Applying an Institutional Collective Action Framework to Investigate Intermunicipal Cooperation in Europe

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Abstract

Over the last few decades, European countries have dealt with problems of regional governance in very different ways. A common theme is the debate between supporters of local government mergers to expand the capacity and efficiency in service provision and those favoring local government autonomy and self-determination to protect democracy and government responsiveness. The significant number of scholarly contributions to this debate between mergers and fragmentation contrasts with the scarcity of theoretical attention to decentralized self-organizing mechanisms. This article fills this lacuna by developing an extension of the Institutional Collective Action (ICA) framework for the European context. The framework defines two dimensions to understand intermunicipal cooperation: the type of urban integration mechanism (imposed authority, delegated authority, contracts, or social embeddedness) and the degree of institutional scope (narrow, intermediate or complex). The resulting typology composed by 12 cells is illustrated with examples of intermunicipal cooperation for solving governance dilemmas in the European setting.

We advance theoretical propositions rooted in historical, cultural, and institutional differences to explain the variation in the adoption of intermunicipal cooperation by Northern versus Southern as well as Eastern versus Western European countries. A research agenda using the ICA framework is advanced for framing the studies of regional governance in Europe.

Institutional Collective Action (ICA) dilemmas arise when fragmentation of political authority leads two or more municipalities in a region or metropolitan area to make individual decisions that lead to inferior collective outcomes than would be obtained if they acted together (Feiock 2013). These dilemmas are ubiquitous. Two municipalities failing to coordinate efforts to provide solid waste collection services to their residents, the decision to locate a wastewater treatment facility in a metro area or managing a watershed shared by several jurisdictions are just a few illustrations of the kind of collective action dilemmas faced by municipalities in a regional setting.

Over the past 60 years, European countries dealt with problems of regional governance and ICA in very different ways, both across space and over time. Urban governance debates often pit supporters of local government consolidation to expand the capacity and efficiency in service provision against those favoring local government autonomy and self-determination to protect democracy and responsiveness to citizens. The sizable body of scholarly contributions to this lively debate contrasts with the sporadic theoretical attention and empirical assessment of self-organizing solutions for regional governance in Europe.
This work proposes the extension of the ICA framework to the analysis of regional governance across European countries. In doing so we ask, what are the characteristics of intermunicipal governance in Europe? What factors explain the choice between different mechanisms of cooperation between municipalities? The framework is employed to answer these questions and to frame policy choices for solving ICA dilemmas by presenting and discussing the transaction costs and collaboration risks associated with alternative intermunicipal cooperation solutions.1

The nature of the problems faced by local governments in European countries is in some respects common to many other areas of the globe. The worldwide movement of decentralization and devolution processes from central to local governments stimulated by international organizations such as the World Bank or the United Nations has been thought to strengthen democracy and facilitate context-specific delivery of public services, while often creating challenges in capturing economies of scale. However, the responses to ICA dilemmas have been remarkably different across countries and geographical regions. For example, whereas consolidation in metropolitan areas is a relatively rare event in the United States, many Western European countries have successfully engaged in large-scale territorial reforms. In contrast, in Central and Eastern Europe, the large majority of the so-called transitional countries fragmented their local government structures during the 1990s to promote local democracy as a reaction to territorial consolidations imposed under former communist regimes (Swianiewicz 2010). Another trend resulted from the European integration efforts of the past three decades with crossborder cooperation becoming a major issue of interest, both for researchers and practitioners (de Sousa 2013; Szmigiel-Rawska 2016). Elsewhere, many of Latin America’s largest metropolises face significant governance challenges due to excessive fragmentation (e.g., Mexico City, São Paulo, Buenos Aires, and Santiago), with monocentric metropolitan regions constituting the exception, either by intentional design (Lima’s metropolitan government) or by historical dominance of the central city (Bogotá) (Nickson 2011; Frey 2014). Several Australian states have engaged in significant mergers in search for economies of scale with deleterious consequences for the exercise of democracy (Drew et al. 2016; Drew and Dollery 2017) and similar trends have been reported in Japan (Mabuchi 2001; Yamada 2016) and Canada (Cobban 2017; Sancton 2000).

Following this global trend, many European countries have searched for increased capacity, economies of scale, and efficiency by resorting to mergers of their local government units, whereas in others the promotion of democracy, legitimacy, and responsiveness produced smaller units and more fragmented local government systems (Kopric 2012; Swianiewicz 2010). However, in this debate between consolidation and fragmentation reforms, intermunicipal cooperation has only received significant attention during the past decade (Bel and Warner 2016; Hulst and Van Monfort 2007a; Swianiewicz 2010; Teles 2016). Even though voluntary cooperation has been implemented as an alternative way to implement functional decentralization, self-organizing intermunicipal governance is usually regarded as uncommon and problematic. Swianiewicz (2010) refers to intermunicipal cooperation efforts, but the discussion of voluntary solutions to collective action dilemmas in Europe is largely dominated by a top-down perspective. Even when central governments wish to promote bottom-up, voluntary solutions, they still set up the criteria to be followed in municipal mergers and intervene by imposing boundary changes when voluntary solutions fail to deliver.2

The integration of the debate concerning local government consolidation and fragmentation in Europe with intermunicipal cooperation alternatives remains incomplete, despite recent efforts addressing this issue (Hulst and Van Monfort 2007a; Swianiewicz 2010; Teles 2016; Teles and Swianiewicz 2018). The ICA framework provides an integrative approach to understand the variable geometry of intermunicipal cooperation across European countries. The preference for formal and hierarchical solutions is a dominant feature in the European setting that still puzzles American scholars seeking to comprehend the choice of governance arrangements to address specific ICA dilemmas. In this article we suggest that the variation in the constitutional-legal framework, local institutions and preferences, homophily within and between communities, and the interaction between possible governance mechanisms affects the transaction costs faced by local authorities attempting to establish intermunicipal cooperation. Although some of these factors are common to the US and European settings, institutional diversity resulting from historical, cultural, and constitutional-legal factors explains most of the variation across countries in Europe. Focusing on historical, cultural, and constitutional factors extends the scope and generalizability of the ICA framework.

1 The article uses the terms “regional governance” and “intermunicipal cooperation” interchangeably to denote all voluntary solutions to collective action dilemmas at supra-municipal level.

Factors that help explain the success and failure of territorial reforms in Europe over the past 60 years justify the differences in the adoption of self-organizing solutions for collective action dilemmas across European countries. In some countries it has been possible to dilute local boundaries to the point of mergers between municipalities and accomplish large-scale territorial changes, whereas in others, local boundaries still represent a barrier to both amalgamations and cooperation among local governments. The four components of the ICA framework highlighted here are:

1. The nature and variety of ICA dilemmas: (a) coordination problems, such as the ones involved in two municipalities attempting to coordinate traffic lights; (b) division problems, for example, those associated with the division of benefits and costs between the municipalities involved in setting up a regional agency to provide fire services; and (c) defection problems, typically associated with one of the parties reneging on an intermunicipal cooperation agreement;

2. The key dimensions of the analysis: (a) the type of integration mechanism of local governments (social embeddedness, formal contracts, stand-alone organizations established through delegated authority from the municipalities or top-down cooperative arrangements imposed by an upper level government or authority; (b) the level of institutional scope of the intermunicipal arrangement, which can vary from a bilateral interlocal arrangements (two local governments and one single policy issue) to collective (multilateral and multiple policy issues);

3. The transaction costs involved in setting up the cooperative arrangement which stem from the characteristics of the arrangement itself and from the collaboration risks associated with the three types of problems mentioned in (1);

4. The policy mechanisms for integrating fragmentation and their effectiveness in dealing with the ICA dilemmas.

The article is structured as follows. The second section presents the intellectual roots of the ICA framework. Section three discusses the nature and diversity of ICA dilemmas. The fourth section describes the two dimensions of the ICA framework—the type of integration mechanism and the degree of institutional scope. In the fifth section, we identify how the nature and degree of transaction costs associated with community characteristics and the collaboration risks derived from the ICA dilemma faced by local authorities influence the choice and adoption of ICA mechanisms. Section six illustrates the ICA framework by providing examples of the tools of intermunicipal cooperation employed in different European countries. A research agenda for the study of intermunicipal cooperation in Europe based in the ICA is advanced in the conclusion.

Intellectual Tradition of the ICA Framework

The ICA framework has been shaped by theory developed in several disciplines of the social sciences. This section identifies the collective action literature, the theory of local public economics, transaction costs analysis, theories of social embeddedness, and the policy tools literature as the theoretical foundations upon which the ICA edifice is built.

The ICA framework is rooted in the collective action literature showing that common interests and goals are insufficient to achieve successful collective action (Olson 1965). The ICA extends this individualistic logic to composite actors defined by position, authority, and aggregation rules for collective decision making (Ostrom 1990, 2005).

Local economies tend to be fragmented, polycentric, and composed of production units and provision units. This requires governance institutions, that is, the ability to formulate, modify, and enforce rules through which provision and production are accomplished (Ostrom 1989; Oakerson 2004; Oakerson and Parks 2011; Ostrom, Tiebout, and Warren 1961). ICA extends the local public goods theory’s focus on polycentrism as “a process of decision making whereby multiple independent actors interact to produce an outcome that is commonly valued” (Oakerson 2004, 21; Ostrom, Tiebout and Warren 1961). The resulting pattern of governance involves the interaction of multiple independent actors in a regional or metropolitan setting where no center of authority exercises dominance over the others. A polycentric local political system involves multiple decision-making centers, and to the extent that competition and cooperation efforts develop between the various jurisdictions in the metropolitan area, these units are able to offer a wider range of goods, services, prices, and alternatives from which citizens can choose (Ostrom et al. 1961).

Choices among alternative service delivery mechanisms are largely determined by the transaction costs associated with the exchange (Brown and Potoski 2003). Transaction costs economics identifies the costs associated with the exchange of goods or services between a provider and a user. Transaction costs analysis assumes

3 The design, implementation and monitoring of cooperative arrangements (or policy instruments) entails specific transaction costs, which tend to vary according to their level of complexity. In theory, a bilateral agreement between two municipal governments to provide solid waste collection services involves significantly less transaction costs than a multi-purpose intermunicipal association involving ten local governments.
bounded-rational actors and opportunism are present in contractual agreements. As a result, contracts involve both ex-ante costs associated with information and search costs, bargaining and negotiation costs, and ex-post costs linked to agency costs and enforcement costs. The ICA framework argues that the choice of mechanisms to overcome collective action dilemmas faces transaction costs that limit self-organizing efforts (Feiock 2013).

Theories of social embeddedness suggest that intergovernmental relationships are embedded in larger social, political, and economic structures (Feiock 2013; Granovetter 1985). The geographical immobility and proximity between local government units creates opportunities for the establishment of dense tightly-clustered network relationships that promote social capital, breed trust and reciprocity, and minimize opportunism (Berardo and Scholz 2010; Gulati 1995). The presence of these elements in regional contexts explains the development of successful self-organizing solutions to collective action dilemmas that are not captured through transaction cost economics. Social embeddedness helps to mitigate opportunism because long-term interaction builds reputation among potential partners and prevents untrustworthy behavior.

The policy analysis literature directs our attention to choices among the generic policy instruments and specific mechanisms that governments use to pursue their policy goals (Linder and Peters 1989; Peters and Van Nispen 1998; Salamon and Lund 1989; Salamon and Elliott 2002). There is an array of policy tools to integrate collective action dilemmas and the choice can be casted as a dynamic political contracting process among local officials representing each local government unit (Feiock et al. 2008; Lubell et al. 2005).

The Nature and Diversity of the ICA Dilemmas

Recent work in European settings highlights problems of scale as the main driver of inter-municipal cooperation (Hulst et al. 2009), but neglects horizontal dilemmas associated with the fragmentation of authority such as the management of common-pool resources, positive and negative externalities, and free-riding in the delivery of public goods. A horizontal ICA dilemma occurs when the fragmentation of authority at the regional level generates local governments either too small to produce the services they wish to provide (a scale problem) or decisions by independent authorities that affect unconsenting third parties (an externality problem). In the presence of such collective action dilemmas, local authorities’ pursuit of their short-term interests may lead to inefficient and unwanted outcomes. However, there is a trade-off between local governments ceding power to a regional authority to achieve benefits for the community and foregoing these benefits to retain local control over policy. In order to overcome this trade-off, local government officials must “consider the expected regional benefits and costs of the policy, the expected local benefits and costs, and how those compare to the likely political costs associated with delegating power to the region.” (Gerber and Gibson 2009). For example, the transfer of powers and responsibilities for service provision to a metropolitan government, an association of municipalities or an intermunicipal company may produce economies of scale and improve technical efficiency, but it also generates some loss of control by the municipalities engaged in this upward transfer of powers.

Incentives for voluntary local agreements vary depending on the nature of the problems to be handled, the geographic configuration of local governments, the size of the group involved in the solution, the availability of public entrepreneurs to promote the solution, and the statutory framework for local government cooperation (Feiock and Carr 2001; Feiock 2009; Post 2004). One challenge to extending the framework to the European context is to account for how different national institutional contexts structure the configuration and the preferences of the actors, the selection of the tasks for collective action, and the arrangements available to solve collective action dilemmas (Andersen and Pierre 2010; Feiock 2009; Hulst et al. 2009).

Technical or productive efficiency is achieved either by obtaining the greatest output for a fixed amount of resources or by getting a given amount of output for a minimal amount of inputs. Allocative efficiency increases when more individuals receive the type and level of service they prefer (Dowding and Feiock 2012). In Europe, the rational design of regional governance systems in the second half of the 20th century favored large-scale mergers on the grounds of technical efficiency. Mergers allowed municipalities to lower the cost per unit of output (economies of scale) and the average cost of producing more than one product or service (economies of scope) (Dente and Bennett 1989; Brans 1992; Kjellberg 1988). The significant gains in technical efficiency allowed by mass-scale mergers were seen as decisive in the context of the expansion of the welfare state, fast pace urbanization, and functional decentralization. However, large-scale mergers sacrifice allocative efficiency because merged governments are less able to adjust service provision to local preferences (Dowding and Feiock 2012). Intermunicipal cooperation arrangements overcome this drawback by accommodating local preference diversity. They can be tailored to each good or service and adapted to each particular context, thereby avoiding irreversible solutions such as mergers. The ICA framework illustrates
the trade-offs between technical and allocative efficiency to better understand the motivations for the choices of alternative governance arrangements.

The Dimensions of the ICA Framework: Integration Mechanisms and Institutional Scope

Intermunicipal arrangements can be compared according to the type of integration mechanism and the level of institutional scope. The vertical axis on figure 1 defines the degree of complexity of solutions to ICA dilemmas and is assessed in terms of decision-making costs. These include both the costs involved in the design and negotiation of a collaborative agreement capable of overcoming collective action problems associated with the number of actors (Olson 1965; Provan and Kenis 2008) and the costs involved in managing task diversity and complexity (Holmström and Milgrom 1991; Tadelis 2002). Complexity increases with the number of local authorities and the number of tasks involved (Feiock 2013). The cells in the bottom row include solutions involving only a few local authorities and a narrower policy focus. Informal networks, bilateral contracts, and municipal companies are examples of such mechanisms. Governance arrangements of broader scope involve a large number of actors and cover multiple policy functions. City-regions, multi-purpose municipal associations, and intermunicipal companies are examples of such mechanisms. When the intermunicipal cooperation mechanism adopted has a narrower scope, decision making costs tend to be lower; these costs increase as the number of players and the number of tasks involved increase.

The horizontal axis in figure 1 displays four integration mechanisms: Network embeddedness; contractual agreements; delegated authority; and imposed authority (Feiock 2013). This dimension is assessed in terms of autonomy costs. Any kind of cooperative arrangement entails sacrificing some degree of local autonomy (Holum 2016), because each municipality is effectively “hollowing out” its power and legitimacy (Jacobsen 2015). More formalized policy mechanisms involve significant transfers of powers from the parent municipalities to the contract or organization specifically set up for cooperation. The extreme case is the municipal merger, where the municipality ceases to exist as an autonomous entity.

The first three mechanisms are decentralized governance solutions involving self-organization by local government units in order to overcome horizontal collective action dilemmas. Network embeddedness mechanisms rely on norms of trust, reciprocity, and reputation resulting from long-term interaction between local actors to elicit credible commitments from the institutional actors involved in the exchange. The autonomy of each local government unit is not threatened, since these solutions are informal and have low impact on the structure of local units.

Contractual agreements represent an increase in the level of formalization for solving ICA dilemmas. Contracts are voluntary in nature and can be adopted in many situations involving externalities as long as the transaction costs involved in designing, negotiating, and enforcing the agreement are kept low (Coase 1960). Both bilateral and multilateral contracts can include exit provisions to avoid the perception of
loss of autonomy by the parties that could prevent an agreement from being reached. Contracts produce savings on start-up costs and do not require the establishment of a system of governance as in the creation of joint organizations (Hulst et al. 2009).

Under delegated authority, local government units agree to set up a stand-alone organization to which they delegate functional authority to perform certain activities on behalf of the local governments. This is the most organizationally integrated form of cooperation as it entails the integration of activities formerly carried out individually by municipalities into a new organization (Hulst et al. 2009). The loss of autonomy involved in the delegation of authority depends on the type of property and governance structure adopted by the newly created organization.

Imposed authority is a centralized solution designed by a higher level authority to direct the actions of local units and internalize ICA dilemmas (Feiock 2013). Municipal mergers and the consolidation of several general-purpose local governments into a single metropolitan area government are examples of centralized mechanisms employed to forcefully solve collective action dilemmas. Unlike the other three types of integration mechanisms, imposed authority is not based on the endogenous development and maintenance of self-organizing institutions, but rather the result of exogenous pressures to adopt consolidated solutions, which ultimately entail the end of the local unit as an autonomous entity.

### Transaction Costs and Collaboration Risk

This section discusses how the nature and degree of transaction costs associated with community characteristics and the collaboration risks derived from the ICA dilemma faced by local authorities influence the choice and adoption of ICA mechanisms. The choices of governance mechanisms to overcome ICA dilemmas depend upon the transaction costs faced by local authorities pursuing joint or collective outcomes. Extant public administration studies of collaboration emphasize transaction costs. Much of the application of transaction costs in that literature focuses on differences in autonomy and decision costs (Feiock and Scholz 2010; Feiock 2007, 2013). Thus, these two dimensions are represented as the axis of figure 1.

Feiock and Scholz (2010) supplement the transaction cost framing by introducing the concept of collaboration risk. Collaboration is risky because it can fail in several ways and behavioral dispositions serve as barriers to resolving search, division, and defection problems necessary to ensure success in collaboration (Feiock 2004, 2013; Carr and Hawkins 2013). Collaboration risks include coordination search, “the risk of not being able to coordinate on a course of action,” division, “not being able to agree to division of costs despite agreeing on the action”; and defection, “the risk that once action is agreed upon, others may renege or free ride” (Feiock 2013, 408).

Relational uncertainties regarding the intentions and commitment of other actors produce collaboration risks. The concept of collaboration risk builds from the insight that voluntary exchanges among governments are subject to uncertainties leading to problems of inaction (incoordination), benefit and cost division issues and defection by one or more parties to an agreement. Coordination risks arise when local governments find it in their interest to act together, but fail to do so due to incomplete information. Division risks occur when local government officials agree on general goals, but not on who bears what costs, particularly when resources are unevenly distributed (Heckathorn and Maser 1987). Defection risks derive from the potential for opportunistic behavior when participants free ride or do not honor their obligations. Relational uncertainty is also a function of the perceptions of other actors and intentions, commitment, and trustworthiness. Most collaboration risks experienced by participants in collective dilemmas can be accounted for by three factors: the nature of the problem; the characteristics of participating actors, and the existing set of institutions and integration mechanisms. In the ICA approach, participants discount the benefits of collaboration according to the degree of uncertainty they have regarding others collaboration behavior.

Uncertainty can result from community characteristics and institutional settings. These include: (a) the incentives for and/or limits to intergovernmental agreements defined in the constitutional-legal framework and in local level institutions and rules; (b) preference homogeneity within the community and between communities regarding these agreements; and (c) the interaction between different types of intergovernmental solutions adopted by the communities. Collaboration risk is also connected to the nature of the ICA dilemmas itself: coordination problems entail information costs, division problems involve bargaining and negotiation costs, and defection risks require enforcement provisions and costs (Feiock 2013). Local officials decide between alternative mechanisms to overcome ICA dilemmas, seeking mechanisms which will effectively produce the collective benefit with the lowest decision costs and greatest autonomy, but collaboration risks that reduce the likelihood the preferred mechanisms will be effective, lead participants to sacrifice autonomy and decision costs. This section elaborates on the transaction costs and collaboration risks involved in setting up regional governance solutions to overcome ICA dilemmas.
Constitutional-Legal Framework

The national legal framework has direct implications for the economic and political transaction costs of mechanisms to mitigate ICA dilemmas. Collaboration decisions are conditioned by upper level rules that become the constitutional set up within which self-governance is organized and exercised (Parks and Oakerson 1989). When interlocal cooperation faces constraints imposed by national legislation, other solutions, including full-scale mergers, become more attractive from a benefit-cost perspective. Hulst and van Monfort (2007a) provide evidence that many local governments in European countries, including Finland, Germany, and The Netherlands, resist vertical intergovernmental agreements to allow self-organizing solutions. In contrast, legislation that facilitates self-organizing regional governance reduces collaboration risk.

In general, this argument refers to state traditions and culture embedded in the constitutional-legal framework of a country. Like administrative reforms, territorial reforms are the product of cultural values and state traditions (Loughlin and Peters 1997; Ross 1997). Scandinavian countries are frequently described as having decentralized political organization, consensual policy-making, and organicist state-society relations (Loughlin and Peters 1997, 46). These features facilitate both processes of territorial mergers and voluntary solutions to dilemmas of ICA. In contrast, countries in the Napoleonic tradition are characterized by long standing local government boundaries, where parochial interests dominate local politics. These countries have witnessed the reproduction of legalistic behaviors conducive to the reinforcement of existing parochial attitudes and political boundaries in the long run. In addition, state-society relations are seen as antagonistic, which also does not fuel trust relations among actors (Loughlin and Peters 1997).

As a result of these state traditions, vertical intergovernmental relations have taken a different path, both a product of history and democracy. In Greece, Portugal, Spain, and CEE countries, the absence of democracy facilitated the minimization of the role of local governments by national governments, demonstrated by heavy financial dependence and appointment of local level officials. When democracy was re-established, local autonomy and complete control over municipal boundaries were so fundamental to advocates of decentralization, that any attempts at merging municipalities or even forcing inter-municipal cooperation were seen as politically unfeasible or undesirable. Even in countries where democracy prevailed for a long period, such as France or Italy, similar trends occurred as a result of excessive centralization, because local actors resisted the interference of the central government in local politics and territorial organization.

The degree of functional and territorial decentralization is shaped by the constitutional-legal tradition of a country and operationalized through policies and administrative practices. Because task decentralization varies according to the constitutional-legal traditions of different countries in Europe, the choice of mechanisms for regional governance reflects the variations in the constitutional-legal framework (Hulst and van Monfort 2007b). For example, inter-municipal cooperation in Scandinavian countries is focused on solving complex problems and improving the legitimacy of redistributive policies adopted and implemented by the municipalities. In contrast, the Southern European cluster is mainly focused on infrastructure and public utilities (Bel et al. 2013; Citroni et al. 2013; Haveri et al. 2009). Thus, the choice of instruments for inter-municipal collaboration reflects the functional responsibilities and powers assigned to local governments by the constitutional-legal framework.

Proposition 1a: Countries with a longer tradition of a constitutional-legal framework favouring decentralization and self-government facilitate the adoption of less formal mechanisms for regional governance (cells on the “embeddedness” column on figure 1).

Proposition 1b: Countries with a longer tradition of a constitutional-legal framework favouring centralization and administrative law prefer the adoption of regional governance mechanisms based on formalization (cells on the “contracts” and “delegated authority” columns on figure 1).

Local Institutions and Preferences

Preferences for cooperation are influenced by a country’s history, culture, and traditions in which they are embedded. Countries where local governments display more social capital ties expressed in local autonomy, local networks, and the involvement of civil society organizations will be able to adopt more complex self-organizing governance mechanisms (Granovetter 1983; Hall et al. 2009). Interlocal cooperation is compromised when local government actors are embedded in networks characterized by close-knit relationships because they will be unable to mobilize effectively for collective action across multiple municipal boundaries. The result will be a fragmented local government system in which ICA is much more difficult to accomplish. The greater and more diversified connectivity allowed by weak ties improves the ability of local governments to solve collective action dilemmas using horizontal networks, thereby reducing their dependence on upper level governments to do so (Crenson 1978; Granovetter 1983; Shami 2012).
The internal organization of communities in Southern Europe is largely based on social ties that have persisted into the 21st century. The prevalence of hierarchical networks of various kinds has precluded the rise of both vertical state authority and horizontal interlocal cooperation. Several examples fit this pattern, including patron-client relations (caciquismo) in Portugal and the mafia (Cosa nostra) in Italy. These strong ties created closely-knit communities but were the least effective ways to accomplish large-scale mobilization for collective action, because the clients had limited, if any, exit options out of the hierarchical network (Shami 2012). In other words, the presence of close knit ties within communities precluded the appearance of social capital that can be used to span municipal boundaries required to achieve intermunicipal cooperation.

The literature is unanimous in indicating that Greece, Portugal, France, Spain, Italy, and Poland comprise the group of countries following a strong mayor tradition (Heinelt and Hlepas 2006; Magre and Bertrana 2007), where the mayor represents the interests of the community (Heinelt and Hlepas 2006). Reduced levels of social capital and trust in others combined with strong mayoral leadership lead to the adoption of regional governance tools based on the formalization of agreements between mayors or top-down integration of intermunicipal cooperation efforts.

In contrast, communities where business-professional ties are pervasive should be better able to overcome ICA dilemmas through self-organizing mechanisms, because these weak ties operate as bridges between communities (Breiger and Pattison cited by Granovetter 1983). Scandinavian countries enjoy pre-conditions for many weak ties to bridge across municipalities. Shared values, decentralized political organization, consensual policy-making, and organicist state-society relations influence both large-scale territorial reforms and interlocal cooperation and make this context much more prone to achieve ICA than countries with other state traditions. Since political leadership is decentralized and tends to follow some type of collegial mayor format (Heinelt and Hlepas 2006), the adoption of self-organizing mechanisms is far less dependent of the personality of the mayor in office.

Community Homogeneity
Local elected officials are involved in principal-agent relationships, since they represent their citizens in the decision to participate in self-organizing mechanisms for regional governance. Their efforts to overcome collective action problems may be dampened by the heterogeneity of the preferences and goals of local constituencies (Feiock 2009). Homogeneity within each jurisdiction reduces the transaction costs involved in the design, negotiation, and implementation of cooperative agreements with other municipalities, essentially because the number of internal veto-players with diverging preferences is minimized (Tsebelis 2002). Agency costs increase significantly whenever officials face internal pressures such as administrative resistance, interest group opposition, and racial diversity (Feiock, Steinacker, and Park 2009). In contrast, homogeneity within municipalities lessens agency costs for local officials to aggregate diverse preferences among residents (Kwon, Feiock, and Bae 2012).

Proposition 3a: Homogeneity of preferences within a community facilitates the adoption of less formal regional governance mechanisms (cells on the “embeddedness” column on figure 1).

Proposition 3b: Heterogeneity of preferences within a community leads to the adoption of more formal regional governance mechanisms (cells on the “contracts” and “delegated authority” columns on figure 1).

Preference Homogeneity Between Communities
The ICA framework stresses that heterogeneity between neighboring municipalities associated with social, demographic, racial, and income inequalities diminishes the likelihood of successful collaboration (Feiock 2013). The larger these community differences are, the more difficult it becomes to collaborate. As an example, large differences in median income erect significant barriers to cooperation, because the benefits of cooperation will appear less appealing for the wealthier community. The financial status of prospective partners has an analogous effect.

In contrast, homogeneity decreases the transaction costs of intergovernmental agreements by emphasizing common interests and preferences among local governments. Theory predicts that cooperation will be achieved if local governments are racially and economically homogeneous (Post 2004). The same reasoning applies to demographic features. Neighboring small communities with similar urban form may find it in their interest to cooperate, not only because they are more likely to share personal, professional, and recreational activities (Post 2004), but also because...
they will be able to take advantage of scale economies. Demographic homogeneity also contributes to minimize political and economic power asymmetries between jurisdictions, thereby facilitating the distribution of gains derived from cooperation (Feiock 2013).

Likewise, cultural models of interlocal relations stress the role of similar political cultures in establishing dynamic patterns of cooperation. James Visser (2002) argues that shared cultural manifestations conveyed by community values, leadership capabilities and styles, the political benefits of appearing to be cooperative, and the protection of local decision-making autonomy and control can influence the decision to cooperate in local settings.

Proposition 4: Homogeneity of preferences between communities facilitates the adoption of less formal regional governance mechanisms (cells on the embeddedness column on figure 1).

Proposition 4b: Heterogeneity of preferences between communities leads to the adoption of more formal regional governance mechanisms (cells on the “contracts” and “delegated authority” columns on figure 1).

Interaction Between Mechanisms
Regional governance solutions to ICA dilemmas are not adopted in isolation, independent from one another. The scope of pre-existing integration arrangements can influence the adoption and success of new arrangements. For example, multilateral contractual agreements can reinforce prior informal collaboration based on regular meetings to exchange ideas. This type of network embeddedness breeds trust and credible commitments that reduce the transaction costs and increase the efficiency involved in the design, negotiation, and enforcement of a formal agreement (Kwon, Feiock, and Bae 2012; Thurner 2010). Similarly, successful bilateral contracts for service delivery can be transformed into a network of regional multilateral agreements for the same service. Conversely, the level of activity of a supramunicipal level organization influences the likelihood of collaborative exchanges between their members (Feiock 2013).

Another obvious source of interaction between regional governance mechanisms is derived from a possible crowding out or substitution effect caused by solutions imposed by central authorities (Brooks 2000; Kwon et al. 2012; Lubell et al. 2002). Centralized solutions may substitute self-organizing governance, particularly when the constitutional-legal framework and the historic and cultural settings are adverse to voluntary collaboration efforts by local authorities. This argument suggests that the understanding of collective action dilemmas requires an integrated analysis of the role and possible trade-offs between centralized and decentralized governance alternatives.

Proposition 5a: The interaction between regional governance mechanisms generates substitution effects in the adoption of new mechanisms.

Proposition 5b: The interaction between regional governance mechanisms generates multiplier effects in the adoption of new mechanisms.

Goal Congruence
Collaboration risk is centered on the insight that voluntary exchanges among local governments are subject to transaction uncertainties leading to problems of incoordination (inaction), division (division of costs), and defection (agreement violation) (Feiock 2013). Coordination problems arise when local governments fail to act together due to information asymmetries. Despite agreement over goals, lack of information is an obstacle to coordination. Central actors in regional networks can contribute to information dissemination in the network to facilitate coordination in joint activities and reduce information asymmetry problems.

Division problems occur when local government officials agree on general goals, but not on the allocation of benefits and costs. For example, Hatley, Elling and Carr’s (2015) case analysis of an effort by five suburban communities in the Detroit metropolitan area to create a single multijurisdictional fire and emergency medical services authority to replace their individual fire departments illustrates how individual goals of costs savings may increase transaction costs to the point that the effort to share services is abandoned. City administrators expected to reap long-run savings from the fire authority, but most elected officials expected short-run cost savings. This example illustrates how the problematic distribution of cost savings among participants can require extensive negotiations that complicate the process of reaching an agreement over the adoption of an ICA mechanism (Heckathorn and Maser 1987).

Defection problems derive from the expectation that rational actors will engage in opportunistic behavior. Enforcement costs increase as each party has to monitor compliance by other parties and all parties involved can either fulfill or renege on the agreement (Heckathorn and Maser 1987). The conventional wisdom is that more formal, integrative and encompassing mechanisms are required to avoid defection. Feiock (2013) argues that credible commitments between contracting parties can still be reached in informal settings as highly embedded collaboration networks of reputation and reciprocity reduce collaboration risk.

Based on these arguments, we see that the type of ICA dilemma is associated with varying levels of
collaboration risks and transaction costs. When there is a conflict of goals among participants, more complex and authoritative solutions may be needed to generate successful regional governance agreements. Collaboration risks are higher for ICA dilemmas involving conflicts over goals, not only because actors need to agree on the division of benefits and costs but also because of potential defection from the agreement. By contrast, in ICA dilemmas that involve less conflict over goals, the problem is simply one of coordination on how to reach those goals.

Proposition 6a: Less goal conflict among participants is associated with less complex regional governance mechanisms (cells on the “embeddedness” columns on figure 1).
Proposition 6b: More goal conflict among participants is associated with more formal regional governance mechanisms (cells on the “contracts” and “delegated authority” columns on figure 1).
Proposition 6c: Extremely high goal conflict among participants is associated with no voluntary solution to the ICA dilemma (cells on the “imposed authority” columns on figure 1).

The previous subsections discuss how the nature and degree of transaction costs and collaboration risks associated with community characteristics define the ICA dilemma faced by local authorities and influence the choice of mechanisms to mitigate the dilemma. Participation in voluntary action takes into account the expected net benefits derived from the adoption of an ICA mechanism discounted by the risks that participants will be unable to coordinate, agree on division of costs and benefits or protect themselves from defection. In more detail, Feiock (2013, 408) argues that the net benefits express the differential between the transaction costs of adopting and continuing to participate in a specific governance arrangement and the expected gains associated with the mitigation of the dilemma for the participants. Costs capture the current value of all current and future transaction costs, and the gain represents the current value of all benefits provided by membership in the governance arrangement. Collaboration risk reflects the risks of not being able to coordinate on a course of action (incoordination); not being able to agree to a division of costs despite agreeing on the action (division); or risk that once action is agreed upon others may renege or free ride (defection).

The following section employs the ICA framework to analyze the choice of integration mechanisms as policy instruments for cooperation in the context of European countries. Whenever possible, we link the choice and the success or failure of these instruments with the propositions developed in the previous sections.

Illustrating the ICA Framework with Regional Governance Examples from European Countries

The ICA framework is a tool to understand the nature of ICA dilemmas faced by local authorities and the transaction costs associated with the choice of the regional governance mechanisms to overcome these dilemmas. Now we illustrate the usefulness of this framework to analyze regional governance arrangements in European countries by identifying examples of different mechanisms employed in practice to mitigate ICA dilemmas. The examples demonstrate that all cells of the ICA framework are empirically plausible.

Mechanisms for Integrating ICA Problems: Network Embeddedness

Theories of social embeddedness place intergovernmental relationships within larger social, political, and economic structures (Feiock 2013; Granovetter 1985). The geographical immobility and proximity between local government units creates opportunities for the establishment of dense tightly-clustered network relationships that promote social capital, breed trust and reciprocity, and minimize opportunism (Berardo and Scholz 2010; Gulati 1995). The presence of these elements in regional contexts explains the development of successful self-organizing solutions to collective action dilemmas. Social embeddedness helps to mitigate opportunism because long-term interaction builds reputation among potential partners and prevents untrustworthy behavior.

The difficulty in establishing ties of trust and cooperation among strangers that is prevalent in specific parts of Europe suggests different attitudes towards self-organizing solutions. In order to engage in collective action, individuals need to share meanings and a common identity. Banfield (1958) proposed the term “amoral familism” to describe the difficulty of southern Italians to trust and cooperate with individuals outside one’s immediate family. Putnam’s argument that democratic innovations tend to occur where there is a strong tradition of civic participation (Putnam 1993; Ross 1997), underlines the fact that sharing common culture and political traits is fundamental to the accomplishment of collective action goals. Hence, the propensity towards voluntary solutions for collective action varies according to the views of others in neighboring communities and to how wide this gap is.

According to the propositions developed in the previous sections, informal cooperation mechanisms relying on social embeddedness are more likely in decentralized political-administrative systems (proposition 1a), communities characterized by an abundance of social capital (“weak ties”) (proposition 2a),
and ICA dilemmas demanding lower goal congruence (proposition 6a). Typically, purely informal cooperation is expressed through written protocols, joint statements, and the like, to indicate the parties’ commitment to collaboration. It is no surprise that most examples that help to illustrate these tendencies are found in Scandinavian countries. Haveri et al. (2009) report the formation of informal collaborating groups and working groups with deliberative goals in municipalities in Finland and Norway. These informal groups are relatively narrow in scope and involve only a few municipalities.

Lisbon’s social welfare network involves 331 partner organizations, including the municipal government, subcity governments (parishes), other public sector organizations, nonprofit organizations, nongovernmental organizations (NGOs), private foundations, among many others (http://www.redesocial-lisboa.pt). Participation in these networks is voluntary and they can be seen as self-organizing systems or working groups. Social embeddedness seems to be the norm as participants do not back out of the network in spite of the absence of formal or hierarchical controls. Norms of reciprocity, trust, and reputation are the glue that binds participants to the network as most organizations are interconnected through collaboration protocols rather than legal contracts. The number of tasks is larger than those identified by Haveri et al. (2009) for informal groups, but still confined to social welfare policies, providing the necessary goal congruence suggested in proposition 6a. However, the number of partners is large, turning this into an intermediate cooperative arrangement based on social embeddedness.

City-regions in The Netherlands are examples of encompassing cooperative arrangements involving multiple local governments for the purpose of regional governance in a wide range of policy domains, including urban planning, transportation, economic development, and social and cultural policies. Initially, this type of collaboration took advantage of a favorable legal framework defined by the national government formally assigning task responsibilities and financial incentives to regional governance initiatives. Even though this legal framework is no longer in place and the Dutch national government now sees regional governments as a needless governmental layer, municipalities maintain collaboration agreements in these less institutionalized, more informal, governance structures. This development fits with proposition 5a, suggesting the replacement of formal cooperation structures by informal ones based on successful past experiences. ICA dilemmas in the Dutch context motivate municipalities to accept their interdependence and to foster negotiation and trust as key drivers of their joint efforts (Metze and Levelt 2012). Similarly, the city-region of Jyväskylä (Finland) is well-known for the collaborative relations established between municipalities as a result of “the network city” discourse developed by elected officials and municipal managers since the mid-1990s. The creation and development of this vision for the city-region produced a network of public and private organizations working together, sharing principles and values, fully committed to growth-oriented development and the provision of welfare services (Haveri et al. 2009).

Mechanisms for Integrating ICA Problems: Contracts

In the European context, informal cooperation experiences such as those described in the previous subsection are less relevant and most cooperation is organized through explicit rules defined in formal agreements. Formalization does not imply lower autonomy levels, because rules can specify exit conditions (Bel and Warner 2015), but it does entail a different emphasis in the choice of governance mechanisms. Social embeddedness is still crucial in formal institutions and successful cooperation to overcome collective action dilemmas, but purely informal collaboration based on trust and reciprocity as we described above are rare events.

Contracts link local government units through formal voluntary agreements for solving collective action dilemmas. Contracts can be bilateral, multilateral or defined by statute. One of the major distinctive features of contracts is that they contemplate exit provisions that are usually less demanding than more formal mechanisms for solving ICA dilemmas, such as those involving delegated or imposed authority. However, unlike credible commitments relying exclusively on social embeddedness, contracts stipulate legal obligations for the signing parties.

Contracts are established between two or more municipalities and formalized by either interlocal agreements or intermunicipal associations that comply with the legislative framework set up by federal, national, and/or regional governments. Interlocal contracts tend to be characterized as a market-based approach by New Public Management type of reforms, as evidence by the preference for this instrument of cooperation by the conservative/liberal party in Norway (Gjertsen 2014). Both interlocal contracts and associations of municipalities have been linked to contexts where social capital is more abundant and intermunicipal cooperation more institutionalized and persistent, including The Netherlands (Hulst and Van Monfort 2007b), France (Hertzog 2010; Hulst and Van Monfort 2007b), Norway (Jacobsen 2015), and Italy (Percoco 2016).

Associations of municipalities are fairly common across several European countries and usually based
on prior ties and contiguity. The agreements also set up entry and exit requirements. These associations are narrow in scope, providing services within a single policy area, including water supply, solid waste systems, and economic development, among many others. The number of partners tends to be larger than typical interlocal contracts, making this an intermediate integration mechanism based on contractual agreements.

The *communautés* in France are single-purpose organizations run by representatives of the local executives and have the power to tax (West 2007). French municipalities remain functionally weak and small, so inter-local contracts are crucial for the delivery of public services and to cope with operational and policy co-ordination problems (Wollmann 2004b). The French example highlights how informal norms of cooperation have become imprinted in France’s local government DNA and eventually support other, more formal mechanisms of cooperation. This provides some evidence in support of proposition 5b that the interaction between regional governance instruments generates multiplier effects.

Municipal unions in Italy are temporary partnerships for joint delivery of front- and back-office services (Fedele and Moini 2007) as well as other basic services (social services, kindergartens, schools, transport, water supply, waste water management, tourism and promotion of the territory) (Baldini et al. 2009). These formal partnership agreements require less political commitment than other alternative forms (e.g., mergers). The municipal unions were partially responsible for the reduction in number of other inter-municipal entities of second level covering smaller municipalities (consortia, associations and districts). However, both the consortia and the conventions are still quite numerous; they are more flexible, require minimal political commitment, and are characterized by reduced institutional scope (Baldini et al. 2009; Bolgherini 2011). Other forms of intermunicipal cooperation include municipal social and subsidized housing institutions, municipal nursing homes, and municipal companies for tourism development (Citroni et al. 2013, 216). In line with propositions 3b and 4b, the Italian and Spanish cases illustrate that as the heterogeneity of preferences increases, both within and between communities, some formalization of cooperation may be required in order to secure goal congruence between partners and protect them from increased collaboration risks (Bolgherini 2014, 2016).

In Switzerland, intermunicipal cooperation is common among all types of municipalities, but more frequent in small, weakly performing municipalities (Steiner 2003). More interesting, the author reports that joint activity in volunteer associations plays a key role in the establishment of intermunicipal cooperation and voluntary municipal mergers. As suggested by proposition 5b, social interaction breeds norms of trust and reciprocity among individuals from different communities that is later used as the glue that helps reinforce and solidify formal arrangements between communities.

In line with proposition 4a, the heterogeneity of preferences and the power asymmetries between municipalities in a region have also been linked to increased difficulties in accomplishing intermunicipal cooperation through less formal instruments, such as contracts and associations. Recent work conducted in Porto (Portugal), Antwerp (Belgium), and Bristol (the United Kingdom) shows that the perceptions of power asymmetries between municipalities in these urban regions without a dominant core city affect their willingness to cooperate, even more so than political differences (Cardoso 2016). The deleterious effect of power asymmetries on this type of cooperative efforts has also been reported for metropolitan areas in Poland (Krukowska and Lackwoska 2017) and joint-ventures in Norway (Holum 2016).

In sum, contractual arrangements for cooperation in several European countries take the form of interlocal agreements or municipal associations with diverse institutional scopes. These voluntary associations are primarily created for service delivery purposes and local signatories are bounded by the joint agreement as well as the legal framework established by upper level governments. Given these characteristics, associations of municipalities result from an intentional combination of formal contract provisions and relational features.

**Mechanisms for Integrating ICA Problems: Delegated Authority**

The instruments for cooperation based on delegated authority tend to be more encompassing than contractual arrangements in order to respond to the increased complexity of ICA dilemmas. Delegated authority mechanisms are also formal in nature and emerge as solutions from local actors’ willingness to transfer power to an authority or district that acts independently (Feiock 2013). Municipal and inter-municipal corporations and regional governments are examples of these integration mechanisms.

Municipal corporations adopted in several European countries resemble American public authorities, a particular form of special district that has independent corporate status and derives revenues from fees, charges, and borrowing (Gulick 1947; Frant 1997; Horn 1995). Municipal corporations are run by an executive board appointed by their parent government, because the local authority is the majoritarian,
sometimes even the only, shareholder. The typical municipal corporation provides services in a single policy area, giving these mechanisms a predominantly narrow scope. This is the case of municipal corporations in Italy (Cambini et al. 2011; Grossi and Reichard 2008), Sweden (Monti and Amna 2000), Germany (Grossi and Reichard 2008), and Portugal (da Cruz and Marques 2011; Tavares and Camões 2010; Tavares 2017). Intermunicipal corporations are used when several local governments delegate service delivery responsibilities to a jointly owned firm. There are also several European countries adopting these types of arrangements, including Norway (Sørensen 2008), Italy (Citroni et al. 2013), and Portugal (Tavares and Camões 2007; Rodrigues et al. 2012).

Regional authorities are the most complex form of governance mechanism involving delegated authority. They are broad in both functional and geographic scope and entail a significant loss of authority by the government units that propose their creation. Independent Regional Waterboards in The Netherlands date back to the 13th century and were set up to manage the water that was being retained to prevent flooding and serve for agricultural purposes. Local bodies were initially created to accomplish these goals, but later delegated their authority to these regional governments (De Boer and Bressers 2011). The Waterboards are “democratic institutions governed according to the interest-taxation representation principle in which groups paying for their ‘services’ are represented and have to work together in the board. (…) In 1955 there were 2480 Waterboards spread across the country, though through amalgamation actions they have been reduced to a total of 2.5.” (De Boer and Bressers 2011, 16).

Finally, regional governments are, perhaps, the most extreme form of cooperation involving extensive voluntary transfer of authority (or loss of municipal autonomy). Examples of multipurpose metropolitan governments in European countries include the Greater Hanover Association (Heinelt and Zimmermann 2011), the Metropolitan Joint Committee of Upper Silesia in Poland (Krukowska and Lackowska 2017), and, to a certain extent, the Amsterdam Metropolitan Area (Schipper and Gerrits 2014).

Mechanisms for Integrating ICA Problems: Imposed Authority

For ICA dilemmas entailing extremely high transaction costs and collaboration risks, voluntary mechanisms such as the types discussed in the previous sections are manifestly inefficient. At the highest level of collaboration risk, no self-organizing voluntary solution is likely to emerge and the collective action problem will likely be addressed through a hierarchically-imposed mechanism. One of such situations occurred during the post-war years. Functional responsibilities assumed by many European national governments increased substantially, largely motivated by a faith in the miracles of professional planning, effective co-ordination, and large bureaucracies. Given this work overload, many national governments in Northern and Western Europe faced a structural obstacle in transferring service provision responsibilities to local authorities. Municipalities and communes had been involved in a minimal number service functions, covered small geographical areas, and were characterized by part-time local officials and staff. The increase in the number of local government functions due to both the Welfare State growth and rising urbanization pressures became the trigger for a set of territorial reforms by rational planning and design (Wollmann 2004a). Faced with excessive fragmentation, some Western European national governments forced municipal mergers as a solution (see Table in the Supplementary Appendix for a summary).

Some countries reduced the number of municipalities by about two thousand or more in this time span (Belgium, France, Germany, and Sweden). Other countries reduced the number of local governments by more than 60% (Belgium, Denmark, Germany, Sweden, and United Kingdom). In other cases, the number of local governments remained largely unchanged (France, Portugal) with the counterrtrend case of Italy that increased slightly. These territorial reforms are an example of imposed centralized authority to solve horizontal collective action dilemmas. Coerced mergers are the most extreme form of imposed authority and their links to the propositions suggested in this work are unclear. They seem to have been prevalent in countries with more fragmented local government systems facing fast pace urbanization and the expansion of the Welfare State (Askim et al. 2017; Baldersheim and Rose 2010).

The absence of massive territorial reforms in France, Switzerland, Italy, Portugal, and, to a certain extent, Spain suggests that other alternative mechanisms to address horizontal collective action dilemmas
have been in use over the past few decades. The cases of imposed authority described in this section are primarily consistent with proposition 1b, suggesting that the Southern European cluster of countries where centralization and administrative law have been dominant traits during the second half of the 20th century have systematically resorted to alternative mechanisms to solve horizontal collective action dilemmas. Faced with significant opposition to mergers due to a tradition of identity politics characterized by clientelistic local politics, parochial culture, weak autonomy and underdeveloped management (Stoker 2011), these countries initially adopted top-down mechanisms to force municipal cooperation (Oliveira and Breda-Vázquez 2016) and more recently stimulated broad-based instruments for voluntary cooperation (Silva et al. 2016).

Intermunicipal cooperation and privatization of local services are frequently mentioned as alternative responses to territorial amalgamations in France (Hertzog 2010) and Spain (Bel, Fageda, and Mur 2013), but for a long period after World War II, the existence of centralized authority and the prevalence of local autonomy crowded out voluntary self-organizing mechanisms (the substitution effect suggested by proposition 5a). There are recent examples of mechanisms entailing imposed authority for integrating ICA dilemmas that avoid full-fledged mergers, but involve hierarchically based solutions. In Spain and France, upper levels of government provide financial and technical support for services involving shared competencies by all levels of governments. The consorcios (Spain) and the syndicats mixtes (France) are vertical cooperation arrangements set up to address the provision of services in a single policy area (water management or public transportation, for example) (Bel and Warner 2015; Hulst et al. 2009). In Portugal, Metropolitan Transportation Authorities (MTAs) are regional bodies responsible for the coordination of planning, transportation, and mass transit decisions across multiple local governments. MTAs are not voluntary in nature and their creation by the national parliament resulted in an effective loss of authority by the municipalities that comprise the metropolitan areas of Lisbon and Porto. The majority of members in the general council and executive board are appointed by the national government, whereas a minority is appointed by the executive board (Junta) of the Metropolitan Area Government. The absence of significant decentralization movements in these countries also explains the lack of consideration given to municipal mergers as a solution to ICA dilemmas. Since the nature of the ICA problems was much less complex, most dilemmas were addressed using less cumbersome mechanisms.

An ICA Research Agenda for Europe

The ICA framework provides an approach to understand the variable geometry of intermunicipal cooperation and regional governance in Europe. The preference for formal and hierarchical solutions is certainly clearer in the European setting than in the US context. In this article we suggest that the variation in the constitutional-legal framework, local institutions and preferences, homophily within and between communities, goal congruence between the generic instrument and the ICA dilemma to be solved, and the interaction between mechanisms affects the transaction costs faced by local authorities attempting to address ICA dilemmas through collaborative agreements. Although some of these factors are common to the US and European settings, institutional diversity resulting from historical, cultural, and constitutional-legal factors explains most of the variation across countries in Europe.

The propositions developed in this article and synthesized in table 1 link the conditions characterizing regional and local government systems and the nature of the ICA dilemmas to the adoption of specific integration mechanisms to promote cooperation among local governments in regional and metropolitan areas. The nature and diversity of the instruments to promote cooperation was emphasized in the last section of the article and synthesized in figure 2. This figure includes examples drawn from the empirical literature on intermunicipal cooperation and collaborative regional governance in European countries that illustrate the 12 cells defined by the two classification criteria employed in the ICA framework: the type of integration mechanism (horizontal axis) and the degree of complexity (vertical axis). These policy instruments are employed in different countries across Europe to improve coordination between local authorities seeking to accomplish common (supra-municipal) goals and provide solutions to conflicts between jurisdictions over negative externalities.

Figure 2 shows that it is both theoretically and empirically possible to find policy instruments across the spectrum of combinations of integration mechanisms and degrees of complexity. The determinants of adoption of the policy instruments included in the cells of figure 2 can be investigated by converting the propositions in table 1 into testable hypotheses tailored for each research setting. However, it is important to notice that our goal was not to be exhaustive in describing all possible integration mechanisms adopted by every single country in the European continent. Other instruments may be available and used which were not included in our analysis.

Some limitations should be acknowledged in our goal of applying the ICA framework to investigate intermunicipal cooperation in European countries. First, our analysis fails to address which policy instruments are included in our analysis.
here, but it can certainly be pursued as an avenue of future research for scholars interested in assessing the diversity in the use of policy instruments for intermunicipal cooperation in a comparative perspective. Second, the propositions were illustrated using selected examples from the European setting, but our goal was not to be comprehensive. Future research should operationalize these propositions into testable hypotheses in order to develop empirical work concerning the causes of adoption. Finally, we have not explicitly included an evolutionary perspective in the ICA framework presented here, but future work should engage in expanding it to this type of longitudinal analysis (Schipper and Gerrits 2014).

Table 1. Factors Influencing the Adoption of Policy Instruments for Regional Governance

| Proposition 1a | Countries with a longer tradition of a constitutional-legal framework favouring decentralization and self-government facilitate the adoption of less formal mechanisms for regional governance (cells on the “embeddedness” column on Figure 1). |
| Proposition 1b | Countries with a longer tradition of a constitutional-legal framework favouring centralization and administrative law prefer the adoption of regional governance mechanisms based on formalization (cells on the “contracts” and “delegated authority” columns on Figure 1). |
| Proposition 2a | Local political institutions characterized by weak ties lead to the adoption of less formal mechanisms for regional governance (cells on the “embeddedness” column on Figure 1). |
| Proposition 2b | Local political institutions characterized by strong ties lead to the adoption of regional governance mechanisms based on formalization (cells on the “contracts” and “delegated authority” columns on Figure 1). |
| Proposition 3a | Homogeneity of preferences within a community facilitates the adoption of less formal regional governance mechanisms (cells on the “embeddedness” column on Figure 1). |
| Proposition 3b | Heterogeneity of preferences within a community leads to the adoption of more formal regional governance mechanisms (cells on the “contracts” and “delegated authority” columns on Figure 1). |
| Proposition 4 | Homogeneity of preferences between communities facilitates the adoption of less formal regional governance mechanisms (cells on the “embeddedness” column on Figure 1). |
| Proposition 4b | Heterogeneity of preferences between communities leads to the adoption of more formal regional governance mechanisms (cells on the “contracts” and “delegated authority” columns on Figure 1). |
| Proposition 5a | The interaction between regional governance mechanisms generates substitution effects in the adoption of new mechanisms. |
| Proposition 5b | The interaction between regional governance mechanisms generates multiplier effects in the adoption of new mechanisms. |
| Proposition 6a | Less goal conflict among participants is associated with less complex regional governance mechanisms (cells on the “embeddedness” columns on Figure 1). |
| Proposition 6b | More goal conflict among participants is associated with more formal regional governance mechanisms (cells on the “contracts” and “delegated authority” columns on Figure 1). |
| Proposition 6c | Extremely high goal conflict among participants is associated with no voluntary solution to the ICA dilemma (cells on the “imposed authority” columns on Figure 1). |

| Encompassing Complex Collective | City-regions/Network cities | Multi-Purpose Municipal Associations | Regional / Metropolitan Governments | Forced Municipal Mergers |
| Intermediate Multilateral | Social Welfare Networks | Single-Purpose Municipal Associations | Intermunicipal Corporations | Metropolitan Transportation Authorities |
| Narrow Single Issue Bilateral | Informal Working Groups | Interlocal Agreements | Municipal Corporations | Consorcios and Syndicats Mixtes |
| Embeddedness | Contracts | Delegated Authority | Imposed Authority |

Figure 2. Policy Instruments for Integrating ICA Dilemmas in Europe Countries.
The goal of this article was to develop a strong theoretical understanding of the factors affecting the choice of different policy instruments for mitigating a plethora of ICA dilemmas. The next step is to develop a research agenda along two distinct albeit complementary empirical paths. The first goal is to convert the propositions suggested in the previous sections into testable hypotheses regarding the factors contributing to the adoption of specific ICA instruments. This includes empirically assessing the delicate balance between the persistence of inefficient collective outcomes due to inaction, the loss of some autonomy due to the adoption of voluntary mechanisms or abdicating it completely in favor of a hierarchically imposed solution. The aim is to develop comparative studies in several European countries in order to contribute to the consolidation of ICA as a theoretical framework beyond what was initially developed in the American context. The second path should focus on the actual performance outcomes of the policy instruments themselves and how incentives, third-party enforcement, and social capital and network embeddedness can improve the performance of mechanisms to mitigate ICA dilemmas.

Supplementary Material
Supplementary material is available at the Perspectives on Public Management and Governance online.

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