

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

global competitiveness (Le Gales 1998, Brenner 1999), this lack of coordination at the metropolitan scale is a problem. For rural areas, decentralization has resulted in less national attention to regional equity and rural municipalities use cooperation as a response (Warner 2003, Korsching et al 1992). Thus at both the urban and the rural scales, cooperation is a policy and practice that enjoys substantial political support.

This paper explores whether cooperation, as a voluntary system, is sufficient to address problems of efficiency and equity at the regional scale. I explore the academic debates regarding cooperation under fragmentation or political consolidation. Cooperation is more popular than consolidation and as such, presents a more politically viable solution to the problems of metropolitan integration and rural development. Using data from national surveys of local government conducted by the International City/County Management Association (ICMA) over the decade 1992-2002, the paper explores whether cooperation delivers in terms of efficiency, equity, accountability and responsiveness. Findings suggest that cooperation, as a voluntary approach that is not directly democratic, is no longer delivering efficiency, equity and accountability gains that were earlier considered to be its primary benefits. To ensure these benefits, we need to address regional governance in a multi-scalar context (Jouve and Lefevre 2006). The role of the nation state is critical in setting the rules of the game and ensuring redistribution. A regional governance structure that is democratic is needed to ensure equity. And a local democratic government is also needed to ensure voice. Cooperation is a solution local governments can pursue on their own, but the other scales in the governance system must also be addressed if efficiency, equity and responsiveness goals are to be met.

THEORETICAL REVIEW

Since the 1970s there has been a strong debate between the advocates of Public Choice, who prefer political fragmentation, and advocates of political consolidation. Bish and Ostrom (1973) and Parks and Oaker-son (1993) suggest that inter-municipal cooperation can achieve economies of scale without consolidated regional government. They use examples from St. Louis, Missouri and Pittsburgh, Pennsylvania to demonstrate that expenditures for police, fire, roads and education are not excessive under political fragmentation. Cooperation allows municipalities to reach economies of scale without losing local control and local identity.

In contrast, advocates of consolidation believe political consolidation is necessary to achieve economies of scale, efficiency and regional equity (Altshuler et al 1999, Downs 1994). Research suggests, contrary to Public Choice precepts, that citizens are satisfied under consolidated metropolitan government (Lyons and Lowery 1989). The problem is that political consolidation is very difficult in the U.S. In many states, cities lack the power to annex their suburbs (which in the U.S. context tend to be the richest municipalities in the metropolitan region). David Rusk (1993) in his book, *Cities Without Suburbs*, notes that elastic cities (that can annex their suburbs) have better fiscal health and fewer social ills than inelastic cities. Myron Orfield (1997) used this logic to present maps of fiscal health and social problems across the metropolitan region. He showed how inner ring suburbs (poor with inadequate infrastructure) have similar problems to the inner city (which in the U.S. has the highest levels of poverty). Outer ring suburbs, where most of the job growth is, enjoy higher income and lower poverty. Using maps and neighborhood discussions, Orfield built political support for a “*Metropolitica*” at the regional level in the Minneapolis/St. Paul region of Minnesota. Tax base sharing, deconcentration of affordable housing, and a regional view regarding economic development resulted. Despite tremendous enthusiasm for this approach among U.S. planners, regional consolidations continue to be rare. Lack of enthusiasm for consolidation stems in large part from strong enthusiasm for localism in the U.S. (Briffault 2000). While Briffault argues that the “new localism” needs to be regional, the metropolitan region in the U.S. continues to be characterized by political fragmentation.

In rural areas the debate has focused on the capacity to ensure service delivery. Rural areas have a long history of cooperation. Rural municipalities recognize the need to work together to provide basic services that would not be possible without cooperation. Rural development experts recommend cooperation as the preferred approach to rural service delivery (Korsching et al 1992). Cooperation provides economies of scale and a broader basis for additional forms of collaboration. It can lead to multi-functional cooperation that addresses economic development, land use planning, social equilibrium and political participation (Caraval 2006). Rural areas face the challenge of trying to compete in a more “marketized” governmental system (Warner and Hefetz 2002b, 2003). Although urban scholars argue the ‘resurgence of the city’ and see a key role for cities or the metropolitan region in a global competi-

tive system (Jessop 1997, Brenner 1999, Le Gales 1998), rural areas do not figure in this debate. If rural areas can not compete well in a more competitive local government system, they are going to cease to have the capacity to invest in services fundamental to future economic development and the long term fiscal health of the rural municipality. This leads to a vicious cycle of underinvestment, declining economic development and declining fiscal capacity (Warner and Pratt 2005). The twin processes of decentralization and privatization leave rural areas at a double disadvantage (Warner 2006a, Warner and Hefetz 2003, Warner 2001). These trends lead to increased spatial inequality, especially in rural areas (Lobao et al 1999, Warner and Pratt 2005).

Cooperation has been considered the most effective approach to help rural areas compete in a governmental system more oriented toward efficiency and competition than redistribution (Warner 2003, Honadle, Cigler and Costa 2004). However, the most recent data show a decline in the levels of cooperation and a return to direct public production among rural governments (see Table 1). Statistical analysis shows this drop is not due to problems with managerial attitude, but rather due to structural factors of the market which make rural municipalities less attractive (Warner 2006a).

Rural areas have higher costs and lower tax bases than suburbs and are thus less able to compete in a market-based governmental system. We find a U-shaped cost curve with higher costs in rural areas (due to sparsity) and in core urban areas (due to congestion) (Warner 2001, 2006a). Suburbs in the U.S. are the most favored. They have lower costs, higher income, lower poverty, higher tax bases, and their medium size and large number creates an attractive market for private providers reducing dependence on direct governmental production (Warner and Hefetz 2002a, 2002b, 2003, Joassart-Marcelli and Musso 2005). See Table 1.

Efficiency arguments are promoted by adherents of fiscal federalism who argue that fiscal equivalence will create a more efficient local government system (Oates 1998). Researchers more concerned with equity insist that fiscal federalism justifies regional inequality as preference (Prud'homme 1995). Decentralization has exacerbated problems with regional inequality in the United States (Lobao et al 1999, Warner and Pratt 2005). Spatial inequality within the metropolitan region has led to a sense of private ownership over public services and the local tax base. This makes tax base sharing difficult and undermines interest in cooperation at the regional level (Frug 1999, 2002). Even though suburbs

Table 1. Differences by Metro Status in Service Production, Government Expenditure and Social Wellbeing, U.S. Cities and Counties 1992-2002

Variable:	Survey 1992			Survey 1997			Survey 2002		
	Rural	Suburb	Metro	Rural	Suburb	Metro	Rural	Suburb	Metro
Provision Level (# services provided)¹	41 ^a	41 ^a	45 ^b	33 ^a	33 ^a	40 ^b	35 ^a	34 ^a	40 ^b
% Public Delivery¹	63 ^b	56 ^a	62 ^b	60 ^a	57 ^a	59 ^a	66 ^b	55 ^a	58 ^a
% Private For-Profit Delivery¹	12 ^a	16 ^b	14 ^a	16 ^a	20 ^b	18 ^b	12 ^a	20 ^b	19 ^b
% Cooperation¹	16 ^a	20 ^b	15 ^a	15 ^b	16 ^b	12 ^a	11 ^a	13 ^b	11 ^a
Per Capita Income, 1989²	11,228 ^a	17,548 ^c	13,880 ^b	11,256 ^a	17,299 ^c	13,776 ^b	13,241 ^a	20,206 ^c	16,098 ^b
% Poverty, 1989²	17.3 ^c	7.8 ^a	14.4 ^b	17.4 ^c	7.6 ^a	14.4 ^b	15.6 ^c	7.7 ^a	14.5 ^b
Local Exp. \$ Per Capita, dfl 1992=100³	950 ^b	810 ^a	980 ^b	800 ^{ab}	750 ^a	850 ^b	707 ^b	582 ^a	743 ^b
N	358	750	306	390	714	303	278	512	241

Duncan Post Hoc Ranking of subgroup means, based on $\chi^2 = .05$; a = lowest, c=highest. F test found all variables significantly different ($P < .05$) by metro status, except for “% entirely public” 1997

Sources: ¹International City/ County Management Association, Profile of Alternative Service Delivery Approaches, Survey Data, 1992, 1997, 2002. Washington DC: ICMA. ²City/County Data Book, based on Census of Population and Housing 1990, 2000. Charlottesville, VA: University of Virginia. ³U.S. Bureau of the Census. (1992, 1997, 2002). Census of Governments: State and Local Government Finances, Individual Unit File. Washington, DC: US Dept. of Commerce.

benefit from urban growth (Solé-Ollé and Viladecans-Marsal 2004) and enjoy service spillovers (Solé-Ollé 2005), voluntary cooperation does not ensure suburbs will cooperate with their higher cost metro core or rural neighbors. Despite Public Choice assumptions that citizens shop for communities based on the mix of taxes and services (Tiebout 1956), empirical studies show income restricts mobility and the most important signals driving community choice are class and race (Lowery 2000, Trout 2000). Thus, a critical question for cooperation research is whether it promotes or exacerbates regional inequity.

Cooperation supports localism by enabling municipalities to retain their independent identities and still achieve economies of scale in service provision. As such cooperation could be a route toward later multi-functional collaboration or political consolidation. But it is also possible that cooperation could undermine interest in more comprehensive collaboration by addressing the easier services and leaving more pressing issues such as tax base sharing unsolved (Frug 2002). Because cooperation is so much more popular than political consolidation, it is important to study whether it delivers on efficiency, equity and identity objectives.

Can we achieve metropolitan equity and efficiency with voluntary cooperation? Chris Webster and Lawrence Wai-Chung Lai (2003) argue that many public goods can be produced through voluntary clubs. Such club goods present an alternative to direct public production. If we extend the argument from the individual level to the municipal level, we can think of cities as members of the club and inter-municipal cooperation as a form of club-based service provision. This is consistent with Ronald Coase's (1960) discussion of voluntary bargaining to provide public goods. But who will participate? Under voluntary cooperation will only those who benefit participate? If so, will voluntary cooperation lead to a more equitable region or merely reduce pressure to create regional government by dealing with services which are easier to address?

UNDERSTANDING COOPERATION

We can think of cooperation on a scale from the informal to the formal (Warner 2006b). In the United States informal cooperation through mutual aid agreements and councils of governments is quite common. Mutual aid agreements tend to focus on a single service and occur through informal professional associations of government officials in charge of roads, police, and fire services. Councils of Governments are multi-functional in interest and tend to focus on broader concerns of regional development and environmental management. Elected officials tend to participate in these councils, and although they do not have official legal standing, they can coordinate cooperative activity among the participating municipalities.

The most formal forms of cooperation are special districts and consolidated governments. Special districts are quite common (over 35,000 according to the U.S. Census of Governments 2002). The majority (91%) are single function (education, water, housing, transport) and

technical in focus. Typically these are appointed forms of government, not elected, but they do have the power to tax and their districts can cross municipal boundaries. They are a common single-function solution to the metropolitan fragmentation problem (Foster 1996). Consolidated governments are extremely rare. They can include “empowered counties” which are given the power to provide the majority of services to all municipalities within their borders, or they can be new regional governments made up of multiple counties covering a wider portion of the metropolitan region. These consolidated governments are elected and multi-functional.

The forms of cooperation studied in this paper are intermediary between the informal mutual aid agreements and councils of governments, and the formal special districts and consolidated regional governments. These intermediate forms of cooperation include inter-government cooperation or co-production of services. In these cases participating municipalities have a formal written contract for service production.

DATA AND MODEL

The International City County Management Association collects data on all forms of government service production. Direct public delivery, private contracts and inter-governmental contracts are the most common forms. Every five years the ICMA conducts a survey of all cities over 10,000 population, counties over 25,000, and an additional sample of one in eight smaller municipalities. The survey covers 64-67 local services and asks questions of managers regarding ideology, monitoring, contract specification and citizen participation.

We can see in Table 2 that the level of cooperation has fallen over the decade from 18 percent of all service delivery in 1992 to 11 percent in 2002. Privatization actually rose slightly over the decade although it peaked in 1997. Other analysis shows the drop has been most severe among rural municipalities (Warner 2006a, 2006b). What might explain this drop?

First, we need to recall that there is a scale of cooperation from the most informal (mutual aid agreements, councils of governments), to the most formal (special districts or consolidated governments). Neither of these two ends of the spectrum is in the ICMA data. In the first case it is too informal; there is no contract. In the second case, it now represents its own independent government and is no longer an inter-governmental contract. The ICMA data only capture the intermediate forms of cooperation – inter-governmental contracting.

Table 2: Variable Means for U.S. Metropolitan and Independent Places

Variable description	1992		1997		2002	
	Mean	STD	Mean	STD	Mean	STD
Number of Services Provided by Place ¹	41.5	12.1	34.3	13.8	35.3	10.6
Number of Services Provided via Cooperation ¹	7.9	6.7	5.2	6.2	4.4	5.4
Percent Cooperation over Provision ¹	18	13	15	18	11	12
Population size ²	63,607	163,108	66,995	175,778	83,627	211,500
Per Capita Total Local Govt. Expenditures, US Dollars ³	887	684	784	555	653	502
Per capita income, US Dollars ²	15,155	6,332	14,883	6,097	17,306	7,233
Percent Persons Below Poverty Level ²	11.6	7.9	11.8	7.9	11.5	7.3
Efficiency Index ¹	0.32	0.29	0.32	0.29	0.30	0.30
Voice Index ¹	0.14	0.17	0.14	0.17	0.14	0.17
Internal Opposition Index ¹	0.18	0.27	0.19	0.28	0.17	0.27
Political Climate Index ¹	0.21	0.26	0.18	0.25	0.14	0.22
Dummy for Council Manager ¹	0.64	0.48	0.62	0.49	0.56	0.50
Dummy for Suburbs ²	0.53	0.50	0.51	0.50	0.50	0.50
Municipal Type, County/Town, County=1 ¹	0.18	0.39	0.21	0.41	0.22	0.41

Sources: ¹International City/ County Management Association, Profile of Alternative Service Delivery Approaches, Survey Data, 1992, 1997, 2002. Washington DC: ICMA. ²City/County Data Book, based on Census of Population and Housing 1990, 2000. Charlottesville, VA: University of Virginia. ³U.S. Bureau of the Census. (1992, 1997, 2002). Census of Governments: State and Local Government Finances, Individual Unit File. Washington, DC: US Dept. of Commerce.

Second, theoretically we would expect cooperation to be more common in services that are more complicated and require a certain level of public participation (Stein 1990). In Table 3 we can see that this is the case. Cooperation is more common in health and human services, culture and art. With the declining social welfare state, service delivery

in health and human services has dropped more than in public works and this is one reason explaining the overall drop in cooperation in the last decade.

Table 3 Cooperation and Reduction in Service Provision, by Service Type, U.S. Cities and Counties

	Cooperation % service delivery 2002	% drop in provision 1992-2002
Public Works (roads, water, waste, transport)	12.3	16.4
Utilities (gas, electricity, etc)	8.8	13.3
Public Safety	12.4	20.3
Health and Human Services	30.3	32.4
Parks and Recreation	8.4	9.5
Culture and Art	20.2	20.0
Support Functions	6.3	10.3
All Services	12.7	17.4

Source: ICMA data 1992-2002 analyzed by Warner y Hefetz 2004, N=1031 municipalities

Have the factors associated with cooperation changed over the decade? What importance do efficiency, equity, monitoring, voice, opposition, management and political and geographic context have on the level of cooperation? A probit model of the level of cooperation is constructed with the following variables: Efficiency, Equity, Monitoring, Political Participation, Professional Management, and Capacity. Summary statistics are provided for each of these variables in Table 2.

EFFICIENCY

One promise of cooperation is that it will promote efficiency because it will help communities reach economies of scale. We include population as a control for community size and expect cooperation to be more common among smaller communities. To measure efficiency we use total local government expenditures per person (in constant 1992 dollars) from the U.S. Census of Governments. We see that the level of expenditures is dropping over the decade. To model the U-shaped curve (higher expenditures for rural governments due to sparsity, and higher expenditures for metro core governments due to congestion), we include a dummy variable for suburbs. Suburbs have consistently lower expenditures due

to their medium density and lower level of social needs. We expect cooperation to be associated with lower expenditures if it contributes to efficiency.

EQUITY

A primary concern is whether voluntary cooperation will yield equity results at the regional level. We know from earlier research (Warner 2006a, Warner and Hefetz 2003, 2002a, 2002b) that cooperation, as a voluntary form of regional government is favored by suburbs. We also know that in the 1992 and 1997 surveys cooperation was increasingly common among rural governments. However cooperation dropped among all governments in 2002 and especially for rural governments (Warner 2006a, 2006b). To test for equity we include per capita income (1992 dollars) and percent poverty from the U.S. Census of Population and Housing. Because we know that suburbs use higher levels of cooperation, we also include a suburb dummy¹ so we can differentiate income effects from suburban effects.

MONITORING

One promise of cooperation is that control remains in the public sector so service quality and contract specification may be easier to manage (Warner and Hebdon 2001, Warner and Hefetz 2002a, Stein 1990). However, it is not at all clear that forms of monitoring used for in house production cover cooperative agreements. Marvel and Marvel (2006) call attention to problems with monitoring of cooperative agreements. Because cooperation involves collaboration among technical staff which may be insulated from political review of citizens, the system generates problems with accountability (Perlman 1993). Directors are appointed, not elected. In some states, such as New York, cooperative agreements may fall outside the public financial review process for municipalities. To ensure efficiency it is necessary to monitor inter-governmental contracts just as with private contracts. We measure the level of monitoring with an index based on answers to ICMA survey questions regarding: desire

¹ We differentiate core metropolitan municipalities from outlying suburban municipalities using Office of Management and Budget criteria. Core cities have 40 percent of their residents working in the central city of the Metropolitan Statistical Area and employment residence ratios of at least 0.75. All other metropolitan cities are classified as outlying -suburban. Non-metropolitan towns are classified as rural.

to reduce costs, monitoring service quality, monitoring costs, allowing competitive bidding and experimentation with alternatives.²

POLITICAL VOICE AND PARTICIPATION

One promise of cooperation is that it allows more political participation and public accountability than consolidated regional government. U.S. citizens support local government more than the state or national level (Conlan 1998). Under decentralization, local responsibility for service provision has risen. The local level is where we expect to see higher levels of public participation. Under consolidation, local voice and identity can be lost (Briffault 2000). Strong local identity is one reason we have seen so little consolidation in the last 50 years. But voice also can be lost under cooperation –especially when cooperation is isolated from political review. We analyze whether communities with higher levels of cooperation also give attention to maintaining avenues for citizen participation in the service delivery process. We differentiate citizen voice, internal opposition and external political climate. The index for citizen voice (based on Warner and Hefetz 2002a) includes answers to ten questions that address mechanisms for public participation, external opposition, citizen involvement in evaluation, serving on committees, citizen surveys, monitoring citizen satisfaction and monitoring complaints.

Because cooperation creates a form of service delivery potentially less accessible to public scrutiny, the internal opposition index is measured separately from citizen voice. The index is the sum of positive answers to questions concerning opposition from employees, department heads, elected officials and restrictive labor agreements. A more general measure of external political climate is included as an index based on fiscal pressure, state mandates regarding inter-governmental finance, and attitudes regarding a change in political climate to reduce the role of government.

PROFESSIONAL CAPACITY

Cooperation requires professional capacity. Although Bel (2006) has

² This index and the other indices used in this paper are created by summing positive responses to component questions and dividing by the total number of questions in the index. $\sum f_i/N$, where $f=1$ if checked yes to question and 0 if not, and $i=1,2,\dots,N$ for questions.

argued that cooperation can lower the transactions costs of alternative service delivery, we have found that cooperation requires professional management capacity. We control for this with a dummy variable indicating whether a government has a council manager form of government or not. We also include a dummy for county in the model as we would expect higher probability of cooperation at the county level.

RESULTS

We analyze the data using a probit model of the level of cooperation controlled for level of service provision as the dependent variable. We use a repeated cross section analysis to maintain sample size.³ We find that cooperation is less common in municipalities with more population. This confirms that larger cities operate at an appropriate scale and do not require cooperation to obtain economies of scale. This is similar to results in Spain that show higher levels of cooperation among smaller municipalities (Bel 2006, Bel and Costas 2006) See Table 4.

Table 4: Probit Model Results for U.S. Metropolitan and Independent Places

Parameter	Inter-Municipal Cooperation		
	92 Est.	97 Est.	02 Est.
Ln(Population)	-0.032*	-0.057*	-0.047*
Total Local Expenditure Per Capita	-0.069*	-0.109*	0.000
Ln(Per Capita Income)	0.074*	-0.036	0.043
Percent Poverty	0.006*	0.003	0.005*
Efficiency Index	0.012	-0.128*	0.163*
Voice Index	0.094*	0.432*	0.014
Internal Opposition Index	-0.149*	-0.117*	0.042
Political Climate Index	0.007	0.078*	-0.184*
Council Manager Dummy	0.045*	0.072*	0.074*
Suburb Dummy	0.156*	0.135*	0.193*
County Dummy	0.024	0.120*	0.233*
Intercept	-1.364*	-0.205	-1.564*

* Sig. at P<0.05

³ Only 40% of the sample is the same across any two surveys. We have 1414 observations in 1992, 1407 in 1997 and 1031 in 2002.

Evidence on efficiency shows efficiency at the beginning of the decade but not at the end. In 1992 and 1997 cooperation was associated with lower expenditures. But this relationship was not significant in 2002. This suggests that the benefits of lower costs may evaporate over time without formal monitoring. In 1992 municipalities enjoyed efficiency benefits without monitoring. In 1997 municipalities with higher monitoring used less cooperation, but by 2002 more monitoring was associated with more cooperation. At the beginning, public managers were satisfied with the efficiencies of cooperation and did not realize the necessity of a formal monitoring system. But over time, problems with lack of accountability led to greater attention being given to the need to monitor cooperative agreements. Recent data from France also suggest efficiency may not be the primary benefit of cooperation, instead improvements in service quality and coverage were found (Uhaldeborde, 2006).

We wanted to know if cooperation would help address intra-regional inequity. Our poverty and income variables were used to approximate equity. We see that municipalities with higher income used more cooperation in 1992, but this effect disappears in the 1997 and 2002 models. This suggests that cooperation does not favor richer communities. In the 1992 and 2002 models we see that communities with higher poverty were more likely to have higher levels of cooperation. These results provide some evidence for a positive equity effect of cooperation. But suburbs exhibit a consistently higher level of cooperation throughout the decade and we know that suburbs have higher income and lower poverty. Thus the relation between cooperation and equity is indeterminate. Recent research from Switzerland also suggests the benefits may be greater for the collaborating communities than the inner city (Soguel 2006).

We have some indications that cooperation is more isolated from the political control process over time. Attention to citizen voice was associated with higher cooperation in 1992 and 1997, but this effect was not significant in 2002. Internal opposition resulted in less cooperation in 1992 and 1997, but had no effect in 2002. Government managers see the benefits of cooperation in part because cooperation is subject to less direct political control. Thus it is no surprise that internal opposition ceases to have an effect in 2002. Our political climate variable switches from a positive association with cooperation in 1997 to a negative one in 2002, suggesting possible declining public support for cooperation.

During the entire decade professional managers used more cooperation. Counties, that have wider service areas and responsibilities, also used

more cooperation, especially in 1997 and 2002. This indicates that professional management and a regional view (county covers a wider area) are important factors promoting cooperation.

CONCLUSION

Inter-municipal cooperation presents a means to reach economies of scale in public service delivery at the municipal level. Even though cooperation is a public alternative, it still requires a monitoring system to maintain economic benefits. Without this, we see efficiency benefits drop over the decade.

With the passage of time, organizational forms of cooperation become more isolated from a transparent and public review process (Perlman 1993). Our measures for citizen voice cease to be associated with more cooperation in 2002 and internal opposition ceases to be associated with less cooperation. Cooperation can create a system of service delivery isolated from a political process and thus may be more comfortable for internal government actors. Normally cooperation is based on individual agreements. When formalized across communities, the cooperation may not be under the direct control or supervision of any of the participating communities. At the most formal level cooperation becomes a separate government, a special district, which is not subject to elections or, in many cases, financial review processes that govern multi-functional governments. Problems with accountability and monitoring could be part of the explanation for the drop in the level of inter-governmental contracting.

In terms of equity, although cooperation is more common in municipalities with more poverty, the effect is small. Suburbs, by comparison, have a higher probability to cooperate. Suburbs have lower poverty and higher income so we can not conclude that cooperation is a route to greater intra-regional equity in service delivery. To investigate this further we would need to know with whom each municipality cooperates. These data do not exist at the survey level. Case studies show that suburbs cooperate with each other or with counties that have wider service responsibilities (ACIR 1974). Thus, cooperation as an alternative to consolidation, falls short because we still need a multi-functional, democratically based regional government.

We do not have data on community identity in the ICMA survey but we know from surveys that measure this that it is important (Warner and Hebdon 2001). Metropolitan divisions in the U.S. have much to do

with class and race. If cooperation allows suburbs to enjoy economies of scale, it may contribute to the perpetuation of political fragmentation. Suburbs have fewer problems with poverty, provide a narrower range of services, and enjoy an adequate tax base. Urban centers face more social problems, provide a broader range of services and can not impose taxes on suburbs that enjoy service spillovers. In rural areas, there is less financial capacity and it is more difficult for residents to take advantage of service spillovers.

Although there is no political support for consolidation, we still need a system of regional government that is more equitable. Solutions require a system based on democratic participation and subject to public accountability. It seems a multi-functional regional government is necessary. Cooperation seems to be only a partial measure. When cooperation is technical in form, single function and without direct public accountability, it can fortify metropolitan divisions (Bollens 1997). The drop in cooperation in recent years suggests that cooperation is not sufficient to resolve problems either at the technical or the political level.

We must look at the regional governance challenge as a problem at multiple governance scales (Jouve and Lefevre 2006). There is a limit to the role that can be played by local government. Some form of regional government is needed. We also must pay attention to the role of the nation state. Despite a declining national interest in regional policy (Brenner 2004), the nation state still sets the rules – even in a global system (Warner and Gerbasi 2004),⁴ and is the primary scale capable of redistribution or crafting incentives to encourage collaboration among unequal municipalities. While cooperative strategies have a certain value, they are not sufficient to address redistribution and global competitiveness.

⁴ For example, the United States is promoting new governance processes in the free trade agreements (NAFTA, GATS) that limit the authority of subnational governments and may undermine the capacity to engage in privatization and intergovernmental contracting. The rules privilege foreign investors over local government (allow compensation for regulatory takings) and undermine the bargaining framework necessary for market-based public service delivery. This new context reduces local government sovereignty and limits the ability to negotiate contracts (subject to cost and quality only) and substitutes a private arbitration process for the public courts (Gerbasi and Warner 2007).

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