
Municipality mergers

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Abstract

Municipality mergers are an important policy question in many countries, but empirical evidence on the effect of municipality size on the production of local public services is limited. This paper uses the spatial and temporal variation in forced municipality merges in a difference-in-differences approach to provide quasi-experimental evidence of the effect of municipality size on school output measured by student educational attainment and income in adulthood. Municipality mergers are found to significantly increase student income by 2-3%, while the effect on educational attainment is less robust.

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