Institutional Collective Action and Local Governance

Richard C. Feiock
Askew School of Public Administration and Policy
&
Devoe Moore Center, Program in Local Governance
Florida State University
Metropolitan Governance

- Can voluntary agreements resulting from institutional collective action provide a viable alternative to consolidation?

- Strategic interactions among local actors encompass both Competition and Cooperation

- Voluntary agreements emerge as the result of a dynamic political contracting process among local government units facing a collective action problem (Feiock 2004)
Overview of Paper

• Outline transaction cost obstacles to cooperative interlocal arrangements.

• Identify how these costs and the ability of local actors to overcome them depend on:
  1) characteristics of services
  2) characteristics of communities
  3) political institutions
  4) structure of policy networks.

• Advance specific propositions regarding evolution and effectiveness of interlocal cooperation.

• Present an agenda to investigate institutional collective action among local governments.
Transaction Costs & Metropolitan Governance

- In theory spillovers can be addressed through negotiated agreements (Coasian bargaining).
- Transaction costs are barriers to effective interlocal agreements.
- In practice, how do local governments overcome barriers to cooperation?
Assumptions of Coasian Bargains:

1. Information/Coordination - payoffs from cooperation and preferences over outcomes are not common knowledge;

2. Negotiation - the parties may not agree to a division of the bargaining surplus;

3. Enforcement/Monitoring - agreements are often costly to enforce; and

4. Agency - bargaining agents may not perfectly represent the interests of their constituents.
ICA

- Voluntary agreements emerge as the result of a dynamic political contracting process among local government units facing a collective action problem.

- Local Actors will participate in interlocal agreements when their benefits exceed transaction costs.

- Transaction costs, and the ability of local actors to overcome them, depend on:
  1) characteristics of services
  2) characteristics of communities
  3) political institutions
  4) structure of policy networks.
Characteristics of Goods and Services

- Economies of scale in production
- Meterability of service outcomes
- Asset specificity
Characteristics of Communities

- State level rules
- Population
- Geographic location
- Political, economic, and demographic contexts
  - Homogeneity within and across units
Characteristics of Political Systems

- Forms of Government
- Administrative and electoral incentives
- Institutional homogeneity
Coordination Networks

• Coordination is facilitated by centralized networks with a network broker and/or ties that bridge structural holes.
  – may increase bargaining and enforcement costs if there is a risk of opportunism
Negotiation Networks

- Bargaining costs are reduced by reciprocal relationships in dyads.
  - Local government can strengthen relationships with its partner
  - Opportunity for “side payments” through log rolling across issues
Enforcement Networks

• Clustered networks with transitive links address commitment problems.
  – Information on the efforts, contributions and behaviors is available
  – Imposes constraints on shirking and opportunism
  – Builds social capital thought trust and conformance to rules
Agenda for the Study of ICA

• Apply social network analysis to investigate coordination cooperative solutions to local policy problems in a federal system.

• Test hypotheses regarding:
  – Emergence of networks
  – Evolution and creation of network links
  – Performance parties in network relationships
  – Metro level service performance
Emergence & Evolution of ILA Networks

- Structure and financing of ILAs across a broad set of functions in Pinellas County Florida.
- Evolution, forms and structures of public safety agreements.
- Formation and structure of economic development agreements:
  - regional partnerships
  - joint ventures
  - survey of competitive and cooperative dyadic relationships among governments in Orlando and Tampa regions.
ICA & Service Performance

- Longitudinal extensions of ILA finance/water policy, public safety and economic development project.

- Land use regulation in Florida
  - Comprehensive plan amendments
  - Developments of regional impact
Conclusion: Insights from ICA for Horizontal Federalism

• False dichotomy between competition and consolidation
• Political not just economic transaction costs
• Importance of endogenous network relationships
• Salience of both actors and relationships
• Links between creation, evolution and performance in interlocal relationships
• Who Governs metropolitan areas?
Thank You

DeVoe L. Moore Center for the Study of Critical Issues
In Economic Policy and Government

Program in Local Governance

http://www.fsu.edu/~localgov
rfeiock@cosn.fsu.edu