

Cooperation Costs and Intergovernmental Land Use Cooperation (44)

Soji Adelaja and Laila Racevskis
Michigan State University

Unlike its European counterparts, the United States is characterized by a highly decentralized system of government, fueled by constitutional and legislative home-rule which vests decision making in land use in the thousands of local units of government. While land use decisions are made largely at a more macro level in many European countries, such decisions are made at a micro level in much of the U.S. Some argue that the U.S. system tends to preclude the attainment of economies of scale benefits from regional decision making. The emerging paradigm in regional development is that competitive and functional regions are those that involve more regional planning, strategies, and cooperation, particularly in the areas of land use and economic development.

Gottlieb (2000) summarizes the findings of various studies that show city-suburban linkages, many of which suggest that growth in urban core areas are complimentary to growth in their adjoining metropolitan areas. Foster (2000) identifies the regional capital assets that contribute to metro-wide economic performance. It is often argued that issues such as regional transit, transportation, business development, business attraction, asset-based economic development, and regional growth management are better organized at a higher level than individual townships. However, it has been particularly difficult in the U.S. to achieve such cooperation (Orfield, 2002). Given the absence of regional government in many areas of the US, a significant amount of literature has focused on the benefits of regional partnerships. The literature on barriers to regionalism is also palpable, with a special focus on transaction costs and inter-local cooperation. Such factors as corruption, lack of trust, labor unions, consumerism, control and power have been blamed for these cooperation costs. Cooperation costs include such costs as search/information costs, negotiation/bargaining costs, policing/enforcement costs, cost associated with joint-task complexity, costs associated with inter-party diversity and other costs (White, 2005a; White, 2005b).

The nature and dynamics of transaction costs impact on the potential to realize benefits for taxpayers. In this paper, a framework for evaluating the implications of cooperation costs for the effectiveness of inter-local partnerships are evaluated. A simple cost function model is used to explain the costs and challenges associated with managing coordinated cooperative or a consolidated relationship, and the dynamics of such costs. The analysis highlights the importance of such things as degree of complexity, inter-party diversity, and the relative sizes of collaborating partners. Results suggest that American communities will face significant difficulties as they attempt to achieve the benefits of coordinated action.

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