The Social Structure of Interlocal Cooperation in Metropolitan Areas

Kelly M. LeRoux  
Jered B. Carr

Department of Political Science  
Wayne State University  
Detroit, Michigan 48202  
kleroux@wayne.edu  
jcarr@wayne.edu

Abstract

This paper reviews the literature on local government cooperation and finds an over-reliance on environmentally imposed incentives and constraints as explanatory factors. By contrast, there is insufficient treatment of the actions, interactions, and reactions exhibited by the actors who govern local institutions. By conceptualizing local government actors as embedded in a larger social structure, it is possible to see the ways in which these actors, as parts of a whole, might interact to achieve regional objectives. This paper examines the metropolitan social structure of institutional actors, along with the social psychology of organizing, and proposes some specific avenues to a better understanding of how and why cooperation occurs in metropolitan areas. Rather than assume the fortunes of local governments are solely dependent on external initiatives, this view holds that actors help to create the metropolitan environment of which they are a part.
Introduction

Whereas jurisdictional boundaries are clearly defined, the nature and scope of contemporary public problems frequently transcend political and spatial bounds. The complexity of public problems increasingly requires multi-sector and multi-jurisdictional solutions. Thus, the study of cooperation among local governments, particularly in fragmented metropolitan areas, is important because managing across organizations and political jurisdictions is both a present and future reality. Given that political consolidation attempts are rarely successful (Leland and Thurmaier, 2000), structural reforms no longer command center stage in the debate over solutions to regional problems. Arguments highlighting the merits of consolidation are now giving way to moderated proposals for a “new regionalism” (Savitch and Vogel, 2000), and attention to a broader range of alternatives to consolidation (Carr, 2004).

Proponents of new regionalism suggest maximizing coordination opportunities among local governments through flexibilities in existing institutional arrangements. The new regionalism represents a model of intergovernmental relations that focuses on horizontal linkages over vertical ones, and that aims for incremental solutions to regional problems rather than comprehensive reforms. Metropolitan regions are comprised of complexly organized service delivery arrangements, and as such, a new set of frameworks has emerged that seek to explain how and why metropolitan governance works. Institutional collective action represents one such example. Feiock contends that institutional collective action (ICA) serves as “the glue holding an institutionally fragmented community together” (2004, p. 6). According to this framework, “local governments can act collectively to create a civil society that integrates a region across
multiple jurisdictions through a web of voluntary agreements and associations and collective choices by citizens” (2004, p.6). Thus, ICA is based on the assumption that competition and cooperation can co-occur, creating a system of decentralized governance in which citizens have choices about the public goods and services they receive.

Why do local government actors sometimes choose a cooperative strategy and other times choose to act competitively? Axelrod (1980) inspired hundreds of cooperation analyses with this simple question: “under what conditions will cooperation emerge in a world of egoists without central authority?” Applied to the study of metropolitan governance, Axelrod’s question might be re-phrased as “under what conditions will voluntary, self-governance emerge among local government institutions in the absence of metropolitan government?” His theory assumes that all cooperation is self-interested, but individuals operating in their own self-interest can affect the fate of the collective either positively or negatively. Axelrod’s theory suggests that the probability of cooperation evolution depends upon the likelihood of repeated future interactions among the actors. According to Axelrod (1981), “…this possibility means that choices made today not only determine the outcome of this move, but can also influence the later choices of the actors. The future can cast a shadow back upon the present and thereby affect the current strategic situation” (pg. 12).

Echoing the intuitive argument underlying Axelrod’s theory of cooperation evolution, Frederickson (1999; 2003) contends that the longer tenure and shared public service ethic of professional administrators make them more inclined toward collective problem solving. Frederickson conceives of metropolitan governance as being comprised of “administrative conjunctions” and “epistemic communities”; both types of horizontal
relationships among professional public servants that have the effect of promoting inter-jurisdictional cooperation. This governance framework suggests that interlocal cooperation, initiated and facilitated by local public servants, is pervasive across functions and thus may be sufficient for overcoming the problems inherent in what Frederickson has described as the “fragmented and disarticulated” state. Whereas electoral motives may preclude cooperative impulses among mayors and others elected within political boundaries, professional public servants have a longer time-horizon, creating incentives for administrators to work together. One reason consolidation attempts are rarely successful is that they involve participation by multiple, competing community interests whose attention to these campaigns are difficult to sustain over time. Interlocal agreements on the other hand, typically originate at the administrative level (Thurmaier and Wood, 2004). Therefore, public managers may be better positioned to drive metropolitan governance than any other set of local actors including elected officials.

Institutional collective action can assume a variety of forms. Local governments not only cooperate with one another and higher levels of government, they also transact with nonprofit and for profit suppliers, as well as a vast array of voluntary associations, citizen, and stakeholder groups. Local governments’ transactions with other institutions may take the shape of formal or informal relationships. With perhaps the exception of special district governments, interlocal service agreements (ILAs) represent the most common form of local government cooperation. Herein, the term interlocal cooperation should be construed as a reference to interlocal agreements. Formalized cooperation is generally embodied in written, legally binding contracts. Formal agreements may develop for services that are contracted out entirely to another unit of government, or may specify
the division of labor, mutual responsibilities and liabilities of various parties when multiple jurisdictions collaborate to jointly produce a public service. Informal cooperation refers to the vast number of verbal agreements, implicit understandings, and “handshake deals” that facilitate local problem solving. Mutual aid agreements are one such example.

Strong social networks are thought to be both a precondition to institutional collective action (Cigler, 1994) and to arise from it (Feiock, et. al, 2004). Network theory posits that the social structure of relationships around a person, group, or organization carries important consequences for actors within that structure. The social structure of relationships in which an actor is embedded predicts the types of benefits the actor will enjoy (material returns, influence, access to information, etc.), as well as how constrained the actor will be. In the language of social networks, local public officials can be described as actors embedded in a context. They are embedded in the context of the jurisdiction they manage, which is embedded in a county, which is embedded in a region, embedded within a state, and so on. Each of these contexts is characterized by its’ own set of institutional rules, legal structures, and elected offices.

In a fragmented metropolis populated by self-interested egoists competing for tax dollars, how does cooperation emerge among institutions that live by their own rules and have formed according to their own values? While academic attention to this subject matter appears to be increasing, little is yet definitively known about the factors causing cooperation to take hold in metropolitan environments. Metropolitan areas are often thought to have a predisposition toward competition by virtue of their fragmented status. Why institutions cooperate at all when they have an incentive to compete in ways that will increase their own prosperity remains a puzzle with only partial explanations. Most of the
literature on local government policy choices has emphasized the role of constraints imposed by the institutional environment (Morgan and Hirlinger, 1991; Clingermayer and Feiock, 2001; Post, 2002). However, these treatments of local government decision-making underemphasize the fact that cooperation is an inherently social process that is dynamic in nature and based on human interaction. Thus, a number of questions remain to be answered about how and why government actors choose to cooperate and about the processes they rely on to initiate, implement and monitor shared commitments.

Theories of cooperation evolution, administrative conjunctions, and social networks all imply similar things about metropolitan governance. Taken together, these theories suggest that institutional cooperation is driven by the actors who govern these institutions and by their particular sets of social-organizational processes of communication and interaction, more than any set of exogenous factors. This paper examines the forces that drive and sustain interlocal agreements, arguing that existing causal models have displayed an over-reliance on environmentally imposed incentives and constraints. These models are not incorrect, but rather underspecified in that they fail to account for relationships among local government actors. In this paper we propose some suggestions for expanding these models. First, we survey the existing literature on interlocal agreements, highlighting contextual factors that are positively associated with this activity. Next, we examine the social psychology of organizing, explaining how individual perceptions, group influences, and the establishment of trust and reciprocity norms are likely to play a significant role in local public officials’ decisions to initiate, sustain, and expand cooperative agreements. Finally, we propose some specific measures
to be included in future studies of interlocal activity, and some different methods for
testing the salience of these factors.

**Literature Review**

Until recently, the subject of interlocal agreements has not been regarded with much interest. Despite of the volume of work that has been done on contracting with the for-profit and non-profit sectors, the consideration of this coordinating mechanism among local units of government has been largely left aside in the contracting discourse. However, several factors point to the importance of ILAs and suggest they may become the focus of increased attention in the near future. One is that they represent a type of network, and networked arrangements are increasingly thought to represent the modus operandi of government. Second, they have proven to be quite common, with a majority of cities and counties in the United States a party to at least one ILA (ACIR, 1985; Zimmerman, 1973). Third, the few empirical studies undertaken with regard to ILAs have produced mixed findings about the motivations for using these agreements, their outcomes, how and why they are sustained, and the types of services they cover. Fourth, the opportunities of many local governments are shaped by fiscal pressure as a result of tax levy limits and continual reductions in federal funding and state revenue sharing. The need for local governments to expand service levels without increasing taxes will force some public officials to consider ILAs as an alternative to direct provision. Similarly, governments may turn to ILAs as a means of maintaining existing service levels in response to stable or declining revenues.

ILAs also carry a certain appeal in that they are among the most flexible of all forms of institutional cooperation. Unlike political consolidation, which connotes a sense
of finality and relinquishment of control, ILAs can be periodically renegotiated and
ultimately terminated if the transaction costs begin to exceed the benefits. ILAs are also
more flexible than special district governments. Forming a special district requires the
creation of a new institution with a set of governing rules that all participants must abide
by. ILAs allow participating governments to retain greater control over the financing and
monitoring of a given service or function than do special districts. It is important to frame
the use of ILAs in their appropriate context as one of a number of options for collaborative
service delivery (Carr, 2004). The choice of service delivery arrangement is likely to be
contingent upon a range of factors, particularly the type of service to be provided, as well
as the intensity, scope, and duration of organized efforts by various stakeholder groups in
the support or opposition of proposed service delivery arrangements (Carr and Sneed,
2004). This subsequent section reviews the existing literature on interlocal agreements,
highlighting those factors that have proven to be influential in this activity.

Determinants of Interlocal Activity

Perhaps the most studied question with regard to ILAs has to do with why these
agreements develop. Sonenblum, Kirlin, and Ries (1977) proposed an economically driven
explanation for the decision of public officials to enter into interlocal contracts. They argue
that as fiscal pressure increases, inabilities to reduce or maintain costs for existing services
become apparent, which in turn prompts consideration of alternative service delivery
options. In studying both public and private sector contracting, Ferris (1986) expanded
upon this model by arguing that political factors also contribute to local government
contracting decisions. Although a wide range of variables has been examined, empirical
studies have yielded inconsistent findings about what drives the process of ILA formation. These variables can be more or less grouped into four categories: economic, political, legal, and social factors.

Economic factors constitute the most frequently cited rationales for interlocal cooperation (Morgan and Hirlinger, 1991; Advisory Council on Intergovernmental Relations, 1985; Sonenblum, Kirlin, and Ries, 1977). Economic factors refer to those related to fiscal stress as well as the desire to maximize savings, although some studies have measured these factors separately and found one to matter but not the other. For example, Morgan and Hirlinger (1991) find economizing (cost savings) to be the among the strongest predictors of interlocal contracting, but also find that fiscal stress is not a predictable determinant of contracting with other jurisdictions, since both poor and wealthy jurisdictions use them. Bartle and Swayne (1997) on the other hand, find contradictory evidence that fiscal stress as measured by legally imposed tax levy limits to be the most important factor influencing interlocal contracting. However, this finding must be qualified by the fact that it is based on interviews with city administrators from a fairly small number of jurisdictions in the state of Nebraska, limiting the ability to draw generalizations from this study.

The desire to achieve cost savings and/or improved service quality present additional economic rationales for using interlocal agreements. The theory of competitive markets posits that where multiple suppliers of a good or service exist, suppliers will compete for consumers through pricing and attention to quality. While this basic economic approach has long been applied to local governments as residential markets competing through tax and service levels (Ostrom, Tiebout, and Warren, 1961) it also applies to
governments as service suppliers for other jurisdictions. For example, Morgan and Hirlinger (1991) and Post (2002) find that jurisdictions located in a metropolitan statistical area are much more likely to engage in interlocal contracting. This finding is attributed to the existence of many overlapping units of government, and thus the availability of multiple service suppliers. Similarly, Ferris and Graddy (1986) find that when local governments contract, sector choice is determined by the type of service and the availability of suppliers.

The percentage of the cities’ workforce that is unionized is another factor to consider. As an economic factor, unionization rates are hypothesized to have a positive influence on interlocal contracting decisions, as local government leaders seek to reduce high payroll and fringe benefit costs. However, when considered as a political factor, high unionization rates may actually depress interlocal activity, because union members would be expected to organize opposition to such efforts. Whether taken as an influential or deterring factor, Morgan and Hirlinger (1991) find that unionization rates are not a statistically significant factor in interlocal contracting decisions.

Aside from competition, costs savings can also be achieved through measures to increase efficiency. The desire to achieve economies of scale is among the most frequently cited rationales offered by local government officials for entering into interlocal agreements (Morgan and Hirlinger, 1991). Spreading the cost of services over a larger distribution area has the effect of lowering the cost per unit and eliminating unnecessary duplications. While scale economies may not be possible for all public goods and services, cost sharing is seen as particularly desirable for needs that are capital intensive or have high start-up costs.
Transaction costs represent another set of cost related factors underlying public officials’ decision to engage in intergovernmental contracting. Once the determination is made to purchase services rather than directly produce them, decision makers face the subsequent choice of whether to engage a private supplier or another unit of government. Cost reductions, particularly related to labor, may be realized through purchasing services from an external supplier. However, this option carries another type of cost. The time spent negotiating, monitoring, and enforcing contract provisions create unavoidable transaction costs (Williamson, 1975). While no contractual arrangement is without these inherent costs, the transaction costs involved with intergovernmental contracting may be perceived as lower than those associated with monitoring private producers. Unlike private firms, governments do not cite profit as their first objective, and therefore may warrant greater trust from public officials seeking cooperation partners. Interlocal cooperation not only varies by degree of formality, but can also be differentiated by the level of specificity (Bartle and Swayze, 1997). The more formal and specific an agreement, the greater the transaction costs are likely to be.

A second set of factors believed to influence interlocal cooperation are political in nature. In particular, council-manager forms of government have been linked to the usage of interlocal agreements (Wood, 2004; Thurmaier and Wood, 2002; Bartle and Swayze, 1997; Morgan and Hirlinger, 1991). There are a number of reasons why professional administrators may facilitate interlocal activity. Sonenblum, Kirlin and Ries (1977) suggested that professional administrators might be inclined toward these efforts as a means of promoting minimum service standards in metropolitan areas. Frederickson (1999) argues that that longer tenure and long-range outlook of public servants creates
incentives for joint action. Stein (1990) argues that professional administrators may be motivated to engage in intergovernmental contracting in order to produce efficiency gains that help to establish their track record and pave the way for upward mobility. Similarly, Schneider, Teske, and Mintrom (1995) have argued that innovations in local policy-making result from the efforts of local policy entrepreneurs. Professional administrators may act in the capacity of public entrepreneurs, championing the cause of cooperation with neighboring units of government. The influence of professional administrators in ILA activity is particularly compelling in light of Bartle and Swayze’s (1997) finding that the presence of a city manager is a highly significant determinant of interlocal cooperation, but other political factors such as partisan affiliation of elected officials are inconsequential.

Elected officials could also be inclined toward cooperation, if it promises to bring some electoral benefit. When public demand for additional services is high, mayors or city council members may initiate resource sharing with other governments to provide the desired services without increasing taxes. Saving money through cooperation can serve as an important credit-claiming opportunity on which elected officials can stake their re-election bids. Elected officials may also favor cooperation as a means of bringing public visibility to a favored political issue.

The motivation to share the burden of providing politically undesirable services with other units of government or may represent another factor in ILA usage for some services, as Foster (1997) has suggested is sometimes the case in the formation of special districts. Peterson (1981) has argued compellingly that local governments have an overriding interest in economic development and a disincentive to engage in redistribution. According to his logic, local governments should be reluctant to offer social services for
fear of attracting residents who require such services. By contracting with the county, state, or other governmental unit, local jurisdictions may hope to transfer or share responsibility for social welfare functions with other units of government, thereby diffusing costs and giving the appearance of limited involvement in these functions.

Moreover, the demographic composition of jurisdictions can also shape public support or opposition toward cooperating on particular services. For example, Morgan and Hirlinger (1991) found that jurisdictions with larger proportions of elderly citizens were less inclined to use interlocal agreements. On the other hand, central cities and jurisdictions comprised of large proportions of racial minorities are more likely to experience fiscal stress, and thus to favor cooperation. There is evidence to suggest that population homogeneity is a critical determinant of local governments willingness to cooperate with one another (Post, 2002).

Legal provisions represent a third set of factors. State laws provide the institutional set of rules that shape and constrain the activities of local governments. As Burns (1994) has argued, local governments are bundles of particular institutions whose powers are defined by state legislation. Thus, state laws represent a major force in enabling or inhibiting cooperation among local governments. For example, in a survey of 615 local governments across the U.S., Morgan and Hirlinger (1991) find restrictive state laws to be one of the most significant factors in limiting ILA activity. The ACIR survey (1985) revealed variation in the degree to which state enabling legislation facilitates interlocal contracting.

Lastly, social factors may play an important role in the decision to cooperate with other governments. Social factors examined here are those that relate to the attitudes,
perceptions, norms and values of local government decision makers, as well as the opportunities and experiences through which these factors are discovered. Principal among the social factors in ILA studies is the desire to create norms of trust and reciprocity (Thurmaier and Wood, 2002), described more generally as the social capital argument. In short, social capital refers to connections among individuals that yield both individual and collective benefits. Lin defines social capital as “investment in social relations with expected returns” (2001, p. 6). One local government may come to aid of another in the event of a natural disaster or to provide assistance in solving a crime, even in the absence of a formal agreement, based on the assumption that the recipient government will someday return the favor if needed. From this view, social capital is an asset that accumulates as a result of trust and mutual favors. Coleman (1990, pg. 16) has alluded to this notion as well, asserting that “like other forms of capital, social capital is productive making possible the achievement of certain ends that otherwise would not be possible in its absence.” In some sense then, the incentive of local governments to cooperate might be described in the famous words of Tocqueville as “self-interest rightly understood.”

One social factor that has been empirically examined has to do with the perceptions of public officials about the “unknowns” of cooperation. Relying on others involves risk. When public officials perceive risks of cooperating to be high, or fear they will suffer a loss of control over the production, quality or outcomes of a service, they are significantly less likely to enter into interlocal agreements (Morgan and Hirlinger, 1991). Perception of risk is reduced through frequent communication that builds trust. In their large scale, multivariate study, Morgan and Hirlinger find that fear of losing control is the strongest factor in their model (\(-\)), lending support for the argument that perceptions make a big
difference in cooperation decision. However, perceptions can be changed through on-going communication exchanges, unlike externally imposed constraints such as state laws and local constitutions that are not as easily altered.

Through an analysis conducted at the individual level, Kelley and Stahelski (1970) have demonstrated that perception of competition alone can elicit competitive behavior from the opposing player. In a standard computer-simulated game it was discovered that competitive actors’ expectations of how others will behave could create a self-fulfilling prophecy whereby the other actor, regardless of their preference for cooperation, turns competitive. Competitive actors can thus shift cooperator’s behavior to match their own style of competition. These findings from Kelley and Stahelski’s game analysis provide important evidence in favor of the arguments that cooperation is a socially constructed phenomenon, and not simply the product of external pressures or incentives.

In a study of factors influencing cooperation among rural Tennessee Counties, Lackey, et. al. (2002) find that opportunities for officials to interact plays an important role in whether or not governments will cooperate on services related to community development. Moreover, these authors find that when a neutral facilitator is involved in facilitating or brokering the cooperative arrangements (such as a COG or regional organization), there is an increase the amount of collaboration that occurs. Brown and Potoski (2003) have argued that associational activities of professional administrators have a positive effect on external production decisions. In the same vein as Frederickson’s “conjunction” argument, Brown and Potoski suggest that professional associations, such as the ICMA, provide a central mechanism for the diffusion and installation of common norms, values, rules, and practices. City administrators who are members of professional
associations or who participate in local government associations on behalf of their jurisdiction should be much more likely to use interlocal agreements, and look for ways to maximize coordination opportunities with other communities. Indeed, Oakerson’s concept of metropolitan governance depends upon “...a web of voluntary agreements and associations....”, (Oakerson, 1999, pg. 104).

In the area of watershed management, Lubell, et. al. (2002) have demonstrated that voluntary cooperative partnerships emerge on the basis of trust, and these partnerships increase both in number and scope of activities when social capital is sufficient to overcome the transaction costs that are known barriers to organizing. Similarly, Feiock, et. al. (2004) demonstrate that ILAs produce social capital sufficient enough to influence additional cooperative endeavors in the form of regional economic development partnerships. Thus, while some studies of local government cooperation have begun to incorporate measures of social interaction, there is a distinct need for greater attention to these variables in future analyses of interlocal activity.

**ILA Service Patterns**

Although variation exists in the literature regarding which functions are most frequently the focus of cooperation, a few general principles are useful in framing this discussion. Factors explaining which services become the basis for ILAs might be grouped into four categories: historical patterns, competition models, cost and service characteristics, and community culture.

First, historical patterns of functional assignment create the context for other factors and shape citizens’ and public officials’ willingness to consider other alternatives.
Existing configurations of service arrangements and intergovernmental assignment of functions plays a large role in dictating who does what. For example, in most states public mental health services are configured in such a way that all services are provided at the county level, with monitoring and oversight by the appropriate state agency. This does not preclude counties from contracting with private or nonprofit providers located in various communities, but the provider is then required to serve the entire county unless there are specific contract provisions dictating responsibility for a specific geographic area or specialty population. Following the federal Medicaid reforms of the late 1990’s and subsequent state mandate for managed mental health care, many counties have found it more cost-effective to consolidate this particular function.

Various theories of local government competition also provide some insights into which services and functions are suitable targets for cooperation. The Peterson thesis might predict at least those functions that are not well suited to cooperation. Peterson (1981; 1995) argued that local development policy and redistributive policy are characterized by competition, whereby cities compete through attempts to spend more on the former and compete to minimize spending on the latter.

Using spending levels as measures for interlocal competition and cooperation, Park (1997) finds that local governments behave competitively with one another in the areas of development, allocation, public safety, and education. This is a classic illustration of the “tit-for-tat” strategy, whereby players match the preceding move of their competitors. On the other hand, Park finds the relationship between counties and their cities to be one of mutual adjustment in which the two levels of government cooperate in the areas of public safety and education. According to his findings, suburban cities adjust their service levels
in these areas to supplement those provided by the county or as substitutes for the desired services not provided by the county. Above all, Park concludes that local development policy is characterized by competition, not simply on the horizontal plane between municipalities, but between suburban cities and the counties in which they are located (1994; 1997).

Cost and service quality characteristics represent important factors in the determination of which services are likely to be contracted and jointly provided. There are perhaps more explanations for functional assignment in the literature related to these factors than any other type. Generally, public goods and services with the properties of scale economies are thought to be best suited for cooperation (cost-sharing), and those with outputs that make quality assessment fairly easy are thought to be appropriate candidates for contracting out. Post (2002) finds that when local governments are geographically dense, intergovernmental cooperation is more common in the production of capital-intensive goods and services such as highways, housing, parks, and water distribution. Alternately, she finds agreements for labor-intensive services (corrections, education, fire, police, health and human services) also occur in geographically dense regions, but at lower rates than cooperation related to public goods and services that have high capital costs.

Similarly, Brown and Potoski (2003) have demonstrated that asset specificity and service measurability are significant factors in local governments choice of external production mechanisms. These authors argue that city managers involved in contracting decisions must calculate the risks associated with using alternative service delivery arrangements. They reveal that local government officials rely on the criteria of asset
specificity and service measurability as general heuristics in their approach to risk minimization.

Using a multiple-case study approach, Thurmaier and Wood (2002) examined cooperation in eight service categories in the Kansas City Metropolitan area and find high levels of cooperation in all of these areas (public works, planning, law enforcement, fire services, recreation, support services, public health and bond issues). Based on interview data, they find the existence of multiple service-related networks that resemble a “picket-fence regionalism” of interlocal agreements. Thurmaier and Wood made an important contribution through their examination of service cooperation as networks that are specific to function (2002). However, their conclusions are based on a study of six jurisdictions, limiting the generalizations that can be made from their findings.

Wood (2004) built on these findings by examining cooperation patterns of 28 different public services among 46 jurisdictions within the Kansas City Metropolitan area. He reports cooperative activity to be the norm for all services with the exception of economic development, water expansion, tourism, border streets, wastewater, fire mutual aid, and ambulance, which were more frequently characterized by conflict, avoidance, and competition. This finding stands in contrast to one produced by a study of local governments in Southwestern Michigan that finds fire protection to be the most commonly coordinated service (SEMCOG/MAC, 2003). Using interlocal agreements along with a range of other coordination and communication mechanisms as measures, Wood concludes that cooperation is the dominant governing strategy in the KCMA.

Lastly, community culture is another probable factor influencing patterns of cooperation. Visser (2002) has argued that local community cultures have an important
impact on the roles and activities of city administrators, and these cultural factors are more significant than traditional explanations for interlocal cooperation. Residents of some communities, particularly smaller, wealthier, suburban cities may hold a belief that the services offered by their jurisdiction are the best available, or are unique in some way. Frug (1999) for example, argues that suburbs are vehicles for the protection of private values. When this is the case, citizens will not support any type of cooperation that poses a threat to the exclusionary status of their local public amenities. This is why most models of interlocal cooperation (Post, 2004, for example) predict service cooperation to occur only by small numbers of communities with homogeneous compositions.

Outcomes of Interlocal Cooperation

As previously suggested, the primary focus of empirical studies on interlocal agreements has been to determine the a priori motivations and predictive factors associated with ILA usage. By contrast, there is a remarkable dearth of information on the outcomes that might be expected from participating in these arrangements. What are the outcomes of interlocal service exchanges? In what ways do local governments benefit from interlocal agreements? Beyond the benefits to individual jurisdictions, do these arrangements produce any regional benefits either directly or indirectly? Is additional cooperation an outcome of cooperation?

There is some evidence to suggest that interlocal contracting produces cost savings for local governments. Stein (1990) finds that cost savings do occur through intergovernmental contracting but not as much as occurs through contracting with private suppliers. Moreover, Morgan and Hirlinger (1991) find that cities that provide larger
proportions of services through intergovernmental arrangements have lower labor costs. The Nebraska cities and counties participating in Bartle and Swayze’s survey (1997) reported cost savings for some functions such as law enforcement and public works, as well as improved service quality, and access to specialized equipment and expertise as outcomes of their participation agreements.

Thus far, Wood (2004) has most thoroughly addressed the question of outcomes through his dissertation research. Through personal interviews with 46 city managers, he finds that cost savings resulted for 80 percent of the cities using interlocal agreements and that economies of scale were reportedly achieved by 83 percent of the participating cities. Improved quality of service was an outcome reported by 70 percent of city managers, and 63 percent reported that interlocal agreements made it possible to standardize or equalize services for citizens across jurisdictions (Wood, 2004). Lastly, he finds “shared problem-solving” to be an outcome of ILA participation for 78 percent of cities in his study. Based on these findings, Wood concludes that interlocal agreements reduce fiscal stress, but they do not reduce fiscal disparities among jurisdictions (2004).

Principal among the expected benefits of ICA is the ability of local governments to achieve that which one jurisdiction cannot accomplish on its own. If local government actors have reason to believe someone else will bear the cost of the problem, there is a disincentive for them to share in the responsibility of managing and financing the problem. Potential participants to a cooperative effort thus face a transaction cost-calculus, whereby the decision to cooperate is based on a belief that the benefits of such action will exceed the costs. For example, neighboring local governments may enter into formalized mutual aid agreements, since the benefit of having additional personnel and resources available at
the time they are needed is worth the costs involved in negotiating the details. And, it is
certainly a more cost-effective solution to a potential problem than permanently financing
additional increments of staffing “just in case.” In order for institutions to overcome the
initial barriers to collective action, a committed public entrepreneur, such as a city
administrator, must initiate the process among potential participants. Part of the role of the
public entrepreneur is to sell the benefits of cooperation, establish trust among potential
participants, and to otherwise foster social capital.

One outcome of ILAs that is rarely considered is the production of more
cooporation. Is cooperation transferable? In other words, does cooperation in one service
area lead to cooperation in other service areas? Or, does service cooperation lead to other
types of regional cooperation? Feiock et. al. (2004) offer one of the few empirical
treatments of these questions. By treating interlocal agreements as an independent measure
in the formation of regional partnerships, they illustrate how cooperation promotes further
cooperation. Thus, cooperation can be considered both cause and effect. Social capital
theory suggests that trust and reciprocal norms develop from close ties among actors. As
local government actors develop trust in one another and have opportunities to experience
the benefits of reciprocity, their attitudes and perceptions about cooperation should change
in ways that enhance their disposition toward cooperation. Cooperation is thus a social
construction, made possible through the ongoing cycle of action, interaction, and reaction
of multiple actors and stakeholders.
The Social Psychology of Organizing

The field of social psychology is concerned with the study of the behavior of groups and the influences of social factors on the individual. Principles of social psychology suggest that actors’ behaviors are shaped by the attitudes, perceptions, persuasions, and behaviors of others in the group environment, and by a desire to demonstrate conformity with other group member’s actions. When applied to sets of local public actors organizing to achieve governance, it becomes possible to see how the social structure shapes opportunities for institutional collective action.

Local government actors, particularly city managers, comprise a group based on a common set of roles, functions, and professional values, and are also members of a larger metropolitan “organization” or social structure. In fact, the mosaic of agreements and voluntary arrangements that comprise metropolitan governance is not unlike the “organized anarchy”, depicted by Cohen, March, and Olsen’s (1972) concept of organizations. They define organizations as “a loose collection rather than a coherent structure; it discovers preferences through action more than it acts on the basis of preferences” (p.1). Organized anarchies are characterized by problematic preferences, unclear technology, and fluid participation. By conceptualizing local government actors as participants in an “organized anarchy”, it is possible to see that the behaviors of these actors simultaneously shape and are shaped by the social environment. Rather than assume the fortunes of local governments are dependent upon external initiatives, this view holds that actors help to create the metropolitan environment of which they are a part.

Most studies of metropolitan governance focus on the service delivery arrangement, or cooperation mechanism as the unit of analysis while overlooking the
processes by which these arrangements were established. Service cooperation involves the initial process of bargaining and negotiating details of the agreement, whether formal or informal; and once established, a system of routine communication and interactions to monitor these agreements. The actors most likely to be involved in the process of negotiating and monitoring cooperative agreements are city administrators acting on behalf of local public institutions. Interactions among officials are particularly important in the beginning phases of joint ventures, so that sufficient trust is established to overcome, or at least reduce transaction costs. Thus, interlocal agreements are both established and maintained through interpersonal interactions.

Elinor Ostrom (1998) has argued that self-governing arrangements are made possible by the ability of actors to learn heuristics, norms, and rules that can be applied in the social milieu. Heuristics are rules of thumb that actors rely on as they confront dilemmas in the social environment. As these rules are applied with repetition over time, actors’ responses become more effective for resolving dilemmas. Norms are the standards of moral conduct that characterize a society. These subjective projections of how people “ought to behave” are specific to groups and cultures and transmitted through the group environment. Rules are the shared understandings about what is and is not permissible within a group. Rule structures typically include stipulations to punish or sanction group actors as a consequence of nonconformity. As a profession, city administrators share a common system of heuristics, norms and rules.

Ostrom suggests that reciprocity norms are the most important factor in overcoming social dilemmas. She argues that “at the core of a behavioral explanation (of cooperation) are the links between the trust individual have in others, the investment others
make in trustworthy reputations, and the probability that participants will use reciprocity norms.” Reciprocity, trust, and reputation are thus components of a positive feedback cycle, functioning so that each component reinforces the others.

The establishment of norms and transmission of reputations is achieved through communication. Ostrom, et. al (1994) provide extensive evidence that cooperation levels increase when individuals are able to engage in face-to-face communication, suggesting that no other factor has such a positive effect on cooperation outcomes as personal encounters. Communication allows for dissemination of information, exchanges of mutual commitments, clarification of expectations, reinforcement of trust and other normative values that build reputation, and the addition of values to the group’s payoff structure.

Much of the literature on local government cooperation emphasizes the important roles played by administrative officials (Frederickson, 1999; Thurmaier and Wood, 2002), leaders, or public entrepreneurs in fostering these developments. Schneider, Teske, and Mintrom (1995) have argued that innovations in local policy-making result from the efforts of local policy entrepreneurs. Professional administrators may act in the capacity of public entrepreneurs, working to solicit support for cooperative efforts from the community, council members, and their counterparts in other jurisdictions. Post (2004) specifically identifies the presence of a public entrepreneur as a component of her model predicting interlocal agreements. Similarly, other studies have emphasized the presence of strong leadership as an important factor of interlocal cooperation (Visser 2002; Bartle and Swayze 1997). Nevertheless, these discussions treat the presence of a leader or a public entrepreneur as part of the external political landscape, rather than examine their interactions as a social process driving cooperation.
In explaining how the behaviors of actors in a group or organization are linked together, Karl Weick (1979) contends that the behavior of one person depends upon the behavior(s) of another person, and these contingencies comprise “interacts”. As Weick suggests, “The unit of analysis in organizing is contingent response patterns; patterns in which actor A evokes a specific response in actor B (an interact) which is then responded to by actor A. This complete sequence is a double interact (p. 89).” According to Hollander and Willis (1967) double interacts are the basic units of analysis for examining interpersonal influence. Sets of interacts are assembled into processes, and these processes constitute organization. Organizational structure thus amounts to sets of interlocked behaviors, which is to say that structure both creates and is created by behaviors of organizational members. Thus, if we wish to understand how and why organizations operate, and local governments cooperate, we must focus our attention on “interacts” as the units of analysis. In the next section we elaborate on these ideas and suggest some ways in which they might be applied to the study of interlocal agreements as a form of collective action.

**Operationalizing “Interacts”: Directions for Future Research**

To understand institutional collective action, we must also understand the behavior of individuals who act on behalf of institutions. Previous methods used to examine interlocal cooperation have not been entirely adequate because they fail to account for reciprocal interactions among actors. Joint action cannot be assessed as a static, one-time event. Interlocal agreements involve processes of negotiating, bargaining, and on-going communication. Thus, there is a need to examine interacts in future studies of interlocal
cooperation. This will require more individual-level analyses, focusing on the communication and interaction patterns of two particular sets of actors: elected officials and administrative professionals.

Frederickson (2003) has suggested that metropolitan governance is made possible by both electoral conjunctions and administrative conjunctions. The former refers to relationships among elected officials that facilitate interjurisdictional cooperation, while the latter speaks to relationships among professional administrators. While further study is warranted for both sets of actors, Frederickson’s framework predicts that the interactions of administrative professionals are more influential in promoting cooperation, and there is much evidence to suggest a positive association among interlocal agreements and council-manager form of government. Groups of elected officials that might be targeted for future studies of interlocal cooperation include city council members, elected mayors, county commissioners, township supervisors, and perhaps even state legislators and congressional representatives. While city managers represent the primary subjects for investigation among the administrative actors, municipal finance directors and department heads may also be appropriate candidates for study. Frederickson contends that functional specialists are united in a common philosophy by their disciplinary training and professional values, creating a patchwork of “epistemic communities” throughout the metropolis.

Interlocal agreements are established, maintained, and expanded through the interactions of local officials throughout a metropolitan region. Meetings offer regular opportunities for face-to-face interaction, and thus represent one way to operationalize interacts. Elected officials may encounter one another through participation in regular meetings of regional bodies such as councils of government and metropolitan planning
organizations. Professional administrators are even more likely to participate in regular meetings that offer opportunities for interaction. Local government associations and regional conferences of governments typically hold regular meetings to assemble members and engage them in a dialogue. Administrators who participate in these meetings on behalf of their jurisdiction have opportunities to exchange information and to develop working relationships with counterpart professionals. Over time, participation in such activities establishes the reputations of actors, enhances trust, and provides reinforcement of norms, values, and expectations.

Another way to examine communication among actors is through various types of networks. Network analysis graphs the number and strength of relationships (ties) among actors (nodes) in a particular type of network. Social network analysis is marked by a specific vocabulary that can be used to substantially enhance our understanding of cooperation patterns in metropolitan areas, yet has rarely been applied in this context. Service networks, measured as interlocal agreements, represent one type of network that administrators are involved in. Service agreements represent a form of material network since resources are exchanged among the nodes. Administrators also participate to varying degrees in a number of informational networks, which may influence decisions to cooperate with other jurisdictions in providing services. Types of information networks that may constitute appropriate targets for study include professional associations, regional policy/issue networks, friendship networks, and advice and consulting networks. The theories examined throughout this paper predict that as local government officials’ participation in information networks increases so does the tendency of their jurisdiction to cooperate through interlocal agreements.
Examining local officials social interactions through face-to-face meetings and other forms of regular communication through networks would build upon the existing knowledge of the processes that promote local government cooperation. However, these methods will require data collection at the individual level, through either surveys or in-person interviews with elected and administrative officials. While these methods are time-consuming and depart from conventional approaches to the study of local governments, they are necessary if we are to understand the influence of administrative actors in facilitating institutional cooperation.

Conclusions

Council-manager form of government is among the most clear and consistent predictors of interlocal contracting, suggesting that cooperation is a process driven by human factors rather than simply environmental incentives and constraints. Future examinations of interlocal cooperation should begin with the assumption that institutional actors are instrumental to cooperation, and focus on examining their interactions and testing the outcomes of these interactions.

While market conditions, legal restrictions, and other exogenous forces do indeed shape the decisions and actions of local governments, the potential exhibited by local government actors in driving this process should not be underestimated. Moreover, cooperation is an emergent process that cannot be entirely understood through linear approaches. In treating local government cooperation as a static rather than dynamic process, previous studies frame local governments as passively responding to environmental contingencies. By drawing upon social network theory and principles of
social psychology, it is possible to see that local government actors are not simply embedded in a larger social structure; they help to create that structure through their interactions.

Local government actors are participants of multiple information networks, issue networks, and service networks. Both the institutional collective action framework and local public economies framework (Oakerson, 1999) depict a web of voluntary agreements and service arrangements that enable governance. The multiple overlapping social networks of local government actors are ultimately responsible for forming this web. Thus, effective metropolitan governance is only possible to the extent that local government actors create a social structure that enables cooperation.
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