Amalgamation: Is it the Solution?

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Prepared for **The Coming Revolution in Local Government** conference.
Sponsored by the Atlantic Institute for Market Studies,
Halifax, Nova Scotia, March 27-29, 1996.

PREFACE

The contents of this presentation are not new. In it, I have tried to summarize key points from an approach to the study of metropolitan areas government that is significantly different from that utilized by those who recommend single and two-tier models. This alternative literature includes, "The Organization of Government in Metropolitan Areas: A Theoretical Inquiry" by Ostrom, Tiebout and Warren in 1961, Robert Warren's classic, *Government in Metropolitan Regions: A Reappraisal of Fractionated Political Organization* (1966), Bish's *The Public Economy of Metropolitan Areas* (1971), Bish and Ostrom's *Understanding Urban Government: Metropolitan Reform Reconsidered* (1973), and the U.S. Advisory Commission on Intergovernmental Relations' report, *The Organization of Local Public Economics*, published in 1987. The ACIR publication comes from a mainstream organization that was totally preoccupied with reform through one and two-tier models in the 1960's and 70's. This publication demonstrates that people can learn. It is as good a guide as anything else to questions we need to consider in the future.

Until requested by the Atlantic Institute to again review the evidence of alternative ways of reforming local governments in metropolitan areas I have not paid much attention to the literature on this topic. This is largely because I work in British Columbia. British Columbia has evolved a system of local government institutional arrangements that are completely consistent with the recommendations one would make from this alternative literature. The system is best described as pragmatic and evolutionary, not imposed by Royal Commission recommendations or Ministerial decree, and it cannot be described in terms of "tiers." It is a complex, multi-organizational system characterized by a high degree of fiscal equivalence (i.e. local government citizens pay for what they get and get what they pay for). There is even beginning to be recognition in the east that such a system may have some desirable characteristics, although I have not yet seen an accurate description in any publication by an eastern scholar.

In the following essay I am not going to document, idea by idea, its source. That would take a book-length manuscript and that has already been done. First, I will summarize the single-tier reform model its 1960's two-tier modification (of which Winnipeg is the single best North American example). Second, I will briefly indicate the most serious problems with these models, and third, I will sketch out an alternative way of thinking about governments in metropolitan areas.

THE HISTORY OF THINKING ABOUT METROPOLITAN GOVERNMENTAL REFORM

There are a variety of intellectual and pragmatic precursors to the single-tier reform tradition in North America. Some of the ideas are of European origin, including idealization of a professional bureaucracy as developed in Prussia; others are North American, with the American contribution being an advocacy of professionalization in the civil service and city manager systems. North America was also the location of significant population growth with its many practical problems, such as the extension of roads and utilities as urban areas grew.

By 1925 a "reform tradition" can be clearly identified. Its major recommendations included (note 1):

1. Each major urban area should be organized by only one unit of local government. This would allow for area-wide planning, economies of scale in service production, and infrastructure extension to the entire area. Today we would call this a "single-tier" model, with the tier encompassing the entire metropolitan area.
2. The voters should elect only the most important policy making officials and these should be few in number. At-large elections were recommended so that the council would represent the city as a whole; not its different parts.
3. Administration should be separated from politics; there should be a single chief administrative officer and specially trained public servants staffing the bureaucracy. Implied in the concern for specially trained public servants is both a rejection of patronage appointments and that the "specially trained" public servants would use modern management techniques.

From this perspective small governments were considered unprofessional and inefficient, and fragmentation of authority, either within a government or among multiple local governments, was viewed as a source of weakness that would prevent coordination. Only with a single-tier, professionally organized government, it was believed, could an urban area be properly governed and public services efficiently produced.

This single-tier "ideal" model of government dominated North American thought up to the 1960's. By the 1960's serious questions were being raised about single-tier solutions. One concern was practical but also articulated very well in political theory in debates over Winnipeg. It was that people in different subareas might face different problems and prefer different local services. Some have labelled this a "community control" perspective. A second reason was based on the simple practical observation that not all services possessed economies of scale, i.e. costs of production did not fall, but instead increased, as production was undertaken on a larger and larger scale. The solution that emerged from these two concerns was a "two-tier" model, where some services would be provided by a lower tier and others at a second or higher tier.

The third challenge to the single-tier model arose primarily among scholars. Building the emerging economic theory public goods, and theories of the operation of multi-organizational or polycentric systems, (including the theory of markets and the theory of federal systems), an intellectual tradition developed that provides a fundamentally different approach to understanding how a public economy in a metropolitan areas works.

In Canada, local governments were at the forefront of two-tier solutions. One example is Metropolitan Toronto --with lower tier cities and a regional metropolitan government. Another is Winnipeg, with its unicity of 12 amalgamated municipalities in an upper tier and with 50 wards, which were in turn grouped together to constitute a "community" based lower tier. It can be noted that Toronto's second tier has had a reasonably long life, while Winnipeg's lower tiers were reorganized and their importance reduced in only 6 years. Toronto is being studied again. Concern remains in Winnipeg over a lack of response to neighbourhood (many of which were once independent cities) issues and over the fact that Winnipeg's boundaries are no longer large enough to encompass the suburbs emerging around them. Many other examples of two-tier models appear to exist in North America, although when one looks closely one often finds a multiplicity of other local governments existing at the same time. The same can be said of the few single-tier models that exist, as here in Halifax where volunteer fire departments have been retained. Fortunately, even with the idealization of abstract models, local officials, if left alone by larger governments, usually demonstrate a great deal of good sense and there are no major single or two-tier systems that have avoided "pragmatic" exceptions.

While two-tier responses illustrate recognitions of the inadequacy of the single tier model, scholars, beginning in the early 1960's began to challenge the "tier" reform models on both theoretical and empirical grounds. As these challenges became widely accepted, proponents of the single-tier model adopted a new justification for a single tier approach. It was that only with a region-wide government could there be "equity" in a metropolitan area. "Equity" meant equal tax rates and equal services throughout the metropolitan area. This argument was strongest in the United States where welfare in some states was financed in part by local governments (as in Ontario) and where poor people were concentrated in the old central city. This argument was also part of the argument for Winnipeg's unicity. The fact that some jurisdictions seemed to have higher services with lower tax rates appears, in itself, as something some reformers dislike.

At the present time it is unclear whether a one- or two-tier model is the reform ideal. Some give the nod to a return to the area-wide single tier, as in Halifax (which like others is not really a pure application of the model). Others still like the two-tier approach. On this issue, however, Andrew Sancton concluded that:

> "The days of large-scale centrally imposed municipal reorganization are clearly over. New regional governments, urban communities or `unicities' are not on the horizon." (Local Government Reorganization in Canada Since 1975, ICURR, 1991.

Professor Sancton also provides considerable insight into alternative ways of undertaking service delivery in metropolitan areas.

We also have before us the recently published report on Greater Toronto. The report itself is clearly a "camel", but many, if not most, of its ideas and recommendations are contrary to traditional "tier" model thinking.

We are, however, here in Halifax, where another unicity has been created in 1996, and it is my opinion that the desire to reform metropolitan governance with simple, and yes, simple minded, solutions has an attractiveness that has not gone away regardless what has written about the likelihood of such reorganizations being popular or successful. It is useful to look at the ideas and evidence behind municipal reorganization. Such an examination, even though brief, can provide insight as to how we let a "model" predetermine our solutions to metropolitan organization. I will then describe an alternative way of thinking that I believe is much more fruitful. Some significant parts of the Greater Toronto report, especially the chapters on the production of services, fall within this alternative approach, as does the local government structure in British Columbia.

COMPARING A "MODEL" WITH EVIDENCE

There are two ways of approaching a comparison of a model with evidence. One is to simply compare empirical evidence with the assumptions, conclusions and predictions derived from the model. This is the straightforward "scientific method," whereby knowledge proceeds by disproof. The second approach is to compare two different "models" to see which of the two fits relatively better with evidence and provides the relatively more accurate predictions. The latter approach is usually recognized as more appropriate for the social sciences because it is unlikely that any model will accurately predict all aspects of human behaviour. Both of these approaches have their uses and I will begin with a simple summary of evidence on one or two-tier models. This simple approach will pave the way for comparing a different model, or "way of thinking" with the "tier" model.

> 1. Does a single area-wide bureaucracy provide local services at lower cost? One key question is, "at lower cost than what alternatives?" Alternatives are of two kinds. One is a different structure of governments with each producing services in-house. The second is the use of a variety of in-house, contracting-out and partnering arrangements. There is overwhelming evidence that either of these alternative approaches, given competent management, will result in lower local service costs that can be achieved from a single area- wide monopolistic bureaucracy.
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> The two-tier model recognizes that different local services may have different economies of scale and that some may be more cheaply produced at a smaller scale and others at a larger scale. Does this mean that two-tier systems will be more efficient than single tier systems? In terms of accommodating to some scale efficiencies, yes. Compared to other alternatives? No. Why? Because the diversity found in efficient production arrangements for local government functions, and the individual components within those functions, is simply too great to be achieved with only two different-sized production arrangements.

2. Is a single or two-tier model necessary for area-wide planning and implementation of infrastructure? No, not necessary, but some regional forum is certainly useful. The Vancouver area, for example, has had regional water, sewer and planning since long before a "Regional District" was created. I do believe some kind of regional forum is necessary but it is not clear what form it should take.

3. Should all areas of the government receive the same services and service levels, and therefore is a single small council elected at-large likely to provide "good" political representation for a large local government? First, subareas of large governments are populated by citizens who do have different needs and preferences. Second, members of at- large elected councils in large jurisdictions are likely to have much higher socio-economic characteristics than the citizens they represent. In addition, as the size of a riding increases, candidates will need much more cash for mass media advertising, in contrast to independent campaigning with its volunteers and community meeting/door-belling approach. In short, as size increases, council members will be less representative of their constituents, and have less knowledge of subarea differences. Early reform advocates clearly considered this "good". The initial advocates of Winnipeg's Unicity, with its decentralized wards considered unrepresentative as "bad". If there is some "one best service level" perhaps it is best identified by a small high socio-economic status elite; if not, perhaps representatives with local knowledge will make better decisions for their constituents.

4. Will a larger bureaucracy more likely have a single chief administrative officer and a professionalized bureaucracy? Probably, although it is not unusual in Canadian municipalities to interpose others between the CAO and the bureaucracy. In B.C. Police Boards, not the C.A.O., supervise the police department, and in Ontario the Commissioners for Social Services have their own statutory role. The real question, however, is: "why does a single CAO and professionalized bureaucracy not lead to lower local service production costs?" It would appear that professionalization and technique, per se, are not sufficient to overcome the cost disadvantages inherent in a single monopolistic bureaucracy relative to more diversified arrangements for the production of local services.

5. More recently questions are being raised about whether or not having a single tax rate area-wide provides for a pro-poor redistribution of wealth. Most obvious in this concern is that residential suburbs, which are occupied by families that can afford newer homes, are significantly subsidized in an area-wide system by the business and commercial property tax found in the downtown area. The evidence from Ontario and B.C. where higher property tax rates are imposed on commercial than on residential properties seems to be that it is the wealthier single family

homeowners in the suburbs, not the poor, who benefit from equal taxes and services area-wide.

Within the "tier" framework there are obviously major anomalies. Costs of local services are unlikely to be lower. Planning is not necessarily better. At-large elections in large systems do not provide for a representative council. Large professional bureaucracies do not provide services at lower costs, and it appears that taxing on an area- wide basis provides redistribution from the central city where the poor often reside to the suburbs. It is quite obvious why scholars no longer advocate simple one or two tier reforms. This evidence is overwhelming. The interesting question is why, in the face of such evidence, are there still people running around consolidating local governments and expecting to save money? (note 2) One reason may be that in any system there are always things that could be done better, that such problems are more likely to become publicly known in a system of small governments than within a single large monopolistic bureaucracy. A second, is that some consolidated governments have moved to implement large scale privatization, contracting-out and internally competitive service delivery arrangements. These approaches are totally contrary to the expectations of the single-tier model, but their use in cities such as Indianapolis have given that unigov major visibility as a modern and effective city government. (This approach is also part of the Greater Toronto report). Finally, a third reason is that many people have never been introduced to any other way of thinking about the issues involved in the organization of local governments. To them, special purpose organizations (including the Halifax area voluntary fire departments) or Indianapolis's reliance on competitive markets instead of its municipal bureaucracy are always exceptions, not how reform should really be carried out. From another way of thinking, however, these exceptions are the rule.

COMPARING "TIER" THINKING WITH ALTERNATIVE WAYS OF THINKING

There are alternative ways to think about delivering public services in metropolitan areas. In this presentation I want to propose one of them. (note 3) In its fundamentals there appear to be only a couple significant differences from the tier model. The conclusions, however, are radically different.

Starting Out: Initial Presuppositions

1. "Government" versus "Function." One of the two most important differences between the tier model and the alternative proposed is the initial focus. The tier model begins with a focus on "government" and how it should be organized. It is as if by the single virtue of being provided by government, a local service has so much in common with any other local service that they should be provided uniformly to all citizens and that they should be provided by the same organization. The two-tier model modifies these presuppositions slightly by saying that there may be enough differences so that two organizations, rather than a single organization, are needed. An alternative to this perspective, in contrast, begins with a focus on what is different. Its presupposition is that people and their environments differ, and thus people will prefer different kinds of local

services in different places. Secondly, the nature of local services differs. These differences include the number and characteristics of the components or activities making up a function (i.e. police patrol, homicide investigation and jail management are all components of the policing function). Components vary in terms of whether they are produced in a capital intensive or labour intensive process; whether they are delivered in a face-to-face manner like education or an impersonal manner like water supply; and whether or not the output is easily measurable (water is; measuring all dimensions expected from schooling is not). Each of these differences makes a significant difference in the scale at which production is likely to be efficient. And when we consider that we must look at components, not just functions, the idea that any single organization, or two organizations, are going to efficiently produce the wide range of services provided by local governments is, on its face, not warranted. This recognition leads us directly to the second most significant difference an alternative approach can take.

2. Coordination: Central Control versus Multi-organizational systems. In the tier model nothing is considered to be a greater cause of local government problems than "fragmentation." While seldom defined, fragmentation is usually proven by counting up the number of local governments in a metropolitan area and concluding that there are too many. Furthermore, whenever there are multiple governments it is assumed that there is no coordination. The implication is that unless someone is in charge, problems will not be resolved and production managed in an efficient, coordinated manner. An economist would call this model the "monopoly model" of local government organization. Economists, however, have an innate distrust of monopolies. They are predicted to be inefficient and non-responsive, not the efficient way to provide a wide variety of local services to a metropolitan area. In short, Ontario Hydro or Canada Post are not considered to be ideal organizational forms--and their management problems are very, very simple compared to those of any metropolitan municipality.

The debate over multi-organizational versus centralized control has a long history. These debates include Supreme Being control versus evolution, the theory of federalism versus single sovereign unitary states, and, of most relevance here, the theory of markets versus central planning. Evolution, federal systems and markets all have important "system" characteristics, in addition to the characteristics possessed by the individual units within them. In all however, no one individual or corporate body is in charge. The observation that a multiplicity of individuals and organizations can function together for mutual benefit without central direction is one of the most important insights in the history of human thought. This observation is just as relevant for understanding the complexities and interdependencies within metropolitan areas as it is for any other complex area of human activity. Accepting it as relevant for the organization of government in metropolitan regions is the second key difference between tier model and alternative ways of thinking.

The difference between starting an analysis with the presupposition that all local public services are essentially similar and that some one must be in charge, versus beginning with the presupposition that local services are diverse and are best provided within a multi-organizational system, are not the only differences between tier model reform and alternative approaches, but they are the most important. Other differences are brought out in publications mentioned in the preface. The table below provides a simple summary of differences.

Single-Tier Reform	Alternative
Local services are essentially similar.	Local services are very diverse.
Same level of service for all.	Different groups will want different levels and kinds of services.
Same level of taxes for all. General taxes are preferred to earmarked user charges or special assessments. Tax competition is bad.	Taxes paid should reflect services received. Earmarked user charges and special assessments are preferred. Competition among governments to provide services at lower tax costs is good.
Central control is necessary; fragmentation is the major problem.	A multi-organizational system is necessary, but just having multiple organizations does not assure success. Coordination between citizens and governments and among organizations in a multi-organizational system involves coordination costs that must be considered in the evolution of multi-organizational systems.
A Monopoly will be most responsive and efficient because it will have control and achieve economies of scale in production.	A Monopoly will not be responsive and efficient because 1) different local services have very different scale characteristics, and 2) large monopolies usually lack incentives to be efficient.
Council and Administrators will work for the area-wide public interest.	All individuals will respond to the incentives they face; only some incentive systems will lead to success.
The "government" must be systematically designed.	The system needs fundamental rules but components and inter-organizational relationships will change over time in response to changing preferences and conditions.
The theory itself provides an answer as to how to organize local government in a metropolitan region. It does not, however, provide any operational approach to defining the boundaries of the region or the division of responsibility between one or two tiers.	The theory indicates critical variables. At this level of analysis there are no answers inherent in the theory itself. It is anticipated that there will be a multiplicity of organizations involved in the public economy of metropolitan areas.

It is important to observe that these two approaches are not opposites of one another. While single-tier reformers claim fragmentation is bad, the alternative theory says only that multiple organizations are necessary to deal with the variety and complexity inherent in providing local services in a metropolitan area, but that multiplicity alone is not sufficient. While single-tier reform assumes that elected officials and administrators will seek the area-wide public good, the alternative theory will only go so far as to indicate that individuals, in any capacity, will respond to incentives, and that it is difficult to provide proper incentives to large monopolies. Another difference is that single-tier reformers place a great deal of faith in conscious reform, while the alternative places much more emphasis on identifying fundamental rules within which a system can possess the capacity for adaptation and change over time. These rules, which include such things as the "Municipal Act," under which new governments are created and under which local governments operate, are absolutely critical for a well functioning system.

Finally, at this level of analysis, the alternative does not provide any answers as to how a metropolitan public economy should be organized. To begin to sketch out such answers one must proceed to more detailed levels of analyses that begin with the nature of the local services citizens' desire, not how local governments should be organized.

Thinking About Multi-organizational Systems

It is impossible to provide more than a very brief sketch of a multi-organizational systems approach to metropolitan governance in a short paper. Still, there are essentials that can be emphasized. Consideration of these essentials will be divided between considerations involving "governance" which includes the relations between citizens and governments and relationships among different governments for policy-making purposes, and the production of local services.

The Organization of Governance

Governments are the formal institutions through which we make collective decisions to regulate, deliver services, and tax. One key characteristic of a single government within a system of governments is fiscal equivalence. For a government to possess fiscal equivalence, first, the citizens who are affected by the decisions made by the government must have a voice in decision-making. This voice can be direct as with referenda, lobbying, participating in meetings or hearings, etc., or indirect, by electing the members of a board or council who in turn will make decisions affecting the citizens. And second, citizens who benefit from the decisions of the government must also pay for the costs of their benefits. With citizens receiving benefits and seeing costs they have an incentive to balance benefits against costs, and they can exercise their voice to see that the governments' programs provide benefits greater than its costs. There are several implications from applying these criteria to local governments. First, given the diverse nature of local services there will need to be some local governments that are geographically very large while others may be geographically very small. Second, fiscal equivalence over time requires that current beneficiaries of government services pay for them now, not use debt to obtain benefits now with the costs postponed for other citizens to pay in the future.

When local governments possess fiscal equivalence there are also two very important system implications: First, if citizens influence their government's decisions, the council and administrators will have incentives to do a good job efficiently and responsively providing what their citizens prefer. Second, as long as benefits and costs of the government's activities accrue to its own citizens, citizens and governments elsewhere do not have to be concerned about the fiscally equivalent government's decisions.

Let us expand on each implication in turn.

Citizen-Government Relations

One dilemma with citizen-government relations is that transaction costs are involved in citizens indicating their preferences on a wide variety of local services. No citizen wants to deal with as many governments as there are local government functions. At the same time simply voting for a councillor who will also act on a large number of functions will not provide citizens an opportunity to really express preferences on any single function. Some compromise is necessary. The usual compromise is to have a relatively small, reasonably homogeneous, general purpose local government (usually a municipality), with a few other governments where a particular function was of so much importance that it was worth separating out for special governance (e.g. education) or where boundaries clearly had to be different (regional transit planning, air pollution control). It is also likely that the general government will be run by an elected council, but some of the more specialized governments may be either elected or run by boards or commissions of appointees. (note 4) There is no magic number of "governments;" there is no one best way of organizing each of them. In most regions we would anticipate that a citizen would be geographically within the boundaries of several overlapping governments. It is also likely that in a small province with a single metropolitan region that the provincial government itself may take on some of the functions that would be better done at a regional level by a regional government in a larger province or a province within which there were several metropolitan regions. Designing a system of local governments within which citizens can effectively indicate their preferences and have them responded to, has no magic answer, but we can identify the trade-off involved to analyze any real world situation.

Governmental Interdependencies

For many functions it is difficult to contain all costs and benefits within the governments boundaries. Interdependencies with other governments will exist which require joint policy-making (both a small and a large government need to make decisions on arterial highways; both a small and a large government may need to made decisions on what should be taught in schools.) These kinds of interdependencies can be accounted for in several different ways. In some situations it will be appropriate for the federal or provincial government to set basic rules (the Charter of Rights, requirements in a provincial education curriculum, rules for social welfare, publication requirements for zoning changes, etc). In other cases joint policy making will be necessary (the location and design of intersections on an arterial highway, transit routes). Finally, in addition to cooperation there will also be competition among governments. Local governments will compete to offer their citizens better services and lower taxes. Some, but by no means all, kinds of competition are self-defeating. Most obvious is competition through tax concessions to recruit new businesses. Where competition is destructive the provincial government, in setting out fundamental rules, should regulate to prevent it. In British Columbia, for example, such competition is contrary to the Municipal Act.

As with citizen-government relations, there is no magic answer as to just how governments should relate to one another. Some relationships must be governed by the provincial government; others will involve cooperation for mutual benefit (note 5); others will involve competition, which if properly directed, will benefit citizen tax-payers. Again, trade-offs must be examined. Large governments will be harder for citizens to deal with and transactions costs will occur within the governmental unit. More smaller governments will result in more interdependencies and higher transactions costs among governments. The efficient solution cannot be calculated in the abstract; each situation must be examined on its own.

The Production of Local Services

Two issues that must be considered in analyzing the production of local government services are 1) is the producing organization an efficient size, and 2) is the producing organization a monopoly or if it does not perform well do consumers have an alternative? These are important questions about entire organizations in relation to the activities they perform and their service area. While being an efficient size is obvious, having choices within a system is an important system characteristic. When choices exist systems themselves tend to be more stable and adaptive over time even though particular organizations may cease to exist.

Following consideration of scale and monopoly conditions, one needs to examine the internal characteristics of producing organizations. Four conditions need to be met for one to anticipate having an efficient organization. These conditions relate to the following four questions:

- Do managers have an incentive to be efficient?
- Do managers have systems which provide information on the relations between resources and outputs so they can make efficient decisions?
- Can managers made decisions over capital equipment?
- Can managers make decisions over labour? i.e. hiring, discharging, assigning to tasks, etc.

If the answers to the above questions are "no", there is no reason to anticipate efficient production regardless whether the organization is a private firm, non-profit, or government. Research comparing the production of identical local services by local governments in-house and private firms under contract indicate that the primary reasons why contract firms are more efficient is precisely because the answers to the questions above are more likely to be yes for the private firms than for the local governments they are compared with.

STRATEGIES FOR REFORM

Strategies for reform within a multi-organizational system where no one is in charge are very different from those proposed by single or two-tier advocates. Reform within multi-organizational systems involves reforms at several levels to get the incentives right.

The most important condition for a local government is that it possess fiscal equivalence. This means that its council represents its citizens and realizes both benefits and costs in their decisions. If governments have a geographic scale to include the beneficiaries of their programs and must raise revenue from their citizens, they will have an incentive to try to provide services efficiently. There is no reason to believe that any other organization will be able to do a better job in this regard, and if the local council fails to do a good job it is up to local citizens and political processes to correct their situation.

If we have governments which possess fiscal equivalence, they can then pursue the production of local services through a variety of means including in-house, jointly with another government, under contract with a larger or smaller government, or with an agreement with a private firm or non-profit agency. If we can get the incentives right for the government, then it is likely that they will be able to do a better job seeking out alternatives than anyone else can do for them.

It is obvious from many studies of contracting out that private firms producing under competitively bid contracts can often produce local services more efficiently than governments can do for themselves in-house. It is important that this information be widely known so that citizens and their councils can make their own decisions, not that some higher authority impose their will upon them, although that approach has been taken in Great Britain.

An approach which explicitly recognizes 1) the diversity of people, neighbourhoods, urban areas and the local services they need, and 2) the need for a multi-organizational system to deal with such diversity. Following this recognition one can proceed to analyze the incentives under which such systems work well relative to those where incentives result in undesirable outcomes. This approach can provide a considerable increase in the understanding of what is occurring in the public economy of metropolitan areas. To continue to think that single or two-tier models are adequate as either theoretical frameworks or as useful policy guides reflects both intellectual poverty and provides for poor policy advice in today's world.

NOTES

1. As summarized by William Anderson, American City Government. New York, 1925, pp. 641-642. It is historically more common to cite British than American sources in Canada, but the single-tier reform models are essentially identical.

2. A recent example of this expectation was that in amalgamating 42 school districts into 18 in New Brunswick in 1942, office expenses would decline. The auditor reported that office expenses increased by $2 million. Education officials were unable to explain the increase.

3. This approach is developed in the works cited in the preface.

4. Single and two-tier reform advocates generally recommend the elimination of special districts. The only systematic comparison of the production of similar local services by cities, counties and special districts that I am aware of concluded that the special districts were the most efficient producers of local services. This study was done for California Governor Reagan's Task Force on Local Government Reform. It is published in Robert Hawkins *Self Government by District: Myth and Reality*.

5. An extremely successful arrangement for encouraging cooperation among municipalities and unincorporated areas is the British Columbia Regional District. These districts have boards comprised of municipal council members appointed by member municipalities and directors elected from electoral areas in unincorporated areas. They may provide services for any combination of service areas with each service area only paying for those services received by citizens in that area. The regional district board and administration greatly reduce the coordination costs for doing things together.

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