Why and How Do Municipalities In Metropolitan Region Cooperate?
Are Regional Institutions Necessary?

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Introduction

Why and how do municipalities in large metropolitan areas cooperate? Are metropolitan or regional institutions necessary? The literature of the last half century addressing those questions has been greatly influenced by the public choice views that (1) rational actors have very limited, if any, incentives to cooperate; (2) unless the state steps in to rule cooperation. One can sum up the public choice views with four important approaches often referred as: "the tragedy of the commons", "the prisoner's dilemma game," "the logic of collective action," and "the governing the commons framework." These four perspectives differ primarily according to what central variable(s) is thought to determine the best possible institutional arrangement for the management of common, or public goods, so as to lower cost i.e. minimize institutional cost. This discussion sets the stage for an analysis of cooperation in Vancouver, British Columbia, Canada. The study of the Vancouver region, and the Greater Vancouver Regional District, offers interesting material to test public choice views.

The city of Vancouver, formerly known as Granville, was incorporated in April 6, 1886. The provincial legislature gave the city its charter in 1953. Originally, held it first election in May 1886 with five wards. Those were increase to six in 1904, then to 8 in 1911 with 16 elected officials. This number was then changed in 1916 to one elected official per ward. The ward system was abolished in 1935. The following year the city elected 8 aldermen at large; this number was increased to 10 in 1953. Since then, at-large-versus-wards elections have been part of the local political landscape. For the first time in 80 years, the city is currently implementing a ward system.

Today, the city of Vancouver is at the core of a vast metropolitan region which governance mechanism comprises 21 municipalities and the Greater Vancouver Regional District. The city of Vancouver is also the core social and economic center of an eco-system called the Fraser basin, which is on the Canadian west coast. Vancouver's water depends on the Fraser basin. Some environmentalists even argue that Vancouver is part of the Rockies Mountains' Cascadian bioregion, but for the purpose of this paper, the limits of Vancouver are set by the boundaries of the Greater Vancouver Regional District (GVRD) because it is the only local government with a metropolitan wide mandate.

The key economic sectors of the Vancouver region are forestry, mining, oil and gas, tourism, technology, and finance, education and film production. The manufacture and service industries located within the GVRD employ a total population of about 1.2 million. The metropolitan population was at about 950,000 inhabitants in the 1970s, today, it has expanded to over two million, and at current growth rate should reach 2.7 million in 2021.

The history of regional boards or districts in British Columbia predates the 20th century when communities across the province felt that they would benefit from sharing the management of such amenities as water distribution or sewage and drainage. However, the Regional Districts are a 1960s creation of the provincial government of British Columbia. At the time, it believed that districts would enhance the delivery of local

services efficiently across the vast lands of the province. The first meeting of the Greater Vancouver Regional District was held on July 12, 1967. The GVRD Board is made up of members of municipal councils from every municipality in the region and a director. The GVRD also uses a system of standing and advisory committees to review issues and policies for the Board. Its current mandate includes air, regional development, regional parks, sewage, recycling and garbage, housing, water, labour relations, and its work influences regional transportation policies.

In this paper, I argue that public choice scholars have not given enough consideration to the fundamental role institutions play in organizing and promoting liberal democratic values and debates in metropolitan regions. I ask the following questions: Why would Vancouver cooperate with other peripheral municipalities? Why are there regional institutions in the Vancouver region? What is best - public or private institutions or a rich mixture of both? And finally, is the Greater Vancouver Regional District about efficiency or democracy?

Why would Vancouver Cooperate? Is there any rational choice reason to cooperate?

"The tragedy of the commons" is an expression coined by Garrett Hardin in a 1968 paper published in the journal Science. Hardin expressed the distraught realization that when common resources are being used by a large number of individuals, all will be doomed. Hardin argues, "Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons.[1] Since then, this expression has been symbolizing continents and countries faced by overpopulation. Today, environmentalists remind us that the world population is really subjected to this tragedy of the commons. Also, this view would suggest that expanding municipalities within a large urban region are doomed.

"The Prisoner Dilemma" is a formulation of the tragedy of the commons that emphasizes non-cooperative strategies. This model underlines that individuals acting rationally lead to collective irrational outcome. In Campbell's words, "…the prisoner's dilemma suggests that it is impossible for rational creatures to cooperate."[2] This dilemma fascinates scholars, which has resulted in more than 2000 papers and books published on the issue.[3] Local political actors applying metaphorically this model would assume that municipal organizations in the pursuit of their rational interest are fundamentally unable to cooperate.

In "The logic of collective action" Mancur Olson challenges the view that individuals with common interests would cooperate voluntarily.[4] Olson argues that collective action does not emerge out of possible common gains. Olson also reminds local decision makers that municipalities sharing a large urban region would have no interest in cooperation.

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[1] Hardin, 1968, p. 1244
[2] Campbell, 1985, p.3
[3] Grofman and Pool, 1975
[4] Mancur Olson, (1965) The logic of Collective Action.

At the heart of each of those three models is the idea of the "free rider" problem, which basically offers two options: Firstly, that some actors produce the common benefit, while others free ride, thus reducing the overall benefits to all, or second, all free ride and all lose. Such propositions have often been understood as justifying policies that either deregulate and privatize, or on the contrary, justify the enforcement of state rule. Municipal governments within a large urbanized region should be identified with the 19th century reformers' ideal of municipal corporations that market forces regulate. They are unable to organize cooperation unless the upper level government (province or state) steps in to do so.

Elinor Ostrom, in her framework for governing the commons, suggests that these three models are very powerful but that their premises are taken for granted in empirical settings and that their metaphorical usage as foundation of policy is therefore "dangerous."[5] Her suggestion is that those models need to be "based on realistic assessment of human capabilities and limitations"[6] none of which should be either premised on the "Leviathan as the only way" or "privatization as the only way", either.[7] Her proposal is to research "institutional arrangements [that are] rich mixtures of public and private instrumentalities" (p. 182). She writes, "If this study does nothing more than shatter the convictions of many policy analysts that the only way to solve Common Pool Resources problems is for external authorities to impose full private property rights or centralized regulation, it will have accomplished one major purpose" (ibid p. 182). She also challenges that higher authorities should provide the best institutional arrangements, explaining that a framework with the following rules offer a safe, advantageous, and credible environment where a commitment can be made:[8] a finite set of actors, who are authorized to use the commons, according to specific attributes, and following specific rules, themselves designed in part by the actors themselves, and monitored and accountable to this set of actors, and sanctioned by graded punishment, thus leading the way into three "P" – public private partnerships.

According to the "tragedy of the commons" or the "prisoner dilemma" or again "the logic of collective action" there are no rational reasons to justify cooperation in the Vancouver region. Yet, twenty-one municipalities work together within the Great Vancouver Regional District. Furthermore, despite regular conflicts and disagreements, the Greater Vancouver Regional District has achieved consensus, for instance, on regional planning since the 1960s, and Regional Growth Strategy plans have been successful since 1976. The current plan was achieved in 1996, and is currently underway.[9] The issue of the "free rider" is not uncommon in the Vancouver region, and regularly, one of the member

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[5] Elinor Ostrom (1990) Governing the Commons, Cambridge University Press, p. 6.
[6] Elinor Ostrom (1990) Governing the Commons, Cambridge University Press, p.23
[7] Elinor Ostrom (1990) Governing the Commons, Cambridge University Press, p.8-28
[8] Elinor Ostrom (1990) Governing the Commons, Cambridge University Press, p. 182-214
[9] Vancouver Regional Growth Strategy http://www.gvrd.bc.ca/growth/lrsp.htm accessed May 2004.

municipalities threatens to secede from the Regional District.[10] Public choice views would point toward the 1960s provincial initiative, which created the Regional Districts: The province played the Leviathan's role in regulating key public policy arenas authoritatively. However, originally, the province only organized cooperation along very specific policy arenas (sewage and drainage, and later, water). Also, Regional Districts have never had the authority to compel municipalities to either agree or to cooperate. The GVRD, for instance, develops ideas, fosters cooperation and dialogue among member municipalities and continually enhances it legitimacy through public education and public participation.[11] Finally, it is difficult to make the case that the Vancouver region governance system is a rich mix of public and private institutions because the two tier system found in Vancouver is fundamentally rooted in a rich local history and culture of political activism and participation. Each municipal council is directly elected and the GVRD Board is constituted of 35 members, 21 elected officials and 14 public officials.

Hence, the four models, discussed above, ignore an important question, which I think defends the role of public institutions:

> Firstly, that public and private institution serves communities according to premises that are fundamental to their very nature - that public institutions are premised to serve territorial communities and citizens - whereas the foundations of private institutions are to serve functional communities and customers.

> Secondly, that the fundamental value system of each set of institutions – those of liberty versus equity - has tremendous influence on their policy capacity. The territorial logics enhance equity of service to communities, whereas; the functional logic puts differentiation and asymmetrical provision first because service is a function of offer and demand.

In Manual Castells words, this equation is very real, particularly within large metropolitan areas where he sees increasingly a tension between "spaces of places" and "spaces of flows" enhancing *inter-metropolitan* differentiation rather than the regional specializations of the past.[12] According to Castells, the increasing influence of market forces onto the spatial organization of metropolitan regions also lead to a variable-geometry of power, where, Castells has suggested, state institutions have to evolve into institutional networks of power. The central issue for scholars such as Kenishi Ohmae or Manuel Castells is the possible primacy of economic spatial reorganization (i.e. functional),[13] which due to free trade and the expanding industries of new information technologies, permeate and precede all other transformations, including local, regional and state institutions.

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[11] See for instance: The regional homeless plan http://www.gvrd.bc.ca/homelessness/homelessnessplan.html; or the GVRD involvement in treaty negotiations < http://www.gvrd.bc.ca/growth/treaty-negotiations.htm>; or again, < http://www.gvrd.bc.ca/growth/transport2021.htm>

[12] Manuel Castells, (1989) The Informational City, Blackwell; and (1998) End of Millennium, Blackwell

[13] Kenishi Ohmae, (1990) The Borderless World, (1996) and The End of the nation state, NY: Free Press Paperback

According to this literature, the challenge facing Vancouver should be the progressive transformation of the GVRD in a functional institution that would primarily follow market fluctuations. Yet, the GVRD has continually attempted to enhance its popular legitimacy, resolving to educational programs, conferences and workshops regarding its works and many policy proposals.[14]

Why is there a metropolitan institution in the Vancouver region? Political Space – The institutional forms of metropolitan regions

Institutions result from decisions of the Leviathan

We have institutions, Christopher Hood tells us, because "Even in small, simple settlements, we come quickly to problems of a rather fundamental type which are faced by a community jointly; and given opportunism, can only be tackled by using public power to supplant freedom to contract or voluntary provision."[15] We also have institutions because of history and governmental traditions;[16] traditions and histories of direct democracy in the United States for instance or of local administration in the United Kingdom, and France.

Since the 1950s, however, facing increasingly complex metropolitan governance policy-making issues due to the on-going expansion of the largest urban regions and, particularly in North America, their high degree of fragmentation, and increasing demands on service provision and planning, central and federal states particularly across Western Europe, the United Kingdom, and Canada, increasingly implemented structural reforms attempting to catch up with economic growth, and thus suggesting amalgamation or the creation of multi-tiered systems of local government. Also, arguing that economies of scale and greatly improved policy-planning capacities of the welfare state, and their impact on economic development and distribution, central governments justified the creation of tiered-government forms or of large functional authorities.[17] The critics of consolidation, however, argued that larger units were not more democratic and accountable and that a functional focus to strengthen local governments, planning and redistribution, and economies of scale are matters of debate.[18] But debating efficiencies limits many other liberal democratic debates on community development.

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[14] See for instance: Conferences and Workshops http://www.gvrd.bc.ca/education/conferences-workshops.htm or on the role of public meeting < http://www.gvrd.bc.ca/education/public-meetings.htm
[15] Christopher Hood (1986) Administrative Analysis: An introduction to rules, enforcement and organizations (Brighton: Wheatsheaf)
[16] See Keating, Michael, (1992) Comparative Urban Politics, Chapter 2
[17] See Michael Keating's (1995) presentation of this debate, "Size, Efficiency and Democracy" in David Judge, Gerry Stoker, & Harold Wolman, *Theories of Urban Politics*, Sage, pp. 117–134
[18] Ibid., pp.121–122

In the Vancouver case, the 1967 decision to create the Greater Vancouver Regional District was an important step. The Province set up the framework for cooperation on water, sewage and drainage and later planning decisions for the region. However, at the time is was clear to Municipal Affairs Minister Dan Campbell that regional districts were not conceived as a fourth level of government, but as a functional rather than political amalgamation. Since then, however, the GVRD has seen its mandate and annual budget expand.[19] Its activism is also remarkable and has regularly justified its many successes and policy initiatives but which regularly re-emphasize the fundamental role of financial prudence, political consultation and education and public participation to decision making.[20] Clearly, the GVRD only legitimacy is not that it is a creature of the provincial Leviathan. It is concerned about its local and regional accountability and concurrent exercise of legitimacy. Hence, this ongoing search for technical legitimacy seems to have turned into a search for democratic legitimacy, because institutions bound communities territorially.

Institutions bound communities territorially

Keating, for instance, argues that technocratic views of the functions of local governments tend to neglect the debate on the issue of "community," and this has given rise to many definitions of community: Deutch's *Gemeinschaft* is about solidarity and attachment to place;[21] Tiebout's is about protecting private space and, hence, inclusion and exclusion;[22] and Malibeau's (which is upheld in this paper) holds that regions emerge out of a cultural and historical construct of social interactions and of politics that derives its legitimacy from the recognition that politics sets territorial boundaries.[23] Clearly, neither the public choice view of individual utility maximization, nor the functionalist technocratic perspective, addresses this liberal democratic equation. In other words, local government institutions not only set the space for individual choices about services and taxes, as defended by the public choice approach, but also involve taking collective decisions, an important aspect of the role of politics in liberal democracies. Yet, this democratic dimension is not central to the public choice literature, which does not clearly identify the democratic implications of public or private institutions.

What is best, public or private institutions, or a "rich mixture" of both?

Local governance mechanisms seem to be stretched along a continuum, which on one end defending the imperative of the guiding principles of democracy, responsiveness, and accountability, of local government institutions, and which on the other hand,

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[19]See for instance a 2000-2003 budget review:
http://www.gvrd.bc.ca/board/archive2003/agendas/03comagendas/finance/april/4-2_fin_stmts.pdf
[20] See for instance the GVRD Sustainable Region Initiative
http://www.gvrd.bc.ca/about/pdfs/Globe2004SustainableRegionInitiative.pdf
[21] Deutch on Political Communities.
[22] C. Tiebout (1956), A Pure Theory of Local Expenditures, *Journal of Political Economy*, *64*(4), 416–424.
[23] A. Malibeau (1989), *Political Participation in Britain and France*, Cambridge University Press.

upholds the fundamental requirements of functional and efficient service delivery. Hence, some institutional designs give structural priority to democratic accountability, while others associate governing capacity with the efficient service delivery of market needs. A broadly defined taxonomy of these institutional arrangements suggests four forms of local governments: single tier, lower tier, upper tier, and special purpose authority.[24]

A single-tier municipality is a multi-functional local government that manages a wide range of functions. An upper-tier municipality has a limited number of functions, but it is not a special purpose body because it is multi-functional and overlaps a number of lower-tier municipalities. In other words, the functional capacity of an upper-tier municipality spans a much larger territory that encompasses all of the constituent lower-tier municipalities. A classic example exists when the planning function is allocated to an upper-tier local government; other functions that have been allocated to upper-tier governments include regional transportation, water, sewage, garbage disposal, and policing. When an upper-tier government body exists, the lower-tier bodies deal with local policy responsibilities. The assumption is that matching the allocation of functions to the appropriate level – appropriate tier – of local government may result in greater efficiency and attend to the regional dimension of service that is needed. It should be noted, however, that single-, lower-, or upper-tier bodies often have multi-functional policy capacities, are often elected, and never deliver services beyond the boundaries of their constituting local municipalities. Tiered-level governments are rooted in the political space from which they emerge. Each level is accountable to an electorate, either directly or indirectly. In most cases, a lower-tier body is directly elected and an upper-tier body is indirectly elected; hence, although their democratic accountability and responsiveness vary, they are entrenched in local communities.

A variant to this model is the joint services board, also called a regional district in British Columbia, Canada, and a special purpose authority, public authority, or district, in the United States. This model's flexibility allows municipalities to cater servicing arrangements to an optimum economy of scale. A board manages municipal agreements that focus on efficient service delivery. The flexibility of this institutional arrangement, however, loses its appeal once the number of functions to be managed by the board expands. Proponents of this model assert that the board remains accountable to the municipal level and it allows for strong accountability and responsive governance.[25] Others contend that complex inter-municipal agreements result in unclear bureaucratic and functional responsibility and lack of local control.[26] Melville McMillan, when comparing eight large metropolitan arrangements, suggests that above a certain metropolitan size and number of functional responsibilities (i.e. budget size) accountable upper-tier institutions are needed, and might have to be governed by elected official rather than appointed officials.[27] An issue, the Greater Vancouver Regional District does

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[24] Tindal, Sancton, Bish, Keating, etc.

[25] Andrew Sancton (1994), *Governing Canada's City Regions*, IRPP.

[26] Richard Tindall (2000), *Local Government in Canada*, Nelson. Also see, Patrick Smith & Kennedy Stewart (1998, June), Making Accountability Work in B.C., Report for the Ministry of Municipal Affairs and Housing.

[27] Melville McMillan, in Paul Hobson and France St. Hilaire (1997) *Urban Government and Finance,* pp.1-54. Montreal, Canada, IRPP

not forget: Its web site and increasingly active policies of consultations and education of the population of Vancouver is witness to this ongoing re-invention of legitimacy.

Another common institutional mechanism emerged at the turn of the 20th century: the uni-functional special purpose body. This body is used to service the needs of a community and, sometimes, disregards municipal boundaries. The functional accountability of such bodies supports a non-territorial logic that emerges out of the level of satisfaction of their functional community, which often shows support by paying a direct fee for service; this may be an advantageous tax instrument for municipalities that do not want to raise property taxes. The councils or boards of these public bodies often are appointed, and they are used traditionally to administer parks, hydro-electric services, transportation services, education, and policing.

Until the late 1990s, Vancouver had, for instance, 17 such special purpose boards with responsibilities spanning education to civic theatres, to parks and recreation, to policing and public housing. Opponents of this form of institution argue that an excessive reliance on boards and commissions leads to a great fragmentation of local government institutions and that the efficiency of service delivery does not compensate for the lack of democratic accountability, for instance, with regard to the real cost of services;[28] Vancouver, re-centralized most of those governing bodies in the late 1990s. On question that emerges is whether it is democracy or efficiency, or both democracy and efficiency that is at stake? In 2004, there are 22 civic organizations, which mandate is to provide means for citizens to have an input in decision in Vancouver.[29] Similarly, the Greater Vancouver Regional District offer educational programs to 10,000 Vancouver resident annually.

Conclusion: Is it about efficiency or about democracy in Vancouver?

The efficiency of service delivery has been a concern of higher-level governments. Because of their constitutional prerogative, for example, in Canada or the United Kingdom, they have been able to force or limit consolidation upon local municipalities. One argument for consolidation is that efficient local institutional structures would result in efficient growth. It should be noted, however, that the development of cities might not result from their institutional framework. The market regulations of the local economy may be distinct from its economic successes. Local economic policies, however, are multi-dimensional, rarely relying exclusively on market forces or on institutional frameworks. Hence, most institutional arrangements of urban regions lie in between those two opposite views.

The functional capacity of cities lies in between two general types of local institutions. The first type, the municipality, is a multi-functional or multi-purpose local government; the second type is a uni-functional local government or a special purpose authority. Municipalities are elected bodies that have a wide number of functions. Special purpose authorities are rarely elected and, most of the time, deal with one government function only. As well, the inherent accountability of special purpose bodies relies on the

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[28] See Dale Richmond & David Siegel (Eds.) (1994), *Agencies, Boards and Commissions in Canadian Local Government*, Toronto: IPA.

[29] Civic Organizations list: <www.city.vancouver.bc.ca/ctyclerk/civicagencies/civicindex.htm>

function they deliver to a community that is not territorially identifiable or even homogeneous. On the contrary, most multi-functional local governments are, in essence, territorially identifiable and accountable and responsive to a community of individuals. Most special purpose bodies are not accountable to electors, but instead answer to appointed officials. Such mechanisms do limits direct public involvement in their affairs, but do not prevent private-sector stakeholders to scrutinize their activities.

Institutionalized political space, thus, follows a variable geometry of institutional arrangements, as argued by Elinor Ostrom, "institutional arrangements [that are] rich mixtures of public and private instrumentalities" that have evolved from traditional multi-functional government into a multitude of uni-functional governance arrangements, all of which can be more or less accountable or responsive to a local community. As we see in the Vancouver case, multifunctional territorial institutions place primacy on democracy: political accountability and responsiveness anchors local government in the local politics of a place. On the contrary, uni-functional service delivery institutions shift this primacy toward the efficient delivery of services results in servicing the needs of markets.

Most community, and at fortiori, metropolitan communities struggles to establish the appropriate institutional framework to meet the needs of their communities and their economic region. In turn those choices are indicators of broad normative views largely shared by those communities for their urban region, and that frames and informs the policies and choices of a metropolitan region. In Vancouver, the original choice may have been to provide efficient services, but since then the democratic culture of the region has also participated in building liberal, accountable and democratic institutions.