

Note on Theories of Local Government

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The last thing a group of practical people want to be told as they set off to reform government is that they should stop and take a look at the underlying theory. When this task force was conceived, I said I thought we should do this. I promised to write a "Note" on the subject, the idea being that we should base our work and recommendations in part on larger notions of governance. Keeping this promise, this paper explores briefly two major theories of local government, which I describe below as the "home rule" and consolidationist models.

All such inquiries in the U.S. begin with the Founders. Yet the Founders have relatively little to tell us about local government. They were preoccupied with the creation of a national government. Their biggest challenge was how to deal with the role of the states. Madison, Hamilton, and their friends probably would have liked to "deep six" the states. Indeed, some interpretations of the Constitution suggest that this is what they tried to do. But as one historian (James H. Hutson of the Library of Congress) notes, "the people out of doors" wouldn't stand for that. *The Federalist Papers* as a result made more out of the role of the states than Hutson believes the authors would have liked, given their druthers.

In any event, the big issue was federal-state. The Constitution nowhere mentions local governments, which were left to the states by default. A persistent issue at the state level has concerned the degree of local autonomy permitted by each state. For much of recent history, the country pretty much operated under "Dillon's Rule" (John Forrest Dillon was a 19th century Iowa state chief justice who also wrote about municipal government). Dillon's Rule says that local governments are "creatures of the states," which breathe the very life into them. States, said Dillon,

set the boundaries and prescribe taxing and other powers of local units.

But it would be wrong to go too far with this. Home rule has strong appeal in American politics. Alexis de Tocqueville, when he came to the U.S. in the 1830s, ostensibly to inspect prisons, saw local government as critical to the American system. He said, "The principle of sovereignty of the people governs the whole political system of Anglo-Americans." And continuing—"Municipal independence in the United States is . . . a natural consequence of this very principle of sovereignty of the people." Tocqueville was fascinated by New England town meetings and based his view of local government on their experience.

Twentieth century scholars on American state and local government have largely abandoned such a strong localist position. Influenced by notions of economies of scale and "burden spreading" (redistribution of resources) in urban areas, the post-World War II period has been dominated by the so-called "consolidationist" school of local government. Big is beautiful! The Miami-Dade County, Indianapolis, Nashville, Jacksonville, and Oklahoma City models of governmental consolidation have been studied in an approving way by scholars. Outside the U.S., the Toronto "two-tier" model and the Greater London Council (since abandoned) also have been looked to as models.

More recently, however, a contrary strand of theory has gotten a foothold. Grounded in public choice economics, the ideas of Vincent and Elinor Ostrom and Robert Bish have been disseminated in academe as an alternative way of thinking about local government. These scholars argue against the consolidationist position. They maintain that the model of the marketplace fits local government. Like de Tocqueville, they highlight the idea of community. Their theory challenges the "crazy quilt" caricature of American government as too fragmented and highly inefficient.

Bish and the Ostroms take the view that people "consume" government. Following the public choice school of economics, they see people as choosing the governmental arrangements and services they want to consume. They vote with

their feet. The organization of local services reflects the governmental services people want, how much they want, and whom they want to buy it from. The size of the service “shed” (that is, the geographical area for a given local public service), depends on the nature of the service involved. For example, transportation and sewerage may have a bigger service shed than police or schools, etc. The resulting fragmentation and layering of American local governments (cities, towns, schools, and special districts) is said to reflect this political marketplace.

The public-choice school of local government has put forward this theory, and not surprisingly for academics, a contrary view has emerged. It is reflected in research by political scientists who, in effect, have put to empirical test the question: “Wait a minute, do people really prefer these fragmented home rule arrangements?”

W.E. Lyons and David Lowery recently have challenged the public-choice theory of local government by comparing the perceptions of and attitudes towards local government in two large cities in Kentucky. One is the consolidated model as found in Lexington, Kentucky. The other is a fragmented model, as found in Louisville-Jefferson County. The results of the Lyons Lowery survey of 2,000 people show that people know less about and have less positive attitudes towards local government in the case of the Louisville fragmentation model than the consolidated Lexington model.

My point is not to suggest that this task force should take a position on this debate but rather that we should be aware of it. In my view, big is generally more efficient. But the sense of community and attachment to it and the flexibility of the home rule/fragmentation model of local government in the U.S. cannot be dismissed easily and altogether. Whatever the task force does, it will (perhaps without being very explicit about it) take a position somewhere in the middle of the continuum between the home rule/fragmentation pole and the consolidation position.

Underlying this choice are questions involving competing values. Community versus efficiency. Equity versus a free marketplace for governmental organization. No pure answer ex-

ists. Circumstances and differing preferences will invariably lead to different outcomes. This is bound to be the case even if the task force comes up with proposals (as I expect it will) to combine units in organizing some governmental services, and perhaps generally in some situations, in order to take advantage of economies of scale and enhance efficiency.

To sum up, my purpose in writing this "Note" is not to urge a position but to offer framing ideas for the work of the task force. The in-depth studies by the authors of the papers for the task force will produce a large amount of information. We need to keep our wits about us to sort it out and avoid drowning in it. I believe we will find it useful in organizing this information to consider the ways in which it fits the home rule and consolidationist models and the values underlying each.

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