

Section 23 (c)

**Background Information of Local Government Reform
(August 1973)**

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BACKGROUND INFORMATION
OF LOCAL GOVERNMENT REFORM

In any endeavor, such as our Local Government Reform Task Force, it is helpful to know the parameters of past thinking on local government organization and reform. To accomplish this task we will simplify the plethora of approaches into two categories. The first of these is the linear model of authority and responsibility while the second is the equilibrium model of authority and responsibility.

Linear Model of Authority and Responsibility: The linear theory of authority and responsibility finds its most articulate advocate in many of the books that Woodrow Wilson wrote on government and the need for reform. The assumptions implicit in Wilson's work have been those that have guided the work of many of the efforts in local government reform both in terms of the city manager's movement in the early 1930's and present day efforts to develop large, metropolitan-wide governments. The linear model works from the following assumptions:

1. That there should always be a center of power;
2. Authority must rest at some identifiable point;
3. That one social, economic, political community must have one government.

Corollaries to these assumptions are the following:

1. That the more power is divided, the more irresponsible the exercise power becomes;
2. That administration must necessarily lay outside the sphere of politics;
 - a. Politics sets the task for administration and,
 - b. Administration should not suffer from political manipulation,
 - c. Administration is a practical activity.
3. That public opinion is the authoritative critic of administration, which comes into play when there is a lack of harmony between politics and administration.
4. That government that is fragmented is perceived to be pathological.

The Equilibrium Model: The equilibrium model finds its roots much deeper in our political heritage in such people as Madison in the Federalist Papers and deTocqueville. It starts with a different set of prescriptions and therefore, a different set of policy alternatives. Equilibrium model works from the following assumptions:

1. There is no natural single center of power nor homogenous community;

2. Individuals tend to maximize self-interest and groups moved towards faction;
3. The accumulation of power in one body is the very definition of tyranny; thus there must be a dispersion of authority and responsibility amongst a multiplicity of decision-making centers, and,
4. Fragmentation of a political system, not only ensures a defense against tyranny but facilitates and maximizes the choice of individual citizens.

Corollaries to these assumptions:

1. The primary organizing principle of this set of assumptions is that of using opposite and rival interests in managing human affairs;
2. The federal principle facilitates the expression of a diversity of interests in a heterogenous political community;
3. Increased fragmentation, to a point, increases effective choice;
4. Executive power is disseminated into a multitude of decision-making centers. Effective accountability is assured through election rather than accountability to central authority.
5. There is no highest prescriptive authority in government. Politicians working from this assumption have to seek solutions to political problems through processes of partisan mutual adjustment.
6. It is impossible to have a synoptic decision-making. Everything cannot be taken into account. Decisions are taken incrementally by marginal adjustment.
7. As society becomes more complex governments must also become complex. As complex bureaucracies increase in size, their information needs and cont costs grow geometrically.
 - a. Information costs and control relate inversely to organizational size and activities undertaken.
 - b. Information and decision-making costs to the citizen also increase as the size of the organization increases in size.

The importance of the preceeding assumptions and corollaries to local government reform can be seen in what follows. In the left-hand column are more specified assumptions of what we call the reform tradition, while in the right-hand column are some public choice assumptions about local government. While the Task Force will work with both sets of assumptions, it is interesting to note that the assumptions underlying the reform tradition have never produced factually based data to support their claims. They achieve their prominence and authority from repetition, historical tradition and acceptance as conventional wisdom.

ocal government reform has been shaped primarily by the assumptions of the political reform theory which applies largely intuitive responses to the existing situation. A more recent approach, the public choice theory, applies the techniques and assumptions of economic analysis to the political situation. The resulting sets of assumptions provide an interesting contrast.

Political Reform Assumptions

- A. The present structure of local government is dysfunctional, inefficient and unresponsive.
 - 1. Units are too small
 - a. Parochial self-interests are favored over the larger public good.
 - b. Often, units represent artificial lines of government dividing a single metropolitan community.¹
 - c. Differential levels of services result when equal services levels are desirable.

Public Choice Assumptions

- A. A decentralized structure operating in a competitive environment can maximize both economy and efficiency.
 - 1. Units may not be too small
 - a. Small units can best represent the demands of a constituency; "public" good can be arrived at by bargaining or mutually interested cooperation.
 - b. Lines of government may represent constituencies who desire a different mix of politics and public goods.²
 - c. Constituencies will buy the level of services they desire.³

¹ Preliminary studies of suburban spending patterns have indicated evidence to the contrary: suburban cities in metropolitan areas, paired for comparison according to population, location and amount of revenue, reflect different spending patterns in basic service categories; such as: general government, public safety, library and park services, (sample includes cities in San Francisco, San Jose, San Diego and Riverside areas).

² As in the case of Industry and Dairy Valley in Los Angeles County.

³ San Marino and Beverly Hills, for example, withdrew from Los Angeles County Library services because both communities preferred a higher level of service.

d. 1) Since buyer-seller relationships lead to discord, the unit must produce public goods.

2) Larger units are needed to achieve economies of scale.

d. 1) The demand and production functions can be split⁴ with the results that the contractor has incentives to be both efficient and responsive to demand unit.⁵

2) Economies of scale disappear after an organization reaches a certain size (e.g.: Police departments serving more than 25,000 people; cities with populations between 50,000 and 100,000); also, contracting can release the unit from concern over economies of scale.⁶

2. There are too many units

a. This structure confuses citizens, thereby preventing access; larger units will make the decision-makers more visible.

2. There may not be too many units

a. Many small units are more accessible to citizens; bargaining among units forces them to develop a viable political base.⁷

⁴ As is done by the Lakewood Contract Cities, often with an accompanying drop in property taxes.

⁵ A study of fire services in Scottsdale, Arizona, indicated convincingly that contract services offer incentives for a more efficient and responsive management: Unit cost analysis provides data used both as a selling factor and a management tool; public interest in the services is viewed as wise advertising; innovative firefighting practices, the result of ongoing research, produce a service costing only \$3.78 per capita as compared to \$7.10 per capita for an equal level of municipal service.

⁶ A study of garbage services in New York City questions the worth of an economy of scale: the City Department of Sanitation, with an 8,000 man force and a service covering the entire area, operated at a cost of \$49/ton; small (6-75 employees) private operations provided equal to superior services at a cost of \$17.50/ton.

⁷ As a rather extreme example of rationality amidst complexity, the 1400 separate governments in the New York metropolitan area have been carefully studied and shown to work tolerably well.

b. There is overlapping of services, tax bases and legal jurisdictions.

b. Competitive and/or splitting the demand-production functions of units would eliminate problems of overlap.

B. An areawide instrument is needed to handle areawide functions.

B. Incentives encouraging areawide bargaining and cooperation would solve areawide problems.

1. Public needs cannot be met by collective actions of numerous units.

1. Collective bargaining which necessitates development of political bases would provide for public needs in a manner that is more responsive to people's desires.

2. A hierarchical structure is necessary for coordination.

2. It is in the interest of participating groups to coordinate problem-solving efforts. (see 7)

3. A single decision-making jurisdiction is needed to provide government with the authority to handle large problems and to provide for citizen access to the decision-makers.⁹

3. A larger unit is more autonomous and removed from citizens in terms of size, distance and voter influence.

⁸ In California, roughly 1500 cooperative, non-profit water companies provide water service to their subscribers at cost along with a few profit making water companies. No single agency exercises dominant control of the "water industry," yet a well-organized, non-overlapping system of water supply exists, even in heavily populated metropolitan areas.

⁹ The authority for local jurisdictions to act in concert to solve large problems already exists in the Joint Powers Act (California Government Code, Section 6500 et seq).