Amalgamation and Inter-Municipal Cooperation: Alternative or Consecutive Reform Strategies? An Analysis Based on an Empirical Longitudinal Study of Swiss Local Governments

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Abstract

In Switzerland, municipalities have only started to merge (voluntarily) in the 1990ies, whereas inter-municipal cooperation (IMC) has had a long tradition. From an international perspective, the Swiss municipalities are very small and are therefore highly reliant on cooperation with other local authorities to fulfil their tasks appropriately. This paper raises the question whether IMC is a stable and lasting form of organizing task fulfilment and can therefore be seen as an alternative to amalgamations or whether cooperation between municipalities is rather a first step before merger. The underlying data for this paper come from a longitudinal survey which was conducted in all municipalities in Switzerland in 1998 and 2009 and achieved high response rates of 84.5% and 57.7%, respectively. The results of regression analysis suggest that IMC and amalgamation are independent reform strategies rather than a logical consequence of one another. To predict the degree of merger activity in a municipality, financial incentives for mergers in a canton rather than IMC form the most important influence factor.


Keywords: Amalgamation, intermunicipal cooperation, reform strategies, local government, Swiss municipalities
Introduction

Local government reforms have been implemented in many European countries since the 1950s. Besides politico-administrative reforms within single municipalities, reforms across municipal boundaries have entered the reform agenda. These territorial reforms are often directed to increase effectiveness, efficiency, and capacities (see, for example, Kersting & Vetter 2003: 16). Among territorial reforms, we may distinguish between ‘up-scaling’ strategies\(^1\), that is amalgamation reforms, and ‘trans-scaling’ strategies, that is strategic thrusts pursuing inter-municipal cooperation arrangements (Baldersheim/Rose 2010; Kuhlmann/Wollmann 2016). Referring to ‘up-scaling’ reform strategies, international literature speaks of the Northern European reform model. Such amalgamation strategies and increase in size was pursued, for example, in the United Kingdom, in Sweden, in Denmark. Amalgamation strategies can range from bottom-up to top-down strategies, and from comprehensive to incremental approaches (Baldersheim/Rose 2010). The Southern European reform pattern, that is trans-scaling and intermunicipal cooperation, is found in France, Italy and many Central and Eastern European Countries (CEE) (Kuhlmann/Wollmann 2016).

The possible forms of intermunicipal arrangements reach from simple exchange of opinions and experiences among administrative staff to legally binding cooperation that restricts the municipalities’ autonomy, sometimes even imposed by higher-ranking state levels (CoE, UNDP & LGI 2010). In some federal countries like Germany and Switzerland, we find reform hybrids between amalgamation and inter-municipal cooperation. The member states (\textit{Länder} and \textit{Kantone}, respectively) decides upon their own territorial reform policy and many have opted for mixed strategies with a reduction in the number of local governments.

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\(^1\) In this context, strategies are understood as ‘the procedures of decision-making adopted by policymakers in order to accommodate interests and stakeholders affected by policy initiatives’ (Baldersheim/Rose 2010, p. 12).
as well as intermunicipal cooperation arrangements especially supporting small municipalities (Kuhlmann/Wollmann 2016).

While many Western European countries, e.g. Germany, United Kingdom, Denmark (Wollmann 2010; John & Copus 2011; Blom-Hansen & Heeager 2011) have conducted major territorial reforms, only single municipal mergers have been implemented in Swiss local government (Ladner et al. 2013). From an international perspective, the Swiss municipalities are still very small (Steiner & Kaiser 2013) and many municipalities highly rely on cooperation with other local authorities in order to fulfil their tasks appropriately. Intermunicipal cooperation (IMC) has a long tradition in Switzerland. Amalgamations, on the other hand, were a taboo for a long time and only in the 1990ies, municipalities have started to merge voluntarily. Today, one of six Swiss municipalities is involved in a concrete merger project, and more than half of the municipalities still intensify their inter-municipal cooperation (Ladner et al. 2013; Steiner/Kaiser 2018). These reform activities suggest that service delivery is not in every case possible within a single municipality. With cooperation or merger, municipalities hope to provide public services adequately and to benefit from scale economies.

In current local government literature, research on the relationship between different strategies for increasing local government capacities, in this case between cooperation and mergers, is rather scarce. Part of the literature suggests that cooperation might be a first step to amalgamation (Henkel 1992: 226) so that at the end of a cooperation agreement, there is often a merger (Porter & Fuller 1989: 381). Others suggest that inter-municipal cooperation may be an alternative and functional substitute to amalgamation reforms (Kersting 2006; Teles/Swianiewicz 2018; Hertzog 2018; Franzke 2018).
While inter-municipal cooperation and amalgamation are both existent in Switzerland and we dispose of a good level of knowledge about their diffusion (Steiner 2002; Ladner et al. 2013), it is yet unclear whether these two reform strategies represent alternatives which exclude one another or whether merger is a logical consequence of IMC. In order to fill this research gap, this paper raises the question whether IMC is a stable and lasting form of organizing task fulfilment and can therefore be seen as an alternative to amalgamations or whether cooperation between municipalities is rather a first step before merger. The main research questions in the paper are: Are municipalities with a high intensity of cooperation more merger-orientated than municipalities with little cooperation? Have merged municipalities cooperated above-average before merger (whereby intensity is measured in the number of task areas in which municipalities cooperated)? If not IMC, what are possible predictors for amalgamation?

Empirical basis is a longitudinal survey of all Swiss municipal secretaries (the top bureaucrat) on local government reforms, which was conducted in 1998 and 2009 and achieved high response rates (84.5% and 57.7% respectively).

The paper is structured as follows: First, the theoretical background and the hypotheses of the paper are elaborated. Then, we present the methodology and explain why we chose the Swiss municipalities as object of research. To understand the context of the paper, it is important to say a few words about the situation of the Swiss municipalities. Finally, we present the empirical results and draw some conclusions.
In literature, we find numerous arguments in favour of amalgamation\(^2\) reform strategies, which partly correspond to the points regarding cooperation. In larger local units, there is the possibility of economies of scale. The concept holds that the average cost per inhabitant is reduced because fixed costs can be spread over a larger unit and administrative duplication can be eliminated (Fox & Gurley 2006; Council of Europe 2001; Callahan, Murphy and Quinlivan 2014). Merged local governments would therefore become more efficient. Furthermore, larger local government can benefit from economies of scope, financial benefits that result from providing local services through a single institution rather than through multiple institutions (e.g. shared IT services) (Dollery and Byrnes 2007). Furthermore, through amalgamation, the quality of service delivery may be enhanced because service standards are adjusted to the level of the municipality that previously had the highest quality level for the local services (Steiner 2003). Municipal administration may be professionalized in larger municipalities (Dafflon 1998). Also, members for the local executive authority may be recruited more easily in larger municipalities. The reason is that there are a smaller number of elected positions which are also more attractive because of a large decision perimeter and more prestige for the job (Steiner et al. 2012). The position vis-à-vis higher-ranking state levels and municipal autonomy may be strengthened (Steiner 2002). It is argued that municipal tasks partly reach beyond the municipal boundary and that the historical

\(^2\) When an *amalgamation* occurs, one or more municipalities cease to exist. Either all merging municipalities give up their existence in order to form a new municipality, or one or more municipalities join an existing municipality. One or several municipalities completely surrender their independence and all municipal tasks are fulfilled by the new municipality (Steiner 2003). In this paper, the terms ‘amalgamation’ and ‘merger’ are used as synonyms.
municipal boundaries do not correspond to the boundaries that exist in the reality of today’s societal and economic life any more – this is the case for example in public transport or urban planning. In amalgamated and, thus, larger municipalities, economic, land use and public transport planning may be more coherent in larger territorial units (Kushner and Siegel 2003). Also, in a territorial unit with a larger perimeter the free rider problem would be less accurate (Geser et al. 1996). Furthermore, from the perspective of the national government, forced amalgamations may be more attractive than voluntary IMC between local governments which are often slower reforms (Raudla/Tavares 2018).

On the opposite side, grounded in public choice theory, some scholars support a small-scale municipal landscape with competition between local governments. Municipalities of different sizes provide different public services and citizens can choose the municipality with the services and taxes that best satisfy their individual preferences (‘voting by feet’) (Tiebout 1956). This eventually leads to an efficient allocation of public resources. Furthermore, it is debated whether mergers actually lead to cost savings. International literature on scale economics is inconclusive (Reingewertz 2012) as previous studies provide little evidence of cost reductions and improved financial situations in amalgamated municipalities (Bish 2001; Drew, Kortt, and Dollery 2014), and transition costs are often underestimated (Andrews and Boyne 2012). Thus, there may not be savings due to amalgamation reforms, or

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3 A free rider problem occurs when someone consumes a public service without paying the full costs. This is the case for example when inhabitants of one municipality visit cultural events in a neighbour municipality whereby the ticket price does not cover the full costs because these are covered by the tax payers of the neighbour municipality (Geser et al. 1996).
even diseconomies of scale may occur (Drew, Kortt, and Dollery 2014) because complexities, bureaucracy and process costs rise (Callanan, Murphy, and Quinlivan 2014). Some studies find a u-shaped relationship between population size and per capita public expenditure (Breunig and Rocaboy 2008). It has also been argued that there is no functionally optimal size for a municipality (Sancton 2000) because whether scale economies occur depends on the particular local task or service (Drew and Dollery 2014). Regarding democratic aspects, amalgamation is often feared to lead to damage local democracy, (De Ceuninck et al. 2010), a decrease in political participation and a loss of direct citizen contact with local councillors (Linder 2010; Copus 2006).

Through inter-municipal cooperation⁴, various benefits may arise (see, for example, Geser et al. 1996: 268 f.; Steiner 2002: 112 f.; Kersting 2006; Steiner et al. 2012). They partly correspond to those of territorial mergers. One of the most obvious reasons for participating in IMC is the possibility of economies of scale. The cost of service delivery may be lower per capita if services are provided by more than one municipality for more people (CoE, UNDP & LGI 2010). Inefficient duplication can be avoided. A second important driver for IMC is the expected improvement of service quality or the possibility to introduce new services or build new infrastructure (CoE, UNDP & LGI 2010). If the size of a municipality is too small for the fulfilment of tasks, cooperation enables capacity building. This might be

⁴ Inter-municipal cooperation (IMC) can be defined as the fulfillment of a public municipal task by an individual municipality, by two or more municipalities jointly or by a third legal entity, whereby the task fulfillment simultaneously serves at least two municipalities and the participating municipalities participate directly (‘performing’) or indirectly (‘organizing’).
the case, for example, when small municipalities share school education or water management infrastructure. Financial resources for larger projects, e.g. sewage infrastructure, can be raised more easily. More resources and know-how are accessible and the municipalities can make progress on the learning curve. Further reasons for creating intermunicipal cooperations are better visibility and marketing by using regional symbols, sharing attractions and advertising costs (CoE, UNDP & LGI 2010). Additionally, risks may be reduced and a culture of trust may be created (Henkel 1992; Gächter et al. 2004).

However, cooperation also has its obstacles and downsides (see CoE, UNDP & LGI 2010; Porter & Fuller 1989: 375 et seqq.; Steiner et al. 2012). Opponents criticize a democratic deficit related to intermunicipal cooperation. Decision making procedures in IMC are less transparent than in municipalities where they are well known and set out in statute (CoE, UNDP & LGI 2010). Furthermore, IMC entities may slow down the decision making process which becomes more complex because more actors are involved. Coordination problems and bureaucratic inertia may arise, generating redundancies and duplication costs. Finally, there is a political cost to IMC because political leaders are reluctant to sharing power and prestige in an IMC structure and free rider problems may occur.

**Hypotheses and Operationalization**

This article wants to investigate whether inter-municipal cooperation can be seen as an alternative to amalgamation or as a first step in the process towards amalgamation. This matter is examined on the basis of two hypotheses. The first hypothesis relates to the question whether inter-municipal cooperation is an alternative or a first step to amalgamation, whereby the static as well as the dynamic dimension of this question are looked at.
It could be assumed that a development pattern can be found as follows: If municipalities work together with their neighbours intensively in many task areas and intensify their collaboration over the years, the logical consequence is an amalgamation, even if the time frame may be long. Reasons for this development pattern may be that collaborating municipalities realize the many advantages of cooperation on service delivery and needed resources. Also, due to cooperation, trust can be built between the municipalities and they get to know each other better. IMC arrangement may act as a slow push towards merger (Stănuș 2018). It is therefore assumed that IMC leads to more merger discussion and eventually to amalgamation.

*Hypothesis 1:* *Intensive inter-municipal cooperation leads to more merger discussions or merger.*

This hypothesis is operationalized as follows: the intensity of inter-municipal cooperation is measured according to the number of task areas in which a municipality cooperates which we know from the municipalities’ responses to the surveys of all municipal secretaries. IMC is considered to have increased if the municipalities state in the survey that their cooperation with other municipalities has increased between 2004 and 2009. Merger discussions are considered if they have taken place between 2005 and 2009 according to the self-report of the municipalities. As for amalgamation, mergers which occurred since 1990 are considered.

The second hypothesis is somehow a counter-hypothesis to the first one. It is assumed that IMC is an alternative strategy to amalgamation. One reason is that local governments –
other than after an amalgamation process – are able to provide services in variable geometry, meaning they can participate, depending on the task, in various cooperative projects with different partners (Iff et al. 2009). Furthermore, it allows functional improvement without profound changes relating to territory and political status of a municipality (Teles/Swianiewicz 2018). Under this assumption of IMC and mergers being two separate local government reform strategies, it is assumed that not primarily IMC, but other factors are mainly responsible as to why municipalities consider and/or implement amalgamation. It is assumed that mainly municipalities that find themselves in a difficult situation concerning task fulfilment, finances (Askim et al. 2016) or staff issues amalgamate. Furthermore, it is assumed that small municipalities more often need to consider amalgamation in order to reach an adequate size for service provision (Calciolari et al. 2013). Also, financial incentives set by the higher-ranking state level are expected to have an influence on the municipalities’ merger activities (Kaiser 2014).

**Hypothesis 2:** Other factors than inter-municipal cooperation, namely small size, performance limits, difficult financial situations, difficulties with staff, interest in local politics and financial incentives lead to merger discussions or merger.

The operationalization of the hypothesis is based on the survey of local secretaries which was conducted in the year 2009; part of the results will therefore depict the subjective performance of the municipalities themselves. The municipalities were asked to self-report on their performance limits in 31 task areas. For the financial situation, the indebtedness of the municipalities, its position in the cantonal equalization system as well as its affectedness by
the financial and economic crisis is considered. Interest of the local citizens in local politics is measured on a 7-point scale based on the self-assessment of the municipalities. Difficulties with staff is operationalised using the variable ‘difficulties finding qualified candidates for local authorities’ according to the self-report of the municipalities on a 5-point scale. Furthermore, we include whether local governments are provided with financial incentives for mergers by the canton as a dichotomous variable. The variables’ main characteristics can be found in appendix 1; appendix 2 provides the descriptive statistics and details on the operationalization.

Applied Methodology and the Swiss Municipalities as Object of Research

The paper is hypothesis-based and focuses on the Swiss case. Switzerland is a useful case for this study because mergers as well as IMC are important reform strategies in Swiss municipalities, and local governments, as a rule, chose themselves what reform strategy they want to follow, instead of being forced by higher-ranking state levels. So, we are able to observe both these local government reform strategies and the relationship between them in the Swiss municipalities.

The data for the empirical part come from a comprehensive survey of all local secretaries in Switzerland which was conducted in the year 2009 and which achieved a response rate of 57.7% (the universe consisted of 2,631 municipalities; see Federal Statistical Office 2012). Furthermore, survey data from the same longitudinal survey from the year 1998 is used for the empirical analysis, for which the response rate was even higher (84.5%).

\[5\] Given legal foundation, the canton can also force municipalities to cooperate or merge if considered necessary (Steiner 2002: 90). However, this happens very rarely.
The municipal secretary who was addressed in these surveys is the top bureaucrat in a municipality and was chosen as the expert because she or he takes a key position in the municipality and disposes of a large general knowledge about the municipality. The local secretaries’ functions are manifold, i.e. head of administrative department and contact person for the citizens. Their core competences include planning, coordination, and implementation of decisions for the local councillors and the local parliament (Steiner & Kaiser 2013). The unit of examination of the study is the political municipality which disposes of the general competence in municipal affairs.

To look at the relation between cooperation and merger, correlation as well as regression analysis was conducted.

In order to better understand the context of the paper, the situation of the Swiss municipalities is presented in short. They are characterized by their manifold responsibilities, their smallness and their relative large degree of autonomy (Ladner 2008: 1). They are a part of the internal organization of the twenty-six cantons, which form the members of the Swiss federal state. The local authorities are under cantonal supervision and it is left up to the cantons to organize the municipalities and determine their tasks (Friederich et al. 1998: 11 et seqq.). Under the cantonal laws, municipalities can select an appropriate structure and administrative organization, levy taxes and independently fulfil those tasks that do not lie within the jurisdiction of the cantons or the Federal Government (Linder 2010).
The population of the 2,222 Swiss municipalities (in 2018) varies considerably. When all of Switzerland is taken into account, the median municipal population size is 1,370 inhabitants, and the mean is 3,502 inhabitants. Only ten municipalities have a population size of more than 50,000 inhabitants and 40 per cent of municipalities have fewer than 1,000 inhabitants.

The Swiss local authorities enjoy a relatively large amount of autonomy. This becomes evident, for example, by the fact that the municipalities obtain 70 percent of their gross income by means of their own financial resources. In no other European country is the transfer of resources from the superordinate state to the local authorities lower than in Switzerland (Council of Europe 1997: 25). Municipal expenditures account for 19.1 percent of all government expenditures in Switzerland which is clearly above the OECD-average (OECD 2011).

**Diffusion of Amalgamation and IMC in Switzerland**

Since the Second World War, many OECD-countries have drastically reduced the number of local units (Kersting & Vetter 2003) in one or several major territorial reforms (e.g. Germany, United Kingdom, Netherlands, Sweden, and Denmark) (see e.g. Copus 2010; Wollmann 2010; Bundgaard & Vrangbaek 2007). In Switzerland, there have been no major amalgamation reforms. This might be because the Swiss municipalities have great political significance, they are relatively autonomous and mostly, the principle of voluntariness is applied concerning municipal mergers. In 1850, two years after the Swiss Federal State was founded, Switzerland counted 3,203 municipalities. Until 1990, this number was only reduced to 3,021 units. Since 1990 however, more municipal mergers than ever have been

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6 Based on data 2016.
implemented and the number of municipalities was reduced to 2,222 units in the year 2018 (see Figure 1) (Federal Statistical Office 2016). Most were single mergers, perhaps because municipalities in Switzerland have great political significance and they are relatively autonomous. In some cantons, a participative bottom-up strategy is applied concerning municipal mergers (i.e., most mergers are voluntary) (Steiner/Kaiser 2017). Other cantons have no specific amalgamation strategy (Steiner et al. 2016).

Even if the implementation of municipal mergers has no long tradition in Switzerland, they are a frequent topic of conversation: during the past five years, almost half of the Swiss municipalities have held discussions with one or more neighbour municipality about a possible merger project. Discussions about municipal mergers are especially frequent among small municipalities. They are less discussed in medium-sized local units, but are again rather frequently topic of conversation in large municipalities, i.e. cities (Cramers V = 0.23; significant at the 1% level). 16 percent of all Swiss municipalities have had concrete merger plans during the past 5 years, among those many small municipalities (Ladner et al. 2013).

Survey results indicate that inter-municipal cooperation has been strengthened in Switzerland in the past years. More than half of local governments (55.8 per cent) have intensified cooperation with other municipalities between 2012 and 2017. In 42.9 per cent of the Swiss municipalities, inter-municipal cooperation has not changed. The number of municipalities

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7 By municipalities with a ‘small’ population size we mean municipalities with up to 999 inhabitants, ‘medium-sized’ municipalities in this study are considered to be municipalities with 1,000 to 9,999 inhabitants and ‘large’ municipalities and cities have a population size of at least 10,000. Even though this categorization may seem low in the international context, it is adequate for the Swiss case because of the high fragmentation of the Swiss municipal landscape.
which have reduced inter-municipal cooperation is negligible with only 1.4 percent (Steiner/Kaiser 2018). On average, the Swiss municipalities cooperate with other municipalities in nine task areas (Ladner et al 2013). Not every task is suited in the same way to be fulfilled by inter-municipal cooperation. On the one hand, IMC is widespread in tasks which require expensive infrastructure, for example, sewerage, waste disposal and water supply. On the other hand, municipalities cooperate in social tasks which cannot easily be accomplished by a small municipality itself because of a lack of capacity (for example, social welfare and care for the elderly). Municipal administration and municipal executive are areas in which municipalities hardly cooperate (less than 10%; except for information technology). This is probably due to their high importance for the municipalities’ identity (Ladner et al. 2013).

**Empirical Results**

In hypothesis 1 we want to test whether municipalities with intensive and/or increasing inter-municipal cooperation are more likely to lead merger discussions or merge with one or more neighbour municipalities. First, we deal with the static dimension of the question whether IMC leads to more mergers. The correlation coefficient (Spearman Rho) for the intensity of IMC and discussions about merger is 0.070** (significant at the 0.01% level) which suggests only a weak relation between the intensity of IMC and merger discussions.

No significant correlation between the intensity of IMC and merger implementation was found (Spearman Rho of -0.035). Also, no correlation between the intensification of IMC and the merger discussions (Spearman Rho of -0.005) or merger implementation (Spearman Rho of -0.026) could be found. These results suggest that the current state of IMC in a

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8 This calculated mean is based on a survey in which 31 selected task or policy areas were considered.
municipality is not relevant as to whether municipalities start to discuss possible amalgamation projects with one or more neighbour municipalities, so it is not primarily IMC-intense municipalities which first think about amalgamation. This result might also be interpreted as a first indication that IMC and amalgamation are independent reform strategies rather than a logical consequence of one another.

We now also want to look at the dynamic dimension of whether IMC is an alternative or rather a first step to amalgamation. Therefore, data from a former survey (1998) is added to the empirical analysis. Whereas the municipalities which amalgamated after the year 1998 on average worked together with other municipalities in 5.1 task areas in 1998, municipalities which did not amalgamate worked together with one or more other municipalities in 7.5 task areas. This result indicates that it was not – as assumed in hypothesis 1 – municipalities which amalgamated that had an above-average intensity of inter-municipal cooperation before the merger. On the contrary, the average number of IMC task areas was quite a lot higher in municipalities which did not merge in the years after, whereas the municipalities which amalgamated did not cooperate in as many task areas. These results again suggest that high IMC activities are not necessarily followed by merger. IMC and amalgamation are rather to be seen as alternative reform strategies.

Hypothesis 2, so to say the counter-hypothesis to the first one, assumes that also other factors than IMC are responsible for merger activities of municipalities. In order to find out more about the influence of factors related to the service provision, financial performance, staff issues and incentives on the municipalities’ merger activities, a regression analysis was
conducted to predict the degree of merger activity (table 1). The prediction model is statistically significant, $F(10, 1057) = 6.971$, $p < 0.001$, and accounts for 6.2% of the variation in the degree of merger activity. As can be seen by examining the beta values, the number of tasks with IMC (1998) and the financial incentives for mergers in a canton are both significant. The beta value for IMC in 1998 is only small (-0.087**), while the financial incentives for mergers in a canton make a larger contribution to the prediction model (0.199***). The remaining independent variables are not statistically significant.

Concerning the influence of IMC intensity on merger activities, we may interpret the results as follows: the intensity of IMC in the past (1998) has a small, negative and statistically significant influence on merger activity. The higher the number of tasks with IMC in 1998, the lower the merger activity in a municipality. However, the influence is only small. Still, this is again an indication that municipalities with more IMC do not merge more often and therefore, IMC cannot be regarded as a first step to merger. The intensity of IMC in the present (2009) does not seem to have influence on amalgamation projects. Surprisingly, municipalities with performance limits or financial problems do not amalgamate more frequently than municipalities with more capacities in these fields.

**Table 1: Characteristics of Municipalities with Amalgamation Projects in Switzerland (Dependent Variable: Degree of merger activity)**

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<tr>
<td><strong>Constant</strong></td>
<td>-0.150</td>
<td>0.314</td>
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<tr>
<td>Population size</td>
<td>-0.000</td>
<td>0.000</td>
<td>-0.029</td>
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<tr>
<td>Number of tasks with IMC (1998)</td>
<td>-0.018</td>
<td>0.006</td>
<td>-0.087**</td>
</tr>
<tr>
<td>Number of tasks with IMC (2009)</td>
<td>0.004</td>
<td>0.007</td>
<td>0.016</td>
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<tr>
<td>Performance limits</td>
<td>0.089</td>
<td>0.071</td>
<td>0.038</td>
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<tr>
<td>Change in net indebtedness</td>
<td>0.009</td>
<td>0.030</td>
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Position in the cantonal equalization system 0.090 0.067 0.041
Affectedness by the financial and economic crisis 0.124 0.081 0.047
Interest in local politics -0.047 0.027 -0.053
Difficulty finding candidates for the local authority 0.038 0.035 0.034
Financial incentives for mergers in the canton 0.723 0.110 0.199***

Note: $R^2 = 0.062$. *p < .05, **p < .01, ***p < .001.

**Conclusions**

The study examined whether Inter-municipal Cooperation (IMC) in Switzerland is a stable and lasting form of organizing task fulfilment and can therefore be seen as an alternative to amalgamations or whether cooperation between municipalities is rather a first step before merger. Drawing on a longitudinal survey in the Swiss municipalities which was conducted in the years 1998 and 2009, the article depicts the spread of IMC and amalgamation in Switzerland. The results of correlation and regression analysis suggest that IMC cannot be considered as a first step to amalgamation, but rather as an alternative reform strategy to merging.

Hypothesis 1 assumed that intensive IMC leads to more merger discussions or mergers. The results of analysis suggest that the intensity of IMC in a municipality is not relevant as to whether municipalities start to discuss possible amalgamation projects, indicating that IMC and amalgamation are independent reform strategies rather than a logical consequence of one another. The reason might be that municipalities which – for whatever reasons – are no longer able to fulfil their tasks on their own, but still want to stay ‘autonomous’, chose to cooperate with other municipalities *instead* of merger or even *‘in order not to have to’*
merge. Cooperation with neighbouring municipalities seems to be a reasonable choice, especially for smaller municipalities, instead of being “swallowed” by larger municipalities in an amalgamation process (Eythórsson 2018).

Similar results are found in other countries and under different circumstances. In France, for example, where amalgamation were for a long time a taboo, inter-municipal cooperation was considered the only possible way (Hertzog 2018). Also for the German Federal State of Brandenburg, Franzke (2018) assumes that there is pressure for more IMC as a possible alternative to the government’s amalgamation plans. In Slovenia, IMC was stimulated in national policy by offering subsidies with the idea that mergers between municipalities would follow, which however has not happened (Bačlija-Brajnik 2018).

As the intensity of IMC does not seem to lead to more merger activity, we tried to look for predictors which could be relevant. Thus, in a second step (hypothesis 2), also factors other than IMC were included in order to find out what the influence factors of municipalities merger activities on one hand, and its IMC activities on the other hand might be. Regression analysis indicates that financial incentives for mergers in a canton are highly significant and make the largest contribution to the degree of merger activity in a municipality. Financial contributions from higher-ranking state levels and cantonal politics in relation to the canton’s municipal structure thus seem to be important trigger factors for the municipalities’ merger activities (see also Kaiser 2014). More surprisingly, according to regression results, the influence of selected factors related to the task and financial performance seems to be quite small. The question remains if amalgamations are considered as a reform which is ‘fashionable’ and introduced on the basis of imitation (March & Olsen 1989: 59 f.).
The study results contribute to the continuing discussion among scholars of public management and in particular researcher of local government on local territorial reforms\(^9\). Even though analysis in this paper is limited to the Swiss case, the results may also be of interest for other countries with bottom-up approaches concerning territorial re-scaling.

\(^9\) Cf. for example ISCH COST Action IS1207 on ‚Local Public Sector Reforms: An International Comparison‘.
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