

# Municipal Consolidation and Local Government Behavior: Evidence from Japanese Voting Data from Merger

## Referenda

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### Abstract

Boundary reforms are prevailing in Western countries during the period after World War II. The empirical literature investigates the role of key features of local governments on decision on consolidation by using a dummy variable that takes 1 if two adjacent local governments both decide to merge and 0 if one of them does not approve consolidation. Under the estimation method, it is difficult to identify which governments have no incentive to merge in the failure in consolidation. The current study presents an empirical test of the effect of economics of scale, size, heterogeneity of education levels, the amounts of accumulate debt, and specific and general grants on municipal preferences for merger. This paper uses voting data from local referenda that distinctively indentify the preferences of specific individual jurisdictions. It is shown that small and large municipalities are more likely to merge, and the municipalities receiving small and large specific grants from the national and prefectural governments are unlikely to merge.

**Key words:** Boundary reforms, consolidations, local governments, local referenda, municipalities

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