Cadaval Sampedro, María
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Universidade de Santiago de Compostela
Santiago de Compostela, España

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While globalization increases the market’s reference space, the political découpage of the local and regional public bodies has not changed much in the last century. This generates important “adjustment” problems that affect the economic dimension of collective goods and services. For the last decades supply has increased, and the production function of most functions conferred on local public sector acquires an important supramunicipal dimension. Centralizing powers—with inevitable consequences—make municipalities prisoners of the storm, trapped in their desired of being autonomous and the necessity of producing collective goods and services at reasonable costs, without too much fiscal burden on taxpayers. Municipalities in Spain, too many and with no much population, can use different formulae of intermunicipal cooperation to mitigate these negative aspects. These formulae of intermunicipal cooperation are a sign of public supply dynamism and, at the same time, of resistance to centralization. They rarely merge, at the contrary, often they move away. The role of municipalities is changing considerably; they loose more and more “election” type functions, in which the preferences of local residents are reflected, and they are filled with “agency” functions. The latter implies supplying and producing imposed tasks, at least to a level of tutelage for central governments.

The above situation set the framework for this doctoral thesis. The analysis proposes a multidisciplinary approximation: studying, within the established economic terminology—not only from an economic and legal point of view considering the own technical dimension of each discipline, but also taking the socio-political dimension into account—the centralization of municipal functions as process in which local public goods slowly vanish.

1 University of Santiago de Compostela, Spain.
Supervisor: Luis Caramés Viéitez, Professor at University of Santiago de Compostela, may 2006
The first chapters show a summary of the current situation. The purely economic approximation quickly proposes a “rational” solution in the traditional Paretian sense, giving an optimal dimension to local bodies.

Three circles of potential partners are noted: decision-makers, payers, beneficiaries. Ideally they should agree. The problem would be solved if local public finance worked as a market economy, but this is not the case. Given the lack of effective framing, different parameters allow to evaluate each possible situation between decision-makers, payers and beneficiaries: economies of scale, overflow effects, homogeneous preferences, administrative and management costs. Each of these parameters should be evaluated and, there is no a unique solution. There are multiple results that allow different choices. The economic agent faces a problem that not only has an economic dimension. He also examines the most rational economic behaviour. He can take into account additional costs –or benefits– from organisation, coordination and democratic procedure, prioritising particular forms of collaboration (unique, multiple, connected, non-connected). This allows creating a particular nuance, which is essential in this study, in the analysis of the intermunicipality cooperation.

The last part of this doctoral thesis completely focuses in studying the agglomeration of municipalities –as a selective merger of functions–. The analysis aims to understand and explain why intermunicipal cooperation is possible –engagement– and why the merger does not work –marriage–. Mergers are frequent in North-Europe countries; where there is a German and Anglo-Saxon tradition of central governments imposing a reorganisation of local bodies by amalgam or merger. However, mergers do not work or badly work in countries with systems of voluntary mergers. The institutional approximation, based on political economy arguments, is simplistic and it does not give the subtlety of considering individual and complex interpretations which are part of the social and political dimension. The social body, the memory of membership or reference enhances the set of decision parameters, and marks political elections with nuances of voters-consumers. The voting strategy is developed in a very complex framework.

Last chapter proposes a solution for the urban area of Santiago de Compostela, which must allow accelerating the current cooperation process -intermedia–region and community- in selective merge. The idea consists on organising the local public sector supply by integrating all advan-
tages of a joint production in big spatial units, respecting while existing the individual social and political reluctances.

To conclude, this study analyses a sensitive issue among all those affecting municipal politics, because it concerns directly the local autonomy and the subsidiarity principle. Everyone interested on politics and local public finance, and who see municipal agglomerations not as a lost of autonomy but as a future challenge take part of the work in this field.
Meetings | Encuentros

2006 International Conference: Real Estate and Urban Economics
June-July, 30-3, 2006, Vancouver, British Columbia, Canada
AREUEA and AsRES, University of British Columbia
http://www.areuea.org/conferences/details.phtml

62 Congress of the International Institute of Public Finance
August, 28-31, 2006, Paphos, Cyprus
http://www.econ.ucy.ac.cy

The 25th SCORUS Conference on Regional and Urban Statistics and Research: Globalization Impact on Regional and Urban Statistics
August-September, 30-1, 2006, Wroclaw, Poland
Wroclaw University Of Economics
www.scorus2006.ae.wroc.pl

Cross Border Regional Cooperation in the Caucasian Region
September, 15-17, 2006, Kars, Turkey
INTA and TALA
www.inta-aivn.org

8th INFER Annual Conference: Public Economics: Economic Policy, Governance and the Role of Institutions
September, 22-24, 2006, Cork City, Ireland
University College Cork,
www.infer-research.net/ac-2006.htm

Second Conference of the European Network of Agglomeration Cities
September, 28-30, Chocianow, Poland
REVA : European Network Of Medium-Sized Cities
www.inta-aivn.org

The American Real Estate and Urban Economics Association, 2007 Annual Conference and Meetings
AREUEA
http://www.areuea.org/conferences/papers.phtml