

fragmented governmental responsibility, lack of coordinated planning, and conflicts of interest between different groups of water users are all significant issues. Several guidelines for general improvements in government performance emerge from a consideration of water and sewage problems.

STANDARDS FOR GOVERNMENT PERFORMANCE

Before examining the case of water supply, it is relevant to consider a number of "ideal" criteria for evaluating the performance of governmental functions in metropolitan areas. The Commission has proposed a number of economic, administrative, and political criteria for judging the allocation of governmental responsibility for performing urban functions. These criteria do not judge governmental performance solely from the point of view of the adequacy of public services. They are concerned not only with providing public goods and services efficiently, but also with resolving conflicting interests and assuring democratic control of government within a realistic legal and political context.

The first two criteria are essentially economic:

(1) The governmental jurisdiction responsible for providing any service should be large enough for the benefits from that service to be received primarily by its own population. Neither the benefits from the service nor the social costs of failing to provide it should "spill over" into other jurisdictions. For example, the central city should not be expected to pay all of the very high capital costs of constructing a subway system which primarily benefits the suburban commuter.

The difficulties in satisfying this criterion are immediately apparent. First, spillovers of social benefits and costs, such as those resulting from health inspection or traffic control, cannot always be identified. Second, even when they can be identified, it is frequently not feasible to enlarge the jurisdiction to eliminate spillovers. Third, many functions involve subfunctions for which the amount of inter-community spillover varies. Thus, within the total service of a parks and recreation department, play lots have a much narrower benefit area than large recreation parks. In the promotion of public health, the benefits of dwelling inspection might be more localized than those of immunization.

(2) The unit of government should be large enough to permit realization of the economies of scale. For example, it costs \$58 per million gallons to provide primary sewage treatment in a million-gallon capacity facility, but less than half this amount in a 10-million gallon capacity facility. Often a small community finds it uneconomical to build a refuse incineration plant because the large investment required involves a unit cost of output higher than the citizenry is willing to pay. The reduced unit cost from enlarged production would make it worthwhile to enlarge the service area by taking in more customers, at least up to the point of maximum use of the plant capacity.

Economic efficiency is only one of the criteria germane to the allocation of a particular function. Political, administrative, and social considerations must also bear heavily in such a determination. The remaining five criteria for judging the proper scale of performance are intended to reflect these considerations.