







▶ All Journals ▶ Local Government Studies ▶ List of Issues ▶ Volume 33, Issue 4 ▶ Why do local governments privatise publi ....

Local Government Studies >

Volume 33, 2007 - Issue 4: Local Government Reform: Privatisation and Public - Private Collaboration

3,315 213

Views CrossRef citations to date Altmetric

Original Articles

# Why do local governments privatise public services? A survey of empirical studies

Germà Bel 🔀 & Xavier Fageda

Pages 517-534 | Published online: 17 Jul 2007

66 Cite this article

⚠ https://doi.org/10.1080/03003930701417528

Sample our Politics & International Relations Journals >> Sign in here to start your access to the latest two volumes for 14 days

Full Article

Figures & data

References

**66** Citations

**Metrics** 

Reprints & Permissions

Read this article

#### **Abstract**

Many empirical works have been devoted to analysing the factors explaining local

privatisa

to the m

decision

reductio

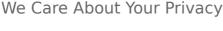
fiscal str

privatis

governi

togethe

service

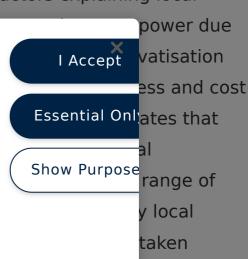


We and our 842 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. Privacy Policy

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

List of Partners (vendors)



ence local

## Acknowledgements

Our research on local privatisation has received financial support from the Spanish Commission of Science and Technology (CICYT, SEJ2006-04985) and from the Fundación Rafael del Pino. We are grateful for comments received from Trevor Brown, Amir Hefetz, Matthew Potoski, David van Slyke and Mildred Warner in the Barcelona International Workshop on Local Government Reform: Privatization and Public-Private Collaboration (June 2006). Detailed comments and suggestions from two referees have been very useful.

### Notes

1 Indeed, empirical literature on privatisation and costs provide very interesting insights, and it has been reviewed elsewhere (Bel & Warner, 2006).

2 The seminal work by Vickers and Yarrow (<u>1988</u>) provided a comprehensive approach to studying privatisation. Megginson and Netters' (<u>2002</u>) survey published in Journal of Economic Literature offers extensive information on this literature.

3 Proposition 13 in California in 1978 is a good example of this. Proposition 13 introduced important provisions that changed the structure of the California local tax system. The property tax rate was limited to 1 per cent of assessed value, and those values were rolled back to 1975. The growth in assessed value was limited. Thus, local governments were restricted in raising local property tax rates or assessed property values to the property of the control of the property control of the property centralis.

4 Politica section.

ideologi

role of p

contains

he previous ck these on

e (2004)

cities in

5 We are aware that some other works, such as extensive case studies or studies based on statistical correlations between two variables, can offer interesting insights. This is the case for example of the works of Christoffersen and Paldam (2003) or Young (2005). However, results from studies using econometric multivariate methods are more suitable to generalisation to other contexts.

6 It must be said that the study by Hebdon and Jalette (<u>2007</u>) includes observations for Canada.

7 However, some studies that analyse just one service also find a significant relationship between fiscal stress and privatisation. This is the case in the study of Feldman (1986) for urban buses and the study of Hirsch (1995) for solid waste collection.

8 Some studies of US cases analyse the alternative hypothesis; large cities will privatise more often since they can take advantage of competition from a larger number of service providers. In order to test this hypothesis, these studies use variables for core metropolitan areas, suburbs and rural areas. Interestingly, results from the works of Warner and Hefetz (2002) and Hebdon and Jalette (2007) imply that suburbs of metropolitan areas privatise more often than core metropolitan cities or rural areas. Levin and Tadelis (2005) conclude that large and urban areas tend to externalise production to private firms more often, while smaller towns tend to externalise to public agencies.

9 Evidence on the scale economies hypothesis is not clear in the works of Chandler and



12 Regarding the influence of income per capita on service delivery choices, Boyne (1998b) distinguishes between an economic and political interpretation of the effects related to this variable. Indeed, high-income households may prefer privatisation, but at the same time more easily afford additional expenditures associated with the externalisation of local services production. In any case, the political interpretation seems to predominate in the empirical literature on local privatisation.

13 In fact, among the studies that consider a broad range of services, only Benton and Menzel (1992) and Hebdon and Jalette (2007) do not find a significant influence on service delivery choices from low-income households and unions, respectively.

14 Among those studies that test such hypotheses and include small towns in their samples, only Walls et al. (2005) do not find the expected relationship significant.

15 Martínez Rodriguez (2004) and Miralles (2006) obtain mixed results.

in each

16 Many of the studies that consider just one service focus attention on solid waste collection. Several studies show the relevance of scale economies for this sector (Stevens, <u>1978</u>; Callan & Thomas, <u>2001</u>; Bel & Costas <u>2006</u>).

17 In fact, among the studies that consider a broad range of services, only Benton and Menzel (1992) and Hebdon and Jalette (2007) do not find a significant influence on service delivery choices from low-income households and unions, respectively. In addition, some studies that focus on just one service, such as school buses (McGuire et al., 1987), solid waste collection (Dubin & Navarro, 1988; Hirsch, 1995), sanitation r (Mirallos 2006) also find officent influence of (Chandle olain this group in result. e in 18 Recei countrie Jalette, 2007 an Union.

be different

#### Related Research Data

Influences on local government contracting

Source: Wiley

Contracting Out Local Services: A Tale of Technical and Social Services

Source: Wiley

Ownership and Production Costs: Choosing between Public Production and Contracting-

Out in the Case of Swedish Refuse Collection

Source: Wiley

An Assessment of Efficiency, Equity, and Voice

Source: SAGE Publications

Property Rights and the Nature of the Firm

Source: University of Chicago Press

What Explains the Organization of Local Waste and Recycling Markets?

Source: SAGE Publications

Privatization and intermunicipal contracting: the US local government experience

1992-2007

Source: SAGE Publications

Contractual Choice and Performance the Case of Water Supply in France

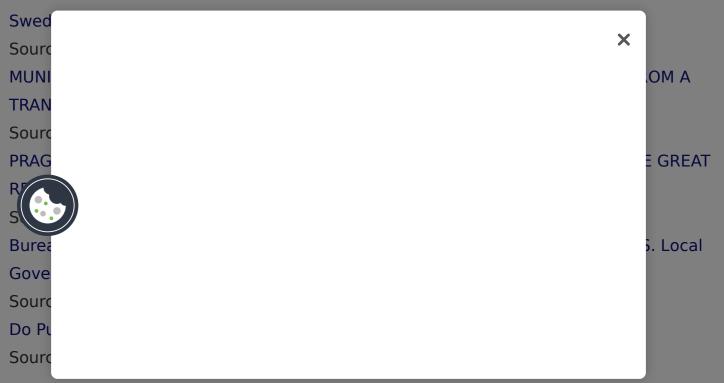
Source: HAL CCSD

Re-municipalization in the US: a pragmatic response to contracting

Source: Informa UK Limited

PRODUCTION CHOICES FOR LOCAL GOVERNMENT SERVICES

Source: Informa UK Limited



WHY DO LOCAL GOVERNMENTS PRIVATIZE THE PROVISION OF WATER SERVICES?

**EMPIRICAL EVIDENCE FROM SPAIN** 

Source: Wiley

A Model of Political Competition with Citizen-Candidates

Source: Scholarship@Western

Contracting and Franchising County Services in Florida

Source: SAGE Publications

Exogenous determinants of cost deviations and overruns in local infrastructure

projects

Source: Informa UK Limited

Local Public-Services Provision under Public-Private Partnerships: Contractual Design

and Contracting Parties Incentives

Source: Informa UK Limited

The Effects of Administrative Professionals on Contracting Out

Source: Wiley

Beyond privatisation and cost savings: alternatives for local government reform

Source: Taylor and Francis

Do small municipalities imitate larger ones? Diffusion of water privatization policies

Source: Informa UK Limited

Drivers of contracting back in local governments: analysing efficiency, opportunistic

political cycles, political corruption and financial factors

Source: Informa UK Limited

The Proper Scope of Government: Theory and an Application to Prisons

Source: Oxford University Press (OUP)

Investor Owned VS. Publicly Owned Water Agencies: AN Evaluation of the Property

Rights Theory of the Firm



Source: Wiley

Factors Important in Local Governments' Privatization Decisions

Source: SAGE Publications

Local Government Restructuring: Privatization and Its Alternatives

Source: Wiley

Contracting dynamics and unionisation: managing labour, contracts and markets

Source: Informa UK Limited

The interplay of economics and politics

Source: Emerald

Fiscal Structure and the Post-Proposition 13 Fiscal Regime in California's Cities

Source: Wiley

The impact of governance on the outcomes of contracting out

Source: SAGE Publications

Political Ideology and Municipal Size as Incentives for the Implementation and

Governance Models of Web 2.0 in Providing Public Services

Source: IGI Global

Municipal solid waste management, household and local government participation: a

cross country analysis

Source: Taylor & Francis

A Statistical Estimation of an Operating Cost Function for Municipal Refuse Collection

Source: SAGE Publications

Public Sector Unions and Privatization: Evidence From the Eldercare Sector in Danish

Municipalities

Sourc

Source: Oxford University Press (OUP)

Evidence from a Quasi-experiment in Danish Municipalities

Source: SAGE Publications

Why do municipalities cooperate to provide local public services? An empirical analysis Sourc X **Public** Sourc The [ Sourc The I Sourc Cities Sourc A the

Beyond the market versus planning dichotomy: Understanding privatisation and its

reverse in US cities

Source: Informa UK Limited

Partial Privatisation in Local Services Delivery: An Empirical Analysis of the Choice of

Mixed Firms

Source: Informa UK Limited

REVENUE SCARCITY AND GOVERNMENT OUTSOURCING

Source: Wiley

Privatization and Its Reverse: Explaining the Dynamics of the Government Contracting

**Process** 

Source: Oxford University Press (OUP)

An Empirical Analysis

Source: SAGE Publications

Contracting or Public Delivery? The Importance of Service, Market and Management

Characteristics

Source: Oxford University Press (OUP)
A Pure Theory of Local Expenditures
Source: University of Chicago Press

Does Cooperation Reduce Service Delivery Costs? Evidence from Residential Solid

**Waste Services** 

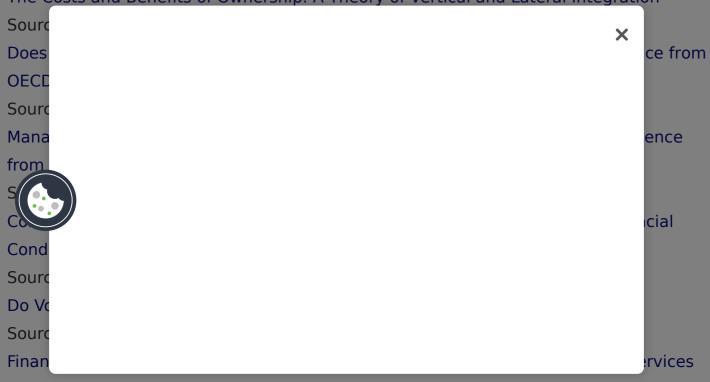
Source: Public Management Research Association
An Economic Model of Representative Democracy

Source: Oxford University Press (OUP)

Contracting out: exporting lessons for Chinese governance

Source: (:unav)

The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration



Source: Informa UK Limited

Professional Management and Local Government Service Delivery: Strategic Decisions

**Across Alternative Markets** 

Source: Informa UK Limited

Markets and Municipalities: A Study of the Behavior of the Danish Municipalities

Source: Springer Science and Business Media LLC

Fiscal and political determinants of local government involvement in public-private

partnership (PPP)

Source: Informa UK Limited

Privatization in the United States

Source: Wiley

Privatisation: A Policy in Search of a Rationale

Source: Oxford University Press (OUP)

What have we learned from the last three decades of empirical studies on factors

driving local privatisation

Source: Informa UK Limited

Privatization, information and incentives

Source: JSTOR

Measuring the Efficiency of Public and Private Delivery Forms: An Application to the

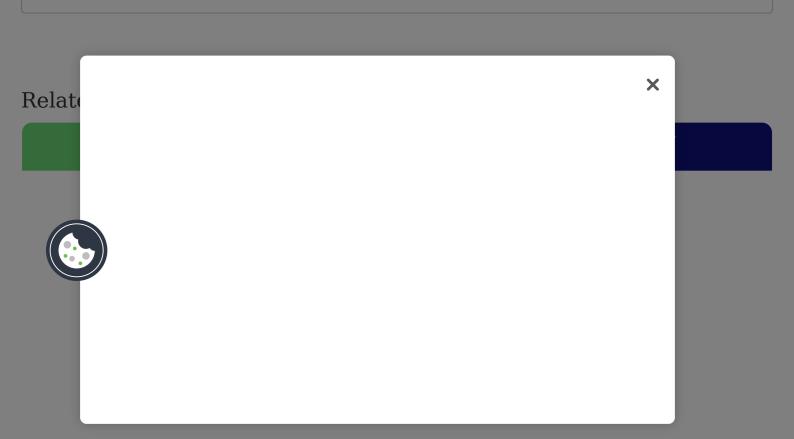
Waste Collection Service Using Order-M Data Panel Frontier Analysis

Source: Multidisciplinary Digital Publishing Institute

To Trust or Not to Trust? What Matters in Local Government-Vendor Relationships?

Source: Oxford University Press (OUP)

Linking provided by Schole plorer



Information for Open access **Authors** Overview R&D professionals Open journals Editors **Open Select** Librarians **Dove Medical Press** Societies F1000Research Opportunities Help and information Reprints and e-prints Advertising solutions Newsroom Accelerated publication Corporate access solutions Books Keep up to date Register to receive personalised research and resources by email Sign me up Taylor & Francis Group Copyright © 2024 Informa UK Limited Privacy policy Cookies Terms & conditions Accessib X

