

Inter-municipal Cooperation in the U.S.: A Regional Governance Solution?¹

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U.S. local governments are characterized by political fragmentation. This creates problems of coordination and efficiency at both the metropolitan and rural scales. While political consolidation is rare, voluntary cooperation between municipalities is quite common. This paper explores whether a system of voluntary cooperation can achieve efficiency and equity objectives without losing local voice and identity. Using data from the International City/County Management Association survey of more than 1200 municipalities over the 1992-2002 decade, probit models of inter-governmental contracting are constructed. Findings show the efficiency benefits of cooperation have eroded over time due in part to the lack of adequate public monitoring. Results on equity are indeterminate. While citizen voice was in support of cooperation at the beginning of the decade, this is no longer true at the end of the decade. Results suggest the need for a more democratic form of inter-municipal cooperation to ensure accountability, responsiveness and efficiency.

Los gobiernos locales en los EE.UU. son caracterizados por fragmentación política. Esta fragmentación crea problemas de coordinación y eficiencia al nivel metropolitana y rural. La consolidación política es inusual, pero la cooperación voluntaria es común. ¿Sería suficiente un sistema de cooperación voluntaria para alcanzar objetivos de eficiencia y equidad sin perder la voz del ciudadano y la identidad local? Usando encuestas hechas por la Asociación Internacional de Gestión de Ciudades y Condados, sobre

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más de 1200 municipios, construimos modelos estadísticas probit de contratos inter-gubernamentales durante la década 1992-2002. Los resultados indican que los beneficios de eficiencia no permanecían sin un sistema de vigilancia pública. Los resultados sobre la equidad regional son indeterminados. La voz del ciudadano está a favor de la cooperación al principio de la década, pero no al final. Los resultados comprueban la necesidad de tener una forma de cooperación más democrática para asegurar la eficiencia, la evaluabilidad y la responsabilidad al ciudadano.

Key words: intergovernmental contracting, rural-urban differences, local government, regionalism

JEL Classification: H72, H73, H77, R58

INTRODUCTION

Inter-municipal cooperation has been a common form of production of public services in the United States for a long time. After direct public production, and privatization (contracting out), cooperation is the third most common form for producing public services (Warner and Hefetz 2004). One advantage of cooperation is that local governments can obtain economies of scale even if they are small (Ferris and Frady 1991, Morgan and Hirlinger 1991, Lavery 1999). The government retains public control over service delivery, and communities retain their local identity (Morgan and England 1998, Warner and Hebdon 2001). Compared to political consolidation where local identity can be subsumed, cooperation is a more highly favored alternative. Privatization (contracting out) would be another alternative but in this case control is transferred to the private sector and privatization requires a market of private providers that is not always present, especially in rural areas (Kodryzski 1994, Warner and Hefetz 2003).

We have a problem with political fragmentation in the United States. According to the U.S. Census of Governments (2002) we have 39.000 local governments and the majority of these (22.000) are under 2.500 inhabitants. Rural governments are too small to enjoy economies of scale in service provision and they experience difficulty in attracting professional managers and in producing highly technical services. In urban areas, political fragmentation creates problems with regional coordination and inequity in the quality and quantity of public goods across the metropolitan region. In a world where cities play an important role in