroglu 1992) and market forces. The Dutch higher education system, for example, is largely a public monopoly with multiple institutions. Central government policy to promote social objectives (social inclusion and accessibility) involves substantial regulation of finance, tuition fees, meeting students’ demand and constraining such demand in certain fields (Ferris 1991; Koelman 1998). However, changes in the Dutch and European contexts, such as the formation of a common degree structure, increased cooperation with industry and an attempt to internationalise research (Beerkens et al. 2005), have somewhat decentralised the system. The US system is more decentralised and diverse, in terms of ownership, finance and degree of institutional autonomy. HEIs compete quite fiercely with each other (Trow 1988), and patterns of development are largely determined by state-level politics that involve the governor, the legislature, congressmen, the business community, university presidents and other interest groups (Gittell & Kleiman 2000). However, there is a prevailing assumption that HEIs are place bound and would not relocate to pursue business advantages.

LOCAL GOVERNMENT AND HIGHER EDUCATION IN ISRAEL

Israel’s higher education system was dominated until the 1980s by five full-scale universities, one technological institute and one research institute; all established between the 1920s and the early 1960s. An Open University was established in the 1970s (Troen 1992). A 1958 law led to the establishment of the Council for Higher Education (CHE), appointed by the government, which was authorised to license new HEIs (subject to
government approval), and to approve academic programmes and the right to grant academic degrees. A 1972 law gave the CHE additional powers to plan and finance higher education. In order to assure co-ordinated planning and development, the Planning and Budgeting Committee (PBC) of the CHE was given a monopoly on the allocation of public grants to HEIs, thus other public agents such as local governments were forbidden to financially support these institutions.

The CHE and PBC displayed a cautious attitude towards expansion of the system, giving preference for the investment of public funds in existing HEIs. However, pressures for change and expansion accumulated during the 1980s, in a context of growing political decentralisation. The major breakthrough occurred in 1990, when particularly powerful pressures to enable more students to study law led to the passage of a law that permitted the establishment of not-publicly-funded (‘private’) colleges of law (Guri-Rozenblit 1993). Developing an extensive network of colleges, while limiting the growth of the major research universities, has subsequently become a declared policy of the CHE.

The number of HEIs accredited by the CHE increased from 16 in 1980 to 30 in 1990 and to 62 in 2003. Newly accredited HEIs were of several types:

- Teacher training schools, awarding B.Ed. degrees (23 in 2003).
- Technical colleges accredited to award B.Tech degrees (5).
- Regional colleges, initially established in Israel’s rural periphery as non-academic institutions, offering academic programmes under the auspices of universities (6), or accredited to award their own degrees in selected programmes (3).
- Other colleges (7), some with particular specialisation. Most colleges in this category received accreditation before 1980.
- Accredited private colleges, largely specialising in low cost, high demand programmes, such as law and business administration (10).

The vast increase in the number of HEIs has been associated with vast growth in the number of students, from 76,000 in 1990 to 180,000 in 1999 (excluding the Open University), reflecting rapid population growth associated with immigration from the former USSR, and the availability of greater supply of HEIs that made higher education accessible to people previously excluded from the more selective major universities.

Another feature of decentralisation and competition in higher education was the proliferation of branches of foreign universities (Meltz 2001). Of about 50 such branches operating in Israel in 2002, 24 (with a total student body of about 14,000) have received a license from the CHE that indicates that the degree offered by the Israeli branch is equivalent to that given in the institution’s main campus abroad. The activity of these branches has been associated with substantial controversy. Most concentrate in low cost, high demand programmes: business administration, communication and law. Some are reputed to maintain low standards and a few non-licensed ones have even been associated with fraud. Thus, higher education in Israel has been radically transformed since 1990, in a context of neoliberal post-welfare state ideologies and policies.

Despite a centralised legal basis, local authorities in Israel have gained substantial informal autonomy since the late 1970s, reflected in a rise of local initiative. Direct election of mayors since 1975 has contributed to the evolution of strong mayoral leadership in local development (Razin 2004). It is in this context that local government has practically emerged according to our argument as a significant agent promoting HEIs.

We first argue that the structural change in higher education has opened a window of opportunity for local governments to compete over HEI. The prevalent tendency in Israel was to overemphasise, rather than underemphasise, the role of the central state, given the explicit ban on local government intervention in higher education and on municipal-private partnerships in higher education. Our study thus aims to reveal the substantial role of local authorities. We argue that a strategic decision of local government to compete over HEI and to encourage their development, despite not being formally assigned a role in higher education, represents entrepreneurialism that is far beyond routine administration of local development.

We further argue that decentralisation does not necessarily imply a diminishing role of central state regulation. Market-driven competition
could have been expected to produce greater fragmentation into a large number of HEIs that mainly proliferate in high demand central locations. However, we argue that the central regulatory agencies have remained powerful, although their decisions now reflected greater pluralism, becoming more exposed to external pressures. These political pressures come also from lower demand peripheral locations that press for the development of publicly-supported HEIs, thus producing complex outcomes that do not merely reflect market processes. Our study aims to emphasise a major, if changing, role of the central state in the emerging theory of urban entrepreneurialism, also in an era of decentralisation and globalisation.

According to our third argument location is a major determinant of the structural constraints to local initiative and of the room local authorities have to make choices that concern college development. Israel’s space economy is characterised by a clear core-periphery structure (Lipshitz 1996). Location, along with attributes of political leadership, can explain the choice of reactive strategies – effective response to opportunities – versus proactive strategies – independent initiatives of local authorities, which are then ‘sold’ to central government agencies and potential sponsors. It also explains whether local authorities compete for public or private resources, thus the need for lobbying for central government support or only for accreditation. Location can influence the composition of incentive packages, and the balance between intra-regional competition and co-operation. Outcomes may also depend on location. It could be assumed that local entrepreneurialism is more influential at the intra-regional scale, whereas market forces and central government intervention determine patterns of development at the inter-regional scale.

THE SPATIAL EVOLUTION OF HEIs IN ISRAEL

Until 1980, all accredited HEIs in Israel were located in only six cities: Tel Aviv, Jerusalem, Haifa, Ramat Gan, Rehovot and Beer Sheva. By 2003, the 62 HEIs (excluding foreign branches) have been present in 33 local authorities (Figure 1). While metropolitan centre locations remained prominent, the major spatial transformation has been the proliferation of new colleges in metropolitan fringe and peripheral locations (Table 1). Private colleges were the segment most concentrated in metropolitan centres. Foreign branches (not included in Table 1) displayed a fairly similar locational behaviour. In contrast, all HEIs established in the periphery, and all but one of those established in metropolitan fringe locations, were publicly funded.

Of 35 local authorities (with more than 5,000 inhabitants each) in metropolitan centre locations 31 per cent had at least one accredited HEI within their jurisdictional area in 2003, whereas elsewhere only 12 per cent of the local authorities were locations of HEIs. None of the accredited HEIs were positioned in Arab local authorities, probably reflecting both lack of effective local initiative in these weak localities and reluctance of the central government to support the establishment of institutions that could become seedbeds of nationalism (Abu-Alhija 2005).

HEIs tended to locate in large local authorities, in terms of population, and private HEIs would locate in even larger cities than publicly funded ones (Table 2). Excluding the weak Arab localities, local authorities with HEIs were only slightly more fiscally sound than those without an HEI, and the two groups did not differ significantly in economic well-being, measured by mean income per capita and private cars per 1,000 residents (Table 2). However, private HEIs were located in considerably more affluent local authorities than publicly-funded HEIs. Thus, as expected, market forces influenced markedly the location of private HEIs, whereas public funding was associated with the more dispersed geographical distribution of publicly-funded HEIs.

CENTRAL CONTROL vs LOCAL INITIATIVE: THE RULES OF THE GAME

Israel’s higher education system is considered to be highly regulated, due to the substantial role of the state in financing HEIs and the planning and regulation functions performed by the CHE and its PBC. Of total HEI revenues in 2001/02 (excluding development budgets), 63.3 per cent came from the PBC and only 19.2 per cent from tuition fees (CHE 2003). The CHE
Figure 1. The spatial distribution of higher education institutions in Israel, 2003.
Table 1. HEIs in Israel by type and region,* 1980, 2003.

<table>
<thead>
<tr>
<th>Location of HEIs within jurisdictonal area</th>
<th>Population</th>
<th>Self-generated revenues per capita</th>
<th>Private cars per 1,000 residents</th>
<th>Mean income per capita</th>
<th>Number of local authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan centre</td>
<td>16,948</td>
<td>1,956</td>
<td>201</td>
<td>2,063</td>
<td>123</td>
</tr>
<tr>
<td>Metropolitan fringe</td>
<td>82,897</td>
<td>2,084</td>
<td>200</td>
<td>2,139</td>
<td>33</td>
</tr>
<tr>
<td>Periphery</td>
<td>18,767</td>
<td>1,963</td>
<td>203</td>
<td>2,090</td>
<td>127</td>
</tr>
<tr>
<td>Total</td>
<td>84,028</td>
<td>2,073</td>
<td>189</td>
<td>2,034</td>
<td>29</td>
</tr>
</tbody>
</table>

* See Figure 1.

Source: Based on data of the Council for Higher Education.

Table 2. Characteristics of Jewish local authorities with and without an HEI, 2003.

<table>
<thead>
<tr>
<th>Location of HEIs within jurisdictonal area</th>
<th>Population</th>
<th>Self-generated revenues per capita</th>
<th>Private cars per 1,000 residents</th>
<th>Mean income per capita</th>
<th>Number of local authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan centre</td>
<td>26,186</td>
<td>1,965</td>
<td>197</td>
<td>2,051</td>
<td>149</td>
</tr>
<tr>
<td>Metropolitan fringe</td>
<td>131,216</td>
<td>2,370</td>
<td>283</td>
<td>2,482</td>
<td>7</td>
</tr>
<tr>
<td>Periphery</td>
<td>18,767</td>
<td>1,963</td>
<td>203</td>
<td>2,090</td>
<td>127</td>
</tr>
<tr>
<td>Total</td>
<td>84,028</td>
<td>2,073</td>
<td>189</td>
<td>2,034</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: Central Bureau of Statistics. Data on local authorities is for 1995. The Table includes only Jewish local authorities with a population of over 5,000.
formally determines the location of a new HEI, but interviews with members of the CHE reveal somewhat varying views on its actual role.

Some view the CHE and PBC as professional bodies that practically control the planning and development of higher education and negotiate only directly with HEIs. Such a view downplays steps undertaken by HEIs and local authorities that are later on presented to the CHE as irreversible. For example, the Ministry of Education finances teacher-training colleges. Thus, cooperation between the Ministry and a local authority could lead to the establishment of a non-accredited teachers college. The CHE could find it hard to ignore the institution, even if it does not conform to its development plans.

Local authorities practically support HEIs and mayors do have contacts with members of the CHE. Eight out of nine local authorities that responded to the mail questionnaire, with HEIs accredited since 1980 within their jurisdictional area, indicated that they did support these HEIs. All indicated that the allocation of land and buildings was the major means to attract the HEI. Tax concessions, scholarships to local students, modest direct financial support (banned by the PBC) and participation in the deliberations of the CHE were also mentioned by most. HEIs that responded to the mail questionnaire stated that the prime considerations taken into account in their location decision were availability of land and appropriate buildings in an accessible location.

Thus, the CHE can be viewed alternatively as a quasi-political organisation in which members represent a variety of interests, such as those of particular segments of the higher education system. Local authorities are represented by only one out of the 15 members of the Council, but are able to influence decisions not only through their single representative. Nevertheless, the regulative powers of the Council should not be underestimated, and deviation from its declared policies is in no way a common practice.

A COMPARISON OF CLUSTERS

Three clusters of local authorities were thoroughly examined in order to assess intra-regional and inter-regional competition in higher education (Figure 1). The first includes four cities in the northern part of the Tel Aviv metropolis (Herzeliyya, Raanana, Kefar Sava and Hod HaSharon) – one of the most affluent parts of the metropolis. The second cluster includes two cities (Netanya and Hadera) and one regional council (Emeq Hefer) in the northern fringe of the Tel Aviv metropolis. The third cluster includes two cities (Ashdod and Ashqelon) and one regional council (Beer Tuvya) in the southern fringe of the Tel Aviv metropolis – considered to be among the least affluent areas in Israel’s coastal plain. Information gathered from interviews enabled reference also to Israel’s periphery, in order to provide a full range of location categories for our generalisations, from most to least central and affluent. This section outlines major findings of the examination of the above clusters. It provides more details on one prototype example – the ‘Interdisciplinary Center’ – but classifies all local government initiatives and responses identified in these clusters.

Northern suburbs of Tel Aviv – The cluster of Tel Aviv’s northern suburbs is a prime location for HEIs, enjoying proximity to Israel’s main population concentrations, particularly to a large segment of the affluent population. Market forces would have attracted HEIs to this core area, regardless of public support. Indeed, private colleges were attracted to this area – the ‘Interdisciplinary Center’ in Herzeliyya and Sha’arei Mishpat in Hod HaSharon – but our study shows that local government initiative had a crucial role in their intra-regional location decisions.

The ‘Interdisciplinary Center’ in Herzeliyya has been a major attempt to establish a private college that aspires to become a prestigious institution, on a par with Israel’s major universities, or perhaps even a ‘Harvard of the Middle East’. An early attempt of the entrepreneur, Professor U. Reichman, failed to receive the support of the Minister of Education. However, the passage of the law that enabled the establishment of law colleges in 1990 opened a window of opportunity, used by Reichman to establish a law college exempt from tuition fee controls of the PBC, within the Tel Aviv University. The college closed down in 1994, but the policy of the CHE meanwhile became favourable towards the establishment of new colleges.

Reichman negotiated the establishment of a new private HEI with several local authorities.
Although attracted by the image and economic benefits of such an institution, Herzeliyya could not come up with a proper site in 1993. Negotiations with the adjacent city of Raanana progressed slowly, perhaps because of difficulties with the proposed site and because Raanana was unable to provide initial financial support. When approached again, in 1994, the mayor of Herzeliyya was quick to seize the opportunity, by directing the ‘Interdisciplinary Center’ to a former army base and adjacent agricultural land. This land, owned by Israel’s Land Administration, was supposed to be re-zoned for residential use, to finance the costs of transferring the army base, but instead it was allocated to the new institution. In addition to the allocation of land, the city was also conducive in three main respects:

1. Speedy handling of procedures within the local authority – initial (modest) financial support, allocation of land, building improvements, infrastructure development and planning approvals.
2. Linking the new ‘Interdisciplinary Center’ with donors from the local and national business community.
3. Utilising links of the mayor with central government agencies: Israel’s Land Administration, the Ministry of Defence and the Ministry of Education.

Even after the establishment of the ‘Interdisciplinary’ in Herzeliyya, adjacent local authorities still approached its founder with proposals to relocate. Hence, this case demonstrates substantial intra-regional competition, in which speedy and effective local action had a decisive influence on the intra-regional location decision.

In an environment of stiff competition, the ability of a local authority to secure appropriate land (practically at no cost) was a critical factor in the location decisions. Support with the construction of needed infrastructure and facilities, and utilisation of useful links of the local authority and its mayor, have also been effective means to attract private colleges, such as the ‘Interdisciplinary Center’, and publicly funded schools, such as Raanana’s college (operating in a structure built by Raanana’s municipal corporation). In some cases, local authorities merely responded to opportunities created by entrepreneurs searching for location, but those that initially failed in the competition had to come up with their own initiatives; i.e. (a) Raanana with a public college that awards Open University degrees, (b) Raanana’s successful persuasion of the Open University to move its head office from Tel Aviv to Raanana, and (c) Kefar Sava’s attempt to annex an existing college – the Beit Berl Teacher Training College located in the adjacent Derom HaSharon regional council – which was rejected by a boundary commission appointed by the Minister of Interior.

Why did local authorities not suffering from unemployment, lack of human capital, or financial problems, invest efforts and initiative in attracting HEIs? Positive image effects, such as aspirations to become ‘the Harvard of the Middle East’ in the case of Herzeliyya and gain ‘a Cambridge-like’ reputation in the case of Hod Hasharon, expected to further boost the reputation of the local authority as an attractive location for migrants and economic investment have been major justifications. HEIs have been expected to contribute to the social and cultural life in their vicinity, to further enhance real estate values and to provide a unique imprint of the mayor on the city’s development, portraying the mayor as a successful doer.

**Northern fringe of Tel Aviv metro** – The northern fringe of the Tel Aviv metropolis offers a rather central location, in-between the Tel Aviv and Haifa metropolitan areas. However, this area is inferior to central and inner-northern parts of the Tel Aviv metro, in terms of proximity to a large bulk of the middle-class population, hence less attractive for private HEIs. The oldest college in this region – Rupin Academic Center at the Emeq Hefer regional council – managed to obtain publicly-funded status in 2002, and the sole private college in the area (Netanya) seemed also to be seeking public support. However, legitimacy to obtain public funding is limited in this non-peripheral area. Means are similar to those employed in the inner suburbs of Tel Aviv, but the local authorities are weaker financially and their inter-regional competitive position is less favourable, thus flexibility and quick response to emerging opportunities is critical for success. Despite the problematic locational situation and pressures from above, local authorities were not ready for any form of regional co-operation, even when regional colleges
faced threats of closure due to economic problems – for instance the cases of the Rupin Academic Center and the college at the Menashe regional council. The latter indeed closed down because the adjacent city of Hadera was unwilling to share with others the control of the college and to assist with covering its deficit, in return to relocating the college from Menashe to Hadera.

**Southern fringe of Tel Aviv metro** – The cities in this least affluent area in Israel’s coastal plain were largely populated by Jewish immigrants from Middle Eastern and North African origins in the 1950s and 1960s. Thanks to their proximity to the Tel Aviv area, they grew quite rapidly and absorbed a large number of immigrants from the former USSR in the 1990s. However, in line with the situation in much of Israel’s periphery, adjacent rural regional councils were more sound managerially, being the home of a larger proportion of an Israeli-born population with a higher socio-economic status.

Local authorities in the southern metropolitan fringe face an inferior location compared to other parts of the Tel Aviv metropolis. In competing for HEIs, these local authorities had to practically limit themselves to publicly-financed HEIs. More than once, local authorities in this area lost out to superior locations in the Tel Aviv metropolis (most obviously, Ashdod’s unsuccessful negotiations with two private colleges), thus the challenge of inter-regional competition in this cluster was greater than the challenge of intra-regional competition. At least in the case of Achva College at the Beer Tuvya regional council, the local authorities cooperated to block a threat to close down a teacher training school. However, co-operation ceased soon afterwards and proposals of the CHE to establish a multi-campus HEI in the region were practically rejected. Ashgelon’s action also probably led to the failure of an initiative to establish a branch of Bar Ilan University in the adjacent city of Ashdod – a branch that could have competed with the Ashgelon College.

Inter-municipal co-operation becomes a bit more common in the more remote periphery where limited demand and the economic and political weakness of many local authorities preclude independent initiatives. Motives and means are generally similar to those in more central locations, but the weight of negotiations with central government agencies is greater than in more lucrative locations, due to the dependence on publicly funded HEIs. Although local authorities in all clusters were engaged in the allocation of land for prospective HEI, the weight of this means of support becomes less important in more remote areas where land is more readily available.

**Classification of local government initiatives and responses** – The 10 local authorities included in the three clusters were involved, between 1990 and 2003, in 23 initiatives and responses associated with the location of HEIs (Table 3). Most action in the more affluent and centrally located northern suburbs (core) and northern fringe of the Tel Aviv metropolis was reactive (12 out of 15 cases). Only rarely, when losing in intra-regional competition, did local authorities in these locations turn into proactive action. Local authorities in the poorer southern fringe were mostly proactive (5 out of 8 cases). In more remote peripheral regions, local authorities practically had to be proactive in order to attract HEIs. It should be noted, however, that although reactive action was more common, success rates in proactive action were higher, because reactive action usually involved HEIs considering several locations, thus only one local authority, at most, could succeed in attracting the HEI.

Competition was the rule everywhere; only in the poorer southern fringe was intra-regional co-operation evident, and only once, as a reaction to a closure threat. However, in the more remote periphery, not included in Table 3, proactive co-operation – nonexistent closer to the Tel Aviv metropolis – was more essential, usually in the form of an HEI established through the initiative of a regional council, than steered and promoted with the co-operation of adjacent towns. In the northern suburbs and northern fringe, local government action primarily consisted of local incentives – support based on local resources (12 out of 15 cases) – whereas political lobbying for resources was prominent in four out of eight cases in the southern fringe area. The combination of co-operation and local incentives does not exist anywhere – inter-municipal co-operation has always been associated with political lobbying rather than with sharing costs.
Entrepreneurialism, the Central State and Location

Competition over the location of HEIs in Israel has indeed represented entrepreneurialism beyond routine administration of development. Local authorities entered a field far more regulated than the traditional domains of inter-municipal competition: business land uses that enhance the local tax base and school quality that attracts affluent population and provides electoral rewards. They entered a field formally regarded as an exclusive public policy domain of central government agencies, identifying the window of opportunity that enabled for a limited time the establishment of numerous accredited HEIs. Local authorities thus focused efforts on attracting new HEIs or gaining accreditation for existing ones, applying at times means on the ‘grey side’, particularly in order to secure an appropriate site in time to influence location decisions. Assuming that HEIs rarely relocate, the focus on location and accreditation can be regarded as reasonable.

Nonetheless, such local government action does not necessarily form Schumpeterian-type innovation or even an integrative and comprehensive approach to local development. The shift in Israel’s higher education development policy occurred as a response to pressures of lawyers and higher education entrepreneurs, whereas effective local government initiative largely consisted of early identification of the new opportunities. Imitation seemed to be the norm and fear of being left without an HEI while neighbouring localities ‘take it all’ also played a role. Local authorities have not been significantly involved so far, in more comprehensive higher education strategies that aim to maximise human capital and technology transfer impacts of new HEIs.

In contrast to US urban regime literature that tends to overlook the role of the central state in local development strategies, in Israel it is the role of local public agents that tends to be underestimated. However, our study demonstrates Brenner’s (2004) argument on the continued key role of the state in urban policy initiatives, even as the primacy of the national scale of political-economic life is decentralised. Local governance, regime theory and new regionalism literature argue that horizontal networks, consisting of public, private and nonprofit agents, diminish the significance of formal hierarchical political-territorial structures (Savitch & Vogel 2000; Kubler & Heinelt 2005). However, our study shows that these only reshape the intervention of the central state in local development.

### Table 3. Frequency and Success Rate of Local Government HEI Entrepreneurial Strategies in the Three Clusters, 1990–2003.

<table>
<thead>
<tr>
<th>Location</th>
<th>Reactive</th>
<th>Proactive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Competition</td>
<td>Co-operation</td>
<td>Competition</td>
</tr>
<tr>
<td></td>
<td>Local incentives</td>
<td>Political</td>
<td>Local incentives</td>
</tr>
<tr>
<td>Core (northern suburbs of Tel Aviv)</td>
<td>2/6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Metro fringe – north (northern fringe of Tel Aviv metro)</td>
<td>1/4</td>
<td>1/2</td>
<td>0</td>
</tr>
<tr>
<td>Metro fringe – south (southern fringe of Tel Aviv metro)</td>
<td>0/2</td>
<td>0</td>
<td>1/1</td>
</tr>
<tr>
<td>Total</td>
<td>3/12</td>
<td>1/2</td>
<td>1/1</td>
</tr>
</tbody>
</table>

Each cell presents the number of successful initiatives and responses divided by the total number of initiatives and responses. Success implies that the college was established or upgraded. The Table does not include initiatives to attract branches of foreign universities.
Decentralisation and local government entrepreneurialism do not necessarily imply diminishing influence of central state agencies. Central state regulation of higher education has remained a key factor, although more exposed to market pressures and local political initiatives. In this more pluralist mode of decision-making, the central state frequently acts as several opposing stakeholders, its decisions are increasingly subject to court intervention, but it does not cede powers to lower levels of government or to the market.

A major structural constraint on the range of local development strategies simply consists of traditional location factors of tertiary economic activities, primarily access to markets, as reflected by locational preferences of private HEIs. This constraint gives the predictable advantage to central locations – mitigated to some extent by the greater legitimacy for central government funding in less central locations. Thus, large and fiscally sound local authorities that have advantageous location and relatively affluent population are better positioned in the competition, particularly over private HEIs. A peripheral location can make it easier to obtain central government support – but sound and politically powerful local authorities have an advantage over poor and weaker ones also in the periphery.

Local authorities in high demand central locations can employ reactive strategies that respond to opportunities by allocating appropriate land and other elements in a support package quicker than adjacent local authorities. The favourably located local authorities compete mainly for private investment, with little incentive to co-operate with adjacent municipalities. Local authorities in the least favourable locations have to be more proactive, coming with their own initiatives and lobbying for public assistance, whereas such lobbying by better positioned municipalities is focused on obtaining accreditation. A formation of supportive coalition that includes central government personalities, and some intra-regional co-operation, could be essential in less favourably located regions. Nevertheless, our study indicates that the establishment of an HEI offers little short-term direct economic benefits that could be shared, as against largely long-term image and quality of life contributions, reduces the (anyway low) motivation of local authorities to invest in HEIs located in neighbouring localities.

Table 4 sums up characteristics of competition among local authorities over the location of HEIs in four location categories, providing a basis for a qualitative assessment of the impact of local government on the higher education system, versus the impact of markets and of relevant central state agencies. Local authorities have influenced significantly the location of HEIs at the intra-regional level, but less so at the inter-regional level. Market forces attract HEIs to high demand central regions. Local political initiative plays a role in the periphery, but one could argue that the central state would eventually support HEIs in these weak regions even if local authorities remain inactive. Local government initiative is thus most crucial in intermediate areas that fail to attract market-driven initiatives and face difficulties in obtaining central state support.

Did local government initiative affect the evolution of the higher education system beyond its influence on intra-regional location decisions? Our study suggests that local government activity has increased the geographical spread of HEIs, compared to the likely outcome if market forces were left to act alone. It also contributed to greater fragmentation and diversification of the system, compared to the likely outcome if the central state regulatory system had acted alone.

The cases assessed in this paper concern the reaction of local authorities to a window of opportunity that has opened for a limited time. Such a rapid pace of establishing new HEIs cannot last for long. The system is already becoming saturated, and those who were not quick enough to seize opportunities would in many cases find that it has become difficult to enter the market. Central government decisions hint at growing inconsistency of its action, being increasingly exposed to external political pressures. These included in 2005 decisions (a) to establish two new universities – a multi-campus university in northern Israel and a university in Ariel (a Jewish city in the occupied territories), (b) to establish two new faculties of law in peripheral HEIs, despite saturation in the field, and (c) to increase budgeting for HEIs as a
Table 4. Local government and higher education: a comparison of four location categories.

<table>
<thead>
<tr>
<th>Location</th>
<th>Locational competitiveness</th>
<th>Central government – local government relations</th>
<th>Inter-municipal relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core</td>
<td>Prime location for private initiatives</td>
<td>No central government involvement in the development of new HEIs. HEIs press mainly for accreditation</td>
<td>Intense intra-regional competition from a position of inter-regional advantage</td>
</tr>
<tr>
<td>Metro fringe – north</td>
<td>Inferior to metro core but superior to southern metro fringe</td>
<td>Seam zone: less attractive for private HEIs, but public funding is hard to obtain. Local government initiative is critical</td>
<td>No inter-municipal co-operation</td>
</tr>
<tr>
<td>Metro fringe – south</td>
<td>Inferior to metro core and to northern metro fringe</td>
<td>Substantial dependency on public funding. Less attractive for private HEIs</td>
<td>Intra-regional competition, limited co-operation. Initiative taken by large cities and sound rural regional councils</td>
</tr>
<tr>
<td>Periphery</td>
<td>Far from economic centres and major demand</td>
<td>Greatest dependency on public funding and central government support</td>
<td>Greater (but limited) intra-regional co-operation. Weak urban sector, dominance of rural regional councils</td>
</tr>
</tbody>
</table>
consequence of ‘horse-trade’ politics in Israel’s parliament.

Competition in the forthcoming years is expected to shift more to strategies of survival in a context of tight public resources and oversupply, to promote growth of existing HEIs, and to enter the few niches that are still underserved. These niches are usually less lucrative economically, such as Arab colleges or private HEIs in medicine and other high cost programmes. Development of Arab HEIs particularly emerges on the agenda, as the lack of accredited HEIs that serve the large Arab minority becomes an increasingly visible anomaly.

A final issue concerns the materialisation of expectations regarding the local development impact of the new HEIs. The measurement of such impacts has been the focus of a significant body of research (Felsenstein 1999; Freeman et al. 2000) and is beyond the scope of the present study. Nevertheless, the substantial risk of oversupply and the regional rather than local scope of effects can put a question mark on the wisdom of the very low propensity of adjacent local authorities to co-operate when it comes to higher education, particularly in light of the probable spillover of positive effects beyond municipal boundaries. Replication of growth strategies that result in zero-sum forms of interlocality competition has been identified as an outcome of regulatory deficit of urban locational policies (Brenner 2004). If local policy shifts from competing over the location of accredited HEIs to maximising the development impact of existing HEIs, the need to move from local entrepreneurialism to competitive regionalism could be further highlighted.

Acknowledgements

This research is part of a study supported by the Israel Science Foundation grant no. 774/00-1.

Note

1. Three Arab teacher training schools were accredited by the CHE in 2005.

REFERENCES


Florax, R. & H. Folmer (1992), Knowledge Impacts of Universities on Industry: An Aggregate Simultaneous


