
Nobel winner's work challenges LI on consolidation

November 27, 2009 by WILLIAM BIANCO. AND REGINA SMYTH /

William Bianco and Regina Smyth are professors of political science at [Indiana University](#). Most [Nobel Prize](#) winners vanish from the news shortly after their award is announced. But the work of this year's winner in economics - who will accept her award Dec. 10 in [Stockholm](#) - speaks directly, and in unexpected ways, to one of the most vexing issues facing Long Island: whether to consolidate the multiple layers of schools, governments and municipal authorities that distinguish Nassau and Suffolk Counties.

Over many decades, [Elinor Ostrom](#), the first woman to win the Nobel Prize in Economics, has challenged the assumption that consolidation over a broad region is automatically going to be more efficient and cheaper than having many smaller organizations, each offering the same services locally.

She would have many questions to ask, for example, about Nassau County Executive Thomas Suozzi's recent proposal that the county executive be put in charge of a single, countywide school district, as a strategy for lowering the property taxes.

Consolidation tends to produce gains in efficiency, she has found, but also significant losses as organizations grow in size. So there is a tradeoff: We have to decide if the savings are worth the cost.

Over 40 years, Ostrom has explored how individuals successfully collaborate to allocate and preserve scarce natural resources.

She and her students and colleagues - including the two of us, who teach with her - have applied their theories to lobster fisheries in New England, forests in Indiana, [Bolivia](#), [Uganda](#) and [Tanzania](#), irrigation systems in [Nepal](#), groundwater management in [Australia](#), and cow grazing lands in Switzerland.

In a case especially resonant for Long Island, one of Ostrom's early studies took up the issue of merging of local police departments: Is one department in a region more efficient than several?

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She found economies of scale with shared crime labs and dispatching, but when it came to patrolling neighborhoods, smaller departments with fewer layers of supervision were better at

spotting early signs of problems, which turned out to be more efficient in the long run.

Ostrom has found that successful solutions, such as [Costa Rica's](#) management of pollution in the face of growing eco-tourism, often developed from the ground up. Rooted in local knowledge, these solutions were easier to implement and more likely to be successful than regulations imposed by a central government.

Efficiency can be trumped by the value of a local government's in-depth understanding of how ordinary people in a locale will be affected by changes in public policy.

How does this apply to thinking about the future of Long Island? A good example is the issue of school consolidation.

In its December 2008 report, Suozzi's state Property Tax Relief Commission raised the prospect of merging districts with fewer than 2,000 students, which would combine up to one-third of Long Island's school systems. The commission estimated millions of dollars in cost savings.

Ostrom and her colleagues would ask: What are we giving up for this savings? Is the trade-off worth it? And what exactly are we trying to get out of consolidation? How will consolidation achieve it? What do we lose by consolidating?

Staying local has advantages. With many small districts, a region as a whole is less vulnerable to failures, such as corruption, malfeasance or incompetence at high levels. Another advantage is expert knowledge: It's possible that a small district like Cold Spring Harbor may succeed not so much because of its wealth, but because it knows how to serve its community's needs extremely well.

Ostrom's team would ask: If the goal is to improve the delivery of education, then what is going to change in the classroom with consolidation?

Presumably you are not going to close schools right away; everyone will keep working as they have been. It's not as if you consolidate and suddenly free up enough money to hire 50 more teachers, and cut class sizes in half.

So the main change in staffing would be at the central office: one superintendent instead of two. You probably wouldn't reduce the assistant superintendents by very much, because there is a bigger population to manage.

A larger district can purchase supplies at discount, which isn't trivial. But not everything is pencils or school buses. Different districts may prefer one textbook or another for chemistry classes, for example. But if only a few different texts can be ordered to get bulk savings, say, there's no obvious advantage to the centralized purchasing - other than a windfall for some textbook publisher. In that situation, is the lower price of textbooks worth the loss that comes with one-size-fits-all teaching?

Ostrom would say if you want to centralize at all, centralize around functions that are clearly more efficient - the purchase of "public goods," for example, such as paper towels, pencils or motor oil, where everyone gets the same thing, and the amount of good is equal for everyone.

Of course, sometimes the smaller units she favors can do bad things. They can be under the radar and wind up being less accountable. Minorities can be more easily frozen out, because of their small numbers. The Long Island Index has found that the fragmented school system limits opportunities for students in low-income communities across the area. And Newsday has reported frequently on the patronage and wasteful spending that goes on in the Island's many special districts for fire, water, park and sewer services.

But on balance, Ostrom has found, the advantages of centralization are marginal compared with the possibilities opened up by the spread of information and commitment - people's belief that

their opinions count - that come with staying small and local.

People arguing against centralization often sound like cranks who just want their own and don't see beyond their backyards. But this work has shown that sometimes when they express their fears of losing local control, they have a point.

Finally, Ostrom would ask, if consolidation is so compelling, why isn't it happening already? School districts and other authorities don't have to be merged into the same person, or organization or offices. There are many ways for them to cooperate - telephones, e-mail, texting - and talk to each other.

Her faith ultimately lies in the wisdom of local people. With the economy in the tank, people feel pressure to do something to lower their taxes. But in this case that something may be worse than what is already there.

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