

# FORMS OF ASSOCIATION OF ITALIAN MUNICIPALITIES: EMPIRICAL EVIDENCE

Maurizio Rija, University of Calabria, Italy

Paolo Tenuta, University of Calabria, Italy

## ABSTRACT

*For several decades a process of transfer of functions and services from the highest levels of government to local authorities has occurred in Italy. This has resulted in new and broader responsibilities for Italian municipalities that are, in most cases, small (called "Dust Commons"). This presents new challenges for these municipalities who often have difficulty managing the services and in strategic planning to develop appropriate strategies. A real risk in recent years is that functions transferred to lower levels of government can not be carried out quantitatively and qualitatively with incurring excessive costs. One potential solution to this problem is implementation of associated forms of services and functions management whereby municipalities cooperate in providing the services. The aim of this paper is to show how this form of partnership can reduce costs and improving the effectiveness of services.*

**JEL:** M10

**KEYWORDS:** Municipalities, Unions of Municipalities

## INTRODUCTION

For the past two decades Italy, has transferred functions and services from higher levels of government to local authorities, which culminated in the reform of Title V, Part II of the Italian Constitution. This has resulted in new and broader responsibilities for the Italian municipalities. The municipalities have experienced some difficulties in the management of the functions assigned to them. Consequently, the functions transferred to them can not be effectively carried out, are inadequate in quantity and quality, and are expensive. In order to overcome these issues, the legislator intervened by providing various forms of association for the management of services and functions. This legislation is aimed at the association and cooperation of municipalities. The most common of these associations is the Unions of Municipalities.

This new vision of Unions of Municipalities led to the aggregation of local administrations. The goal was to respond to multiplicity and diversity of functions being exercised, to change in expectations of local society towards the quality of results and improved efficiency and economy of local public administration. Local authority is a strategic node of a network of public and private institutions to carry out tasks of delivery of public services, regulatory, licensing and monitoring (Ruffini, 2000, pp. 77-80).

The mechanism of development of forms of cooperation and inter-municipal associations can be based on technical-managerial reasons, including those circumstances that can be expressed in terms of affordability or improvement in municipal management functions, and on strategic and organizational reasons, which push the institution to improve its organizational arrangement or the definition of strategies (Giani, 2000, pp. 55-58).

The extreme fragmentation of Italian municipalities is highlighted by the fact that the very small ones, with less than 5.000 inhabitants, represent over 70% of surveyed institutions. For this reason, 291 Unions of municipalities have been established. These Unions include 1.368 Municipalities, of which 1.045 are

small, distributed in 17 regions. A total of 5.792 Italian municipalities with less than 5.000 inhabitants exist. Thus, it can be noted that the percentage of small municipalities turning to a Union of municipalities is very low (about 17%). Moreover, the phenomenon of Unions of municipalities is not uniform in the national territory. Participation varies from the Umbria and Toscana Union to the Lombardia Union.

In Italy, many authors have identified forms of association as a necessary tool for small municipalities to avoid problems of financial management often a result of financial difficulties in the past (Tenuta, pp. 1-20). In the writer's opinion, despite financial constraints and many limitations, small institutions play a vital role, in many cases with better results than the large ones. Building on this concept, this work aims to establish, through a series of empirical studies of 291 unions of municipalities in Italy during 2009, the impact this association form has had over the past decade in managing functions and services in association. This analysis aims to verify the many advantages which, in theory, the association should have experienced in terms of cost reductions, efficiency of service and promotion of the territorial identity of the associated municipalities.

## LITERATURE REVIEW

The Italian public sector is divided into several entities distributed at different levels. The need to rationalize the available resources is always linked to the necessity of achieving satisfactory performance (Borgonovi, 2000; Anselmi, 2001). Also for this reason, in recent decades, local autonomies are the subject of a major reform process (Marino, 2002). Many studies conducted by experts in various social disciplines have listed advantages and disadvantages of decentralization of administrative functions. The studies try to provide justification for the existence of multiple levels of government.

According to traditional economic theories, the establishment of local governments is essential because they ensure benefits to individuals residing in a given area only (Oates, 1972). There are various forms of aggregation provided by the laws of every country. They may be voluntary or imposed by the government. Voluntary associations seem to be inspired by the latest theoretical developments, particularly by the theory of functional federalism (Frey & Eichenberger 1996, 1999). Economic theories, can be seen in the process of redesigning Italian public institutions, which began in the nineties (Law 142/90). According to Quagliani (2006), the Union has been regulated in order to provide municipalities with a tool to improve efficiency in managing their functions.

The Union is an alternative to conventions and consortiums. Compared to conventions, it has the advantage of giving birth to a new and different entity and to assign functions to it. Compared to consortiums, it is more flexible and respectful of local autonomy (tingling & Castronovo, 2001). The local authority has become, therefore, a strategic point in a network of public and private institutions to exercise functions of public service delivery, regulation, authorization and control (Ruffini, 2000). Bartolini and Fiorillo (2006) and Frascini and Osculati (2006) emphasize that the Union has its own strengths in being a form of aggregation that is high versatility and, therefore, it is suitable for very different territorial and demographic areas, and for the development of several policies: environmental, territorial, economic and social. However, the Unions of municipalities involve high administration and transaction costs due to the defense of the common's identity (Fiorillo & Pola, 2006). The Union does not imply a reduction in overall spending, but rather a possible increase of services provided to citizens as a result of rationalization of the same (Ermini & Salvucci, 2006). Taking into account the fact that not only skills of municipal functions, but also wide area functions can be attributed to the Union, the problem of financing these functions is crucial.

## DATA AND METHODOLOGY

The concept of Unions of Municipalities entered Italian legislation with the Law June 8, 1990, n. 142. This law intended that *in anticipation of their merger, two or more neighboring municipalities, belonging to the same province each with a population not exceeding 5,000 inhabitants, could constitute a Union for the exercise of a plurality of functions or services*. The law included the requirement, unless dissolved, of merging within ten years after their Union. Thus, Italian Government intended to solve the problem of territorial fragmentation of local authorities with small demographic size, reinforcing them through the mechanism of fusion (Caringella et al, 2007, p. 312).

The Institute of Unions that emerged from this first provision did not have any positive results, in fact, there were few associative experiences undertaken by Municipalities. This trend radically changed direction in 1999, when a reform of laws on local self-government, Legislative Decree (D.lgs.) 18 August 2000, n.267 (Consolidation Act of laws on local authorities), changed the outlooks and aims of unions. The new law no longer resulted in a forced merger, but concretely encouraged to the creation of new and more effective forms of associations among municipalities with small demographic size (Formiconi et al, 2001, p. 2). With the Legislative Decree 18 August 2000, n.267. Union ceased being a transitional form and became a permanent institution at the second level. It became an alternative to consortiums, for the joint exercise of a plurality of functions which may, but not necessarily, lead to a merger.

The new legislation modifies earlier rules in the following ways: 1) it excludes the quantity parameter. There are no more references to demographic limits of the Union participants (instead, formerly, only one could count a population between 5.000 and 10.000 inhabitants, all the others could not exceed 5.000 units) in order to promote a search for optimal suitability areas for associated management of municipal services and functions; 2) it excludes the time parameter. There is no longer a maximum duration; 3) there is no longer the constraint of belonging to the same province or region to form a union and the need for territorial contiguity between municipalities (art. 32 Tuel, specifies that, "normally", they are neighboring municipalities); 4) it deletes references to future obligations of merger, therefore the institution of a "forced" union promoted by regions, which has negatively affected the diffusion of processes of unification, in the 90s; it, however, does not preclude that Unions can individually decide on a fusion processes, based on a proposal by the concerned municipal councils (Mordenti, 2003, p.104).

The real benefits derived from aggregating in unions involve not only citizens and administrations that are a part of them, but also companies and social and cultural institutions. Changes related to Unions of municipalities include: 1) an improved quality of life and citizens having equal dignity and access to services, equality in exercising civil, economic and social rights; 2) a largest aggregation of citizens; 3) an optimization of administrative services offered; 4) a differentiation and integration of local offerings in cultural, environmental, tourism and manufacturing; 5) short term cost reduction and sustainability in the medium and long term; 6) sharing of already available resources and technological equipment.

Therefore, Unions of Municipalities give provide, social and economic benefits. However, despite the numerous advantages related to unions, unions have not always found fertile ground in Italian municipalities, which often prefer to avoid grouping into Unions for several reasons including: 1) lack of collaborative culture; 2) resistance to change; 3) orientation toward independence over the assets managed 4) different political expressions; 5) high social, economic and territorial differentiation even among neighboring institutions and 6) differentiation to various degrees of function development and activities to be conducted in associated form, because institutions are not always willing to transfer their knowledge.

Italian local government is characterized by a large number of small municipalities, in 71% of cases with less than 5.000 inhabitants. In fact, there are 8101 municipalities with 5756 of them have populations of less than 5000 inhabitants. Table 1 provides a further breakdown of Municipality demographics.

Table 1: Breakdown of Italian Municipalities Demographics

Category	Demographic	Municipalities
I	LESS THAN 500	837
II	500 – 999	1.126
III	1.000 - 1.999	1.624
IV	2.000 - 2.999	1.011
V	3.000 - 4.999	1.158
VI	5.000 - 9.999	1.186
VII	10.000 - 19.999	662
VIII	20.000 - 59.999	397
IX	60.000 - 99.999	57
X	100.000 - 249.999	31
XI	250.000 - 499.999	6
XII	OVER 500.000	6
	National Total	8.101

Source: own elaboration – This table shows the breakdown that the legislator has made for local governments. As it is easily detectable, the Italian territory is strongly characterized by a distinct fragmentation. The small size entities (under 5.000 inhabitants) are more numerous than the medium-large size ones.

If one considers the creation of unions of municipalities in Italy in time, it is possible to notice how, after an initial propulsive momentum (from 16 unions in 1999 to 269 in 2005), in recent years there seems to be a stationary growth probably attributable to a legislative, regulatory and financial uncertainty. However, it remains an important reality. The facts indicate 1368 Italian municipalities over a total of 8101 are associated in a Union. This lead to a increase in the numbers of unions from 16 associations established before 1999 to the current 291, involving about 4.877 million people.

Table 2: Unions of Municipalities in Italy from 1999 to 2009

Year	Municipalities
1999	16
2000	67
2001	132
2002	179
2003	222
2004	244
2005	269
2006	271
2007	275
2008	286
2009	291

Source: “municipal associationism funding”, [www.anci.it](http://www.anci.it) – This table shows the evolution of the phenomenon of unions of municipalities in the last ten years. The peak of the phenomenon can be seen in the years 2000 to 2002. It is also remarkable the increase of the Unions of municipalities from 16 in 1999 to 291 in 2009.

The phenomenon varies by Italian geographical areas. In fact, most of the Unions (55%) are concentrated in the north, while the other half is almost equally divided between the center (14%), South (20%) and Islands (11%). Of 291 municipality Unionis currently in existence, 1368 municipalities, belonging to 17

regions, perform their functions. Table 3 shows the number of municipalities involved in unions by year.

Table 3: Number of Institutions Involved in Unions per Year

Year	Municipalities
2000	306
2001	596
2002	798
2003	983
2004	1.106
2005	1.225
2006	1.217
2007	1.308
2008	1.309
2009	1.368

Source: "municipal associationism funding in 2005 - Ministry of Interior", [www.anci.it](http://www.anci.it) – This table shows the trend in the number of entities associated in Unions of municipalities in the last decade. In recent years, it can be observed a static phenomenon, which had, however, a significant increase in the years 2000 to 2005.

In Regional analysis of the phenomenon, it is evident that Lombardia, Piemonte, Veneto and Emilia Romagna include: 1) approximately 53% of Unions; 2) approximately 53% of all municipalities concerned; 3) approximately 29% of the total population. Also significant its spread in the southern, central and islands, where the record is held by Sicilia with 112 municipalities in 26 unions, followed by Puglia with 96 municipalities in 21 unions, Campania with 65 municipalities in 12 unions and Lazio with 114 municipalities in 25 unions. What these data highlight is that Unions of Municipalities are concentrated in regions with a large number of the so-called "commons dust", namely very small municipalities which are encouraged to join for technical and economic reasons. If average values are examined from the aggregate data, it is possible to estimate the average size of Italian Unions in 2009 is 4.7 municipalities, with an average population of about 16,762 inhabitants (A. Quagliani, 2006, p. 27). Additional data are provided in Table 4.

Table 4: Breakdown of Unions of Municipalities per Region

Region	Municipalities
LOMBARDIA	56
PIEMONTE	48
VENETO	29
LAZIO	25
EMILIA ROMAGNA	20
TRENTINO	2
FRIULI	6
MARCHE	13
UMBRIA	1
ABRUZZO	6
CAMPANIA	12
MOLISE	10
PUGLIA	21
CALABRIA	9
SICILIA	26
SARDEGNA	6
TOSCANA	1

Source: own elaboration of Anci data (May 2009) – This table shows the impact of the phenomenon in Italian regions. The phenomenon of Unions of municipalities is more common in the North (for example in Lombardia and Piemonte) than in the South (for example in Campania and Calabria).

## EMPIRICAL RESULTS

The population of Unions is variable within the national territory, but it can be compared to the average in Toscana, Emilia Romagna, Puglia, Campania, Sicilia, Abruzzo and Umbria. There are ten regions where Unions of Municipalities have populations below the average, with particularly low values for Piemonte and Lombardia.

Data on the average population of municipalities belonging to Unions highlight that high values in Emilia Romagna, Toscana and southern regions such as Puglia, Campania, Sicilia, whereas it appears much less pronounced than in some regions of the North, such as Trentino, Piemonte and Lombardia. On the contrary, the central regions show a larger variability of population, given regions like Umbria and Abruzzo, with a high average population of both Unions and member Municipalities, and others, such as Lazio and Molise, with values lower than the national average. The analysis of Union associated services is very important because it provides information about functional aggregations and therefore, presents itself as one of the most significant indicators for the association assessment. From 2000 to 2005 the numerical growth of Unions has been accompanied by an increase in the number of services operated in associated forms. In those years, services run by Unions (social and technical services, schools, accounting and municipal police, etc.) increased exponentially from 318 to 2090.

Table 5: Regional Distribution of Unions of Municipalities and Managed Services (Year 2005)

Regions	N. of Unions	Associated Population	Associated Municipalities	N. of Services
Abruzzo	7	243.402	49	56
Calabria	9	100.844	37	22
Campania	13	544.279	63	47
Emilia Romagna	8	201.403	36	128
Lazio	24	238.907	114	160
Lombardia	59	338.271	207	703
Marche	12	148.742	52	122
Molise	9	92.075	52	39
Piemonte	44	390.518	285	334
Puglia	18	506.038	81	96
Sardegna	4	56.652	16	21
Sicilia	31	608.706	125	127
Umbria	1	36.191	8	3
Veneto	30	399.108	100	232
Total Italy	269	3.905.136	1.225	2.090
Average size of Unions	-	14.517	4.55	7.77

*Source: Ministry of Interior – This table shows, for each Italian region, the number of Unions, the total population, the number of associated municipalities and of services to citizens. The regions of northern Italy (especially Lombardia and Piemonte) provide the greatest number of services to citizens. It is, instead, reduced the number of services provided from the southern regions (particularly in Calabria and Campania).*

The Italian northern regions are undoubtedly the most active in terms of offered services, but the best result are obtained by Lombardia, Piemonte, Veneto, Lazio, Emilia Romagna and Sicilia with 15,98%, 11,10%, 7,66%, 6,12% and 6,08% of total services offered in association respectively. With a total of 80 (58%) the phenomenon of services associated by Unions is basically concentrated in the above six regions, whereas it is much less pronounced in regions like Puglia and Campania despite a significant population. So, in the southern regions the number of services managed in association is relatively low, and much lower than the result obtained, for example, in Lazio and Emilia Romagna which together have enabled about 14% of all associated management identified.

Finally, in terms of average number of services operated by each Union, the performance of Unions of Emilia Romagna and Lombardia is remarkable managing on average 16 and 12 services compared to the national level average of 7,77 services. Furthermore, in order to verify whether any structural features of the Unions may have affected the use of an associated management, the Table 6 indicates the correlation between the number of services activated in each region and other indicators.

Table 6: Correlation between the Number of Active Services and Some Features of Unions in 2005

Correlation between the Number of Associated Services and:	Correlation Index
Number of Unions	0.920
Number of Entities	0.779
Average size of the municipality in Union	-0.434
Average size of the Union	-0.500
Average number of institutions in Union	-0.327

*Source: "own elaboration of data from Ministry of Interior" – This table shows the correlation between the number of associated services and some features of the Unions. What is immediately understandable is that, for small size institutions, associativity is probably the only way to satisfy the needs of citizens.*

It is clear that a scale effect is predominant so the higher the number of Unions and associated institutions in a region, the higher the number of managed services. The resulting negative correlation between the average size of associated institutions and the number of associated management seems to confirm the thesis that, for smaller municipalities, size is an obstacle to the will of activating services in a cost-efficient manner. For these municipalities association represents an ideal instrument to overcome dimensional constraints and to increase their supply of services to appropriate conditions. Increasing the average size of municipalities in the Union, the number per capita of associated services decreases as medium-large municipalities do not have any difficulty operating services independently. So, they do not have any pressing need to activate new services in a union.

Less direct is the interpretation of the negative correlation between the average size of Union and the number of services. In this connection, if the final size of the Union is the result of the accession of medium-large municipalities, the latter do not have any problem to operate services as an independent municipality. Then, once a Union is created, the need and urgency of providing new services are less pressing. Otherwise, if the final size is the result of the union of several small municipalities, it is possible that the costs of contract to agree about the activation of services are higher than the benefits of associationism and of the resulting increased base of users. The latter interpretation could also justify the result of the highlighted negative correlation between the number of active services and of associated municipalities. Finally, another factor that may explain the increased industry and activity of Unions is their maturity: from an empirical analysis performed on a sample of 253 Unions it was found that Unions of longer duration, which have established organizations, encounter fewer difficulties to confer functions and services to their Union (Ermini, 2006). Therefore, municipalities, knowing that associations work, confer to the Union new services and functions over time. Services operated in associated form by the above-mentioned regions are specified in the Table 7.

Current regulations tend to promote and encourage the creation of new Unions, providing for the payment of financial incentives which provide added regional funding. Among the reasons why many municipalities decide to join, include financial incentives that creating a Union guarantees to them. These incentives, with regulatory changes, provided a decisive impetus to the growth and development of Unions (Spalla, 2006, pp. 119-132).

Table 7: “Associated Services”

Type of Provided Services (Year 2006)	Total Number of Services Rendered	% on Total Impact of Services Rendered
Municipal Police	75	6.76%
General Secretary, Personnel and Organization	73	6.58%
Assistance, public charity and various services to people	67	6.04%
Educational assistance, transportation, lunches and other services	58	5.23%
Waste disposal service	55	4.96%
Institutional bodies, participation and decentralization	50	4.51%
Economic and financial, planning, and management control	49	4.42%
Road conditions, traffic and related services	49	4.42%
Other general services	47	4.24%
Technical Office	42	3.79%
Parks and services for environmental protection	41	3.70%
Street lighting and related services	37	3.34%
Necropsy and cemetery service	36	3.25%
Libraries, museums and art galleries	36	3.25%
Revenues management	34	3.07%
State Property and assets management	33	2.98%
Civil protection services	33	2.98%
Theatres, cultural activities and other cultural services	28	2.52%
Integrated water service	26	2.34%
Day nurseries, childcare and to children services	22	1.98%
Urban Planning and Land Management	22	1.98%
Travel Services	21	1.89%
Various events in the sports and recreational	19	1.71%
Primary Education	15	1.35%
Nursery school	15	1.35%
Tourist Events	14	1.26%
Municipal Stadium, Sports Palace and other facilities	13	1.17%
Other	99	8.91%
<b>TOTAL</b>	<b>1.109</b>	<b>100.00%</b>

Source: “state funding for local associations in 2006” - Ministry of Interior – This table shows that the services operated in associated form are numerous and based primarily on security of territory and personal and social services and on administrative departments of secretariat and economic and financial management. Specifically, the services mainly operated in associated form are: Municipal Police, General Secretariat, personnel and organization, social services, schools, waste-disposal services, economic management, roads condition, etc.

A recent empirical analysis examined balance-sheet data of 278 Unions of the total 291 municipalities surveyed by ANCI (Racca, 2009). A reading of the numbers above shows a clear dominance of current expenditure over capital expenditures. Total current expenditures for the year 2007 represents 77.9% of the total expenditure incurred by Unions, representing about 334 million euro, while only 12.1%, or about 52 million, consists of investment expenditure. On average, capital expenditure for each of the 278 Unions amounted to 186 thousand euro. In some regions, the average investment per institution are insignificant: in particular in Sicilia and Calabria, where Unions invested an average of 32,330 euro and 25,330 euro respectively, and in Lazio, where Unions commit to capital spending on average 6,504 euro. Also in Unions of Emilia-Romagna, which recorded the best performance, the average investment per Union is about 715,000 euro, equivalent to the annual investment of a town of about one thousand inhabitants. Table 8 provides additional information on Expenditures of Unions of Municipalities.

Table 8: Expenditure of Unions of Municipalities

Third-Party Services	Current Expenditure	Investment	Loans Repayment	Total
33.231	333.513	51.914	9.527	428.185

Source: Racca E., *Il Sole 24 Ore*, August 17, 2009 – This table shows the breakdown of expenditure of the Unions of municipalities. It shows that 77.9% of the expenditure of the Unions of municipalities is used for current expenses, whereas third party services, investment and loan repayment weigh less.



Resources on current accounts come from: 1) government transfers which help with 19.821 million; 2) regions that provide 33.3 million for current transfers, and 6.3 million for delegate functions; and 3) the wider public sector that cover 177 million, mainly consisting of transfers of associated municipalities. Even if income generated from taxes on services entrusted to unions are due to them (Article 32, paragraph 5, Legislative Decree n. 267/2000) tax revenues do not exceed 10 million arising primarily from 8.7 million of Tarsu. Resources for investment are mainly given by regions with nearly 20 million. Municipalities rely on Unions for about 12 million of investment, just over 43,000 euro per institution. Table 9 shows additional revenue sources of Unions of Municipalities.

Table 9: “Revenues of Unions of Municipalities”

Transfer	Services (extra-tax revenues)	Alienation	Third-party Services	Tax	Total
243.678	85.655	38.100	33.275	9.931	410.639

*Source: Racca E., Il Sole 24 Ore, August 17, 2009 – This table shows the distribution of income of the Unions of Italian Municipalities. About 60% of their income is represented by transfers. The costs of services (about 20%) and disposals (about 9%) are also remarkable. However, revenues from third-party services (about 8%) and taxes (about 2%) have little relevance in the budget of municipalities.*

An examination of resources devoted to the exercise of functions and associated services, provides a descriptive framework of Union activity. An analysis of current expenditure shows that Unions focus primarily on functions and routine services in order to reduce costs and achieve high quality standards: 1) administrative functions relative to the institution (25,9%); 2) territory and environment management (20,2%); 3) local police (16,7%); 4) social policies (12,4%) and 5) public education (12,4%).

Since such a function can be voluntarily completed through other instruments (conventions, associations, etc.), there is an increasingly common practice of giving the Unions the new and stronger role of propeller of local economic development (Giani, 2003, p. 155). The Union of Municipalities, among the forms of association provided for in Italian legislation, would seem to be better able to fulfill this function to promote transformation and development of public services related to territory because it can jointly deal with all issues related to territory and determine the lines of development of an area (Marini, 2008). The Union of Municipalities can: 1) make joint analysis of peculiarities, needs and problematic aspects of more institutions; 2) facilitate agreements among the municipalities that are part of it and, especially, among them and other territorial authorities (Mountain Community, Province, Region); and 3) contribute to the planning activities of regional institutions of the higher level. It is, in other words, “the place given to territories to establish a plan for a future in which they can recognize themselves” (Fraschini et al, 2006).

## CONCLUSIONS

This work aims to verify the results experienced by Unions of municipalities in the last decade. Specifically with regard to the management of functions and services in associated form. The primary advantages of this approach are cost savings and effectiveness of service and promotion of the territorial identity of the associated municipalities.

The economic development of a territory is a result of efficient, timely and proper economic planning, in relation to the characteristics and peculiarities of the area concerned. From this comes the local authority's responsibility to have a central role in formulating strategies of that area. Italian reality, however, is characterized by the presence of a myriad of small local authorities which complicates the preparation of territorial planning instruments. Therefore, the identification of entities that are able, for their territorial and demographic size and for their homogeneity of characteristics and economic and social needs are required to initiate and encourage the development of an area. This way, it is possible to make joint analysis of peculiarities as well as needs and problematic aspects of many institutions, so as to

define the lines of action to be taken. This allows on one hand, a greater economy of scale and, secondly, a conjugation of efforts to achieve results otherwise difficult to reach. Unions facilitate agreements among the member municipalities and, facilitate the planning activities of Provinces and Regions. They are single institutions that aggregates the will of many municipalities, because they have already built a consensus among multiple actors.

However, most Italian Unions are limited to the management of functions and services of a "routine", nature in order to reduce costs and achieve high quality standards. Furthermore, the preponderance of current expenditure over capital expenditures, highlights the willingness of municipalities to associate services to be provided with continuity. Such a characteristic could also be an indicator of the instability of this institution, greatly subject to influences of partner managers. Partner managers can change configuration, prefer to use immediate transfers, instead of thinking about investing, planning long-term strategies.

Unions enable citizens to improve delivery of municipal services (otherwise at the risk of closure or even absent), putting together the resources of individual municipalities and without removing their identities which, by contrast, are strengthened. Financial incentives, in the form of transfers from higher levels of government, seem to be decisive in promoting the formation of associations that, otherwise, could not arise. These claims are based largely on the maintenance and enhancement of the transfer based on costs and indexation of transfers allocated in relation to the structural characteristics of Unions, to the ratio between the share of resources transferred from the common to the Unions and the taxes of Commons. Although there is no longer the obligation to merge, Union of municipalities have been increasingly recognized as a substitute. Many people still hesitate to share this idea because they propose merger as a solution that offers the greatest advantages over both the Union and specific forms of cooperation, such as the Consortium, in terms of economy of scale and variety, fiscal equivalence, institutional simplification and democracy.

Often small municipalities are considered devoid of economic rationality, to be overcome through Unions. In fact, this may be incorrect, as it must be considered that the principal purpose of a territorial public institution is political and social, to protect interests and promote the development of its community. Moreover, a small common, due to its greater flexibility and contact with people, may be, despite financial constraints, more capable than a medium-large size common to meet its community and produce high added value to citizens. Small municipalities play an irreplaceable role of "territorial protection" that must be preserved to avoid the damaging consequences of depopulation; but it is also important that small municipalities adopt new and innovative arrangement that may be instrumental in their duties. As previously indicated, for many reasons, the phenomenon of the Union of municipalities is not very common among the Italian local entities.

This work's principal limitation derives from a small number of possible observations, especially in recent years, because of the resistance of local authorities to join a union. A greater number of observations would certainly permit the use of other statistical tools with more meaningful results. Future research on the subject may, however, might examine the course of financial stability of the single local authorities in the light of the global financial crisis and of the concrete possibility of limiting these difficulties by the aggregation in Unions of municipalities.

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## **BIOGRAPHY**

Maurizio Rija is researcher of business administration at the Department of Business Science of the Faculty of Economics, University of Calabria, e-mail: m.rija@unical.it

Paolo Tenuta is research fellow and contract professor at the Department of Business Science of the Faculty of Economics, University of Calabria, where he gained a PhD in *Economics and Management of Public Administrations*, e-mail: ptenuta@unical.it - paolotenuta@yahoo.it