

# Local public finance and municipal governance: an another role of fiscal federalism

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*This paper aims to interpret Charles Tiebout's model of local public expenditures based on the theory of the so-called corporate governance. In this interpretation, communities and jurisdictions are viewed as "municipal corporations", whose shareholders are owners of property and local governments are the administrators. Beyond that, proposes itself that the rights of the local governments defined in the Fiscal Federalism can serve of guide for good practice of governance.*

*Este artículo pretende interpretar el modelo de Charles Tiebout de gastos públicos locales a partir del referencial teórico de lo que se acordó llamar de gobernanza corporativa. En esta interpretación, las localidades, jurisdicciones, son vistas como "corporaciones municipales" cuyos accionistas son los propietarios de los inmuebles y los administradores son los gobiernos locales. Además de eso, se propone que las atribuciones de los gobiernos locales definidas en el Federalismo Fiscal pueden servir de guía para buenas prácticas de gobernanza.*

Key words: urban economy, residential choice, corporate governance, municipal governance, fiscal federalism

JEL classification: H31, H41, H72, H73, H75, H76, H77, R2

## 1. INTRODUCTION

Within in the theoretical structure of the so-called New Urban Economy, when a family moves to determined city and has to choose a residency, a complex set of decisions has to be faced by the family. According to Fujita (1989), the families are confronted with a trade-off between the following factors: accessibility, space, amenity. Accessibility includes both pecuniary costs and the time to get to work, to visit friends, to get