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## The Myths of Municipal Mergers.

The media attention on Ferguson, Mo., one of the 90 jurisdictions in St. Louis County, has also brought attention to consolidation — a touted solution to government ills.

In the wake of the events in Ferguson, Mo., much of the media coverage focused on the geopolitical fragmentation of the St. Louis area, and the abuses it has engendered. In some circles, it led to talk of government consolidation, or “big box” government, as a possible solution.

St. Louis County has 90 municipalities. (This doesn’t include the city of St. Louis, which is technically an “independent city.”) Believe it or not, with 22,000 residents, Ferguson is one of the biggest. A number of the municipalities have fewer than 1,000 people. This proliferation of small cities has created perverse incentives to bad and abusive governance. But while there may be clear benefits to consolidation, is it really the answer here?

Consolidation and absorption of territory by expansive central cities have been in vogue for some time. Former Albuquerque, N.M., Mayor David Rusk’s influential 1993 book Cities without Suburbs noted that regions whose central cities had elastic boundaries that could expand to take in new territory outperformed those that did not.

It’s said that consolidation brings more clarity to regional leadership and creates tax equity, since the tax burden is distributed over a larger entity. Cost savings from economies of scale are often touted as well. But as my colleagues Alan Ehrenhalt and Justin Marlowe have written in these pages, a look at consolidation as currently practiced reveals holes in all of these theories.

First, in many consolidations, there is really little consolidation at all. In the case of the “Unigov” system in Indianapolis, virtually none of the existing municipalities in the county were legally eliminated during consolidation. Police and fire departments were left unconsolidated, as were 11 school districts. Similarly in Louisville, Ky., where the city and county merged, neither existing municipalities nor fire departments were abolished. This hardly clarifies leadership and lines of authority.

There’s also limited tax sharing, thanks to the political deals needed to get mergers approved. In Nashville/Davidson County, there are not only six “satellite” cities, but there is also a separate “urban services district” with a higher tax rate. Louisville has a similar designation for its former city territory.

As for cost savings, evidence suggests that these are vastly exaggerated and that the cost of government can actually go up. This was the case in Indianapolis, where in 2007 the city finally consolidated police departments. The move was projected to save $8.8 million per year. A post-merger audit by the firm KSM Consulting found that actual savings were “negligible.”

Corporations frequently manage to save money when merging. That’s because they can pare costs by eliminating redundancy and harmonizing salaries. But in the public sector, nobody is likely to lose his job, and salaries tend to be harmonized to the high water mark.

Even the “cities without suburbs” paradigm may actually be backwards. In a paper criticizing the Louisville merger, University of Louisville professors Hank Savitch and Ronald Vogel argued that a better description is “suburbs without a city.” That is, by allowing formerly suburban and unincorporated areas to vote for the government of the city, the locus of control shifts from urban to suburban residents. This disempowers the city by merging its interests with a far larger group of suburbanites who may have different interests and values. This can also have a racial dimension, as it dilutes concentrated minority voting power in the central city. The mere act of putting different groups of people inside the same box doesn’t ensure that they will agree, as Congress so starkly illustrates.

Expansive or consolidated governments are often less responsive to citizen and neighborhood needs. A large city still only has one mayor who only has 24 hours in a day. His or her attention span is limited. And in a large city, the most influential interests tend to be its wealthy citizens along with corporate players. It can be hard for neighborhood-level concerns to get addressed.

Given these factors, it’s hard to see how consolidation would help the St. Louis area. This is particularly true when, as Cincinnati Mayor John Cranley has noted of his city, the urban core is starting to see uplift while surrounding inner-ring suburbs face challenges from their own economic and fiscal declines.

Yet there’s an argument to be made for consolidation of especially small cities. Unlike big-city governments, these often fly under the media and state radar unless a major problem erupts. This renders them vulnerable to abuses. It’s no surprise that it was Bell — not small on an absolute basis, but only the 215th largest municipality in California — where the city manager was making nearly $800,000 per year. Combine small size with poverty, as in Bell, and these places are often doubly overlooked.

In these cases of documented abuse, state legislatures should not hesitate to simply abolish the small municipalities in question. This would result in de facto consolidation to the county level. No one should suggest that this in and of itself would solve the racial and other challenges facing the St. Louis region. In fact, it would likely produce many of the downsides described above, such as the dilution of minority voting power. But it would at least end the outright abuse of citizens, especially poor and minority citizens, by these tiny fiefdoms.

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