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THE COMPARATIVE COSTS OF GOVERNING ALBERTA'S METROPOLITAN AREAS

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INTRODUCTION¹

Canada approaches the year 2000 with 22.4 million (78%) of our citizens living in 25 Census Metropolitan Areas (CMAs). In Alberta, nearly three quarters of the population live in CMAs. How these municipalities are governed is important if our policy agenda is to include the development of coherent regional growth strategies that are competitive in global markets. Economic and demographic city areas

must come to grips with jurisdictional divisions before they can begin to break into the world's opportunity structure. If the sole international test for regional economic growth were parochialism in municipal institutions, Canadian urban centres would be well positioned. But that is not the standard, and an alternative strategy is needed.

¹ The views expressed in this Bulletin are those of the author and do not necessarily represent those of the Western Centre for Economic Research or the University of Alberta.

Putting boundaries on modern Canadian cities has not proven easy. (Lightbody, 1997; Sancton, 1994, pp. 66-69) Neat political and administrative divisions have been outrun by economic development. As measured by the traditional city line, "we have outgrown our governments". (Osborne and Gaebler, 1992, p. 246) In Canada, several provincial governments have tried recently to define new frontiers in spite of vigorous opposition from major stakeholders. The amalgamations of Halifax in 1996 and Toronto in 1997, the failed initiative in St. John in 1997, and the somewhat similar earlier consolidations of school and hospital districts in Alberta all reflect this difficulty.

Across Canada, five thousand local governments are governed by about thirty-eight thousand locally elected officials. Almost all of these councillors are chosen by nonpartisan election. Around these directly elected councillors are arrayed partially autonomous authorities, agencies, boards and special districts with varying degrees of functional and taxation independence.

A tabulation of frontline, general-purpose, unitary municipal governments for Canada's ten largest CMAs is presented in Table 1. The wider-area, second-level, metropolitan or regional governing operations that exist in over half of these regions are not included. By American standards of around 117 units of government per metropolitan area, these divisions do not seem unduly numerous. In the United States, for example, New York City is at one extreme: one "of 1,787 county, municipal, town, school district, and special district governments." (Savitch & Vogel, 1996, pp. 26-27) Pittsburgh lies at the centre of 323 governing units. On the other hand, the 6,743,000 residents of greater London (UK) make do with 32

boroughs. However, it is difficult to dismiss concern for possible negative consequences from multiple governments for the larger Canadian urban regime. By a conservative estimate of nine councillors per metro urban government, well over two thousand nonpartisan individual councillors stand ready to address regional issues.

Michael Keating probably understated the case when he noted recently, "Governments committed to consolidation have always found it extremely difficult to achieve. Change affects the interest of politicians, bureaucrats and residents. It shifts burdens and opportunities and creates fears and uncertainties." (1995, p. 129)

Most local councillors dislike centralizing realignments. Left to their own devices, they will invariably address regional development issues by the addition of another level of authority with more or less congruent problem-solving powers. The decision to proceed with substantial reform is, politically, very much a courageous one.

Hence, it was not unexpected that the provincial government of New Brunswick retreated from the proposed consolidation of the St. John area in April 1997, while it was surprising that Ontario, Nova Scotia, Alberta, and Manitoba in 1971, proceeded.

Arguably, local councillors have the most to lose with innovative change, not only in personal authority but also in social identity and public status. In Winnipeg in 1971, the number of councillors was reduced from 112 to 51; in Halifax in 1996, 23 councillors replaced twice that number (some of the latter have sought their previous salaries in the courts); in the 1997 metropolitan Toronto reorganization, municipal representation was reduced from 106 to 57.

Table 1: Canada's Largest CMAs and Unitary Local Government Organization, 1996

CMA	Population	Cities	Twns	Vllgs	MDs	Other	Total	Core %
Toronto	4,263,757	10	17	-	-	3	30	15.3
Montreal	3,326,510	74	9	15		1	99	30.6
Vancouver	1,831,665	11	1	3	6	2	23	28.1
Ottawa/Hull	1,010,498	7	5	5	-	9	26	32.0
Edmonton	862,597	5	9	6	4	9	33	71.4
Calgary	821,628	2	3	2	1	-	8	93.5
Quebec City	671,889	21	10	12	-	1	44	24.9
Winnipeg	667,209	1	-	-	9	-	10	92.7
Hamilton	624,360	3	4	-	-	1	8	51.6
London	398,616	2	-	2	-	7	11	81.7

Source: Statistics Canada: A National Overview: Population and Dwelling Counts, catalogue # 93-357XPB (Ottawa: Minister of Industry, 1997).

LOOKING AT CALGARY AND EDMONTON

Calgary and Edmonton are not as complex governmentally as comparable American urban regions. Neither city is so hemmed in that annexation of lands for future expansion is absolutely out of the question. Both metropolitan areas have large core cities in relation to their fringes, but there the similarity ends. Calgary is, after Winnipeg, the most highly centralized Canadian CMA; the Edmonton CMA is continuing to develop as a multiple local government system.

Calgary's remarkable booster image in the national financial press is attractive to private sector development. Its population grew by 9% between 1991 and 1996, with a current median income of \$21,600. It is second to Toronto in head offices and has accumulated a cluster of executive suites. Edmonton area communities have survived, but have not grown comparably. Edmonton's CMA population grew by 2.5% and

between 1991-96, with a median annual income of \$18,900. Its CMA was adversely affected by provincial retrenchment in the 1990s, but local leadership currently hopes for future growth in service industries for forestry, agricultural processing, petroleum exploration, oil sands extraction and technology based activities. Edmonton could have benefited from a coherent regional economic development plan, but it has yet been unable to devise one.²

The two cities are comparable in significant socioeconomic, work force and domicile variables compiled by Statistics Canada (including ethnicity, migration, and language). Calgary, though, reflecting its senior corporate and research activities has 74% more people with university degrees. The direct impact of

² "Adopt regional strategy. Mayor's task force urges," *Edmonton Journal*, 7 April 1997.

this upon incomes has been noted. Both cities operate within a common provincial political culture and participate, as local government systems, in a common municipal law and fiscal requirements regime. This makes some direct comparisons reasonable.

As is shown in Table 2, the two metropolitan systems have evolved quite differently. Cities are creatures of context. The consequence of the oil boom that followed Leduc No. 1 in 1947 was acute pressure for urban expansion to accommodate the ensuing industrial and residential demands. Calgary city employed amalgamation and annexation policies relentlessly, containing over 90% of its regional population within its confines (Table 2). For a number of reasons, Edmonton city planners pursued a more cautious strategy of decentralization and were generally more supportive of dispersal to satellite communities within its commuter shed. A major impediment to civic expansion was, simply, the preexistence of numerous small urban centres. As a consequence, less than three-quarters of the region's population is captured by the core city. It is ringed by four cities and four urbanizing rural municipalities, and the metro region continues to be subject to interjurisdictional growth squabbles. In all, over two dozen important local governments exercise autonomous development authority in the Edmonton area.

The presentation in Table 2 contrasts the Calgary and Edmonton regions. Only the Winnipeg CMA experienced less growth (among Canada's ten largest) than Edmonton; even Montreal, despite its out-migration, fared better. Edmonton undoubtedly experienced the direct negative impacts of provincial government restructuring in the mid- 1990s.

These were indeed serious, but attention diverted on them removes focus from another possible problem: the attainment of positive and sustainable economic growth.

The city of Calgary both generated and captured 90% of its CMA population growth. Despite a larger land area, Edmonton actually declined by 435 people in the 1991-96 period. Of the growth in the Edmonton CMA, 30% went into the four suburban cities and 50% into the urbanizing rural municipalities. All are in fierce competition to capture population for provincial grant reasons and for commercial assessment to balance their tax base. These activities can sap the strength of the core city with direct consequences for its capacity to maintain the infrastructure of roads, transit and piped services. They can also detract from the potential for an integrated and mutually beneficial approach to area growth.

Calgary and Edmonton offer the possibility of testing the relative cost effectiveness of single-tier versus polycentric local governing arrangements, a debate that has assumed more than the concrete evidence suggests (Sancton, 1994, pp. 33, 35). The short Canadian history of seeking ways to govern metropolitan areas effectively reveals reasonable responses to the classic three-part problem of coordinating of public policies, developing clear accountability for them and providing some measure of equity in service delivery and revenue generation. The record is generally one of cautious gradual change with occasional dramatic innovation. The resulting structural change has been shaped by both the character of any servicing crisis and by the ideological underpinnings of the reforming authorities.

Table 2: Calgary and Edmonton CMAs by Municipal Organization

TYPE	# Councillors	1991 Pop.	1996 Pop.	Percent Growth	Percent Total Pop. of Region
Calgary					
CMA (8)b	62	754,033	821,628	9.0	100.0
Cities (2)	22	723,133	784,028	8.4	95.4
Towns (3)	19	7,922	9,514	20.1	1.2
Villages (2)	10	1,417	1,531	8.0	0.2
MD (1)	11	19,888	23,326	17.3	2.8
*Calgary City	15	710,677	768,082	8.1	93.5
Edmonton					
CMA (33)	174	839,924	862,597	2.6	100.0
Cities (5)	41	697,819	704,178	0.9	81.6
Towns (9)	61	29,868	34,095	14.2	4.0
Villages (6)	28	3,640	3,826	5.1	0.4
Sum. Vil. (9)	16	576	721	25.2	0.1
MD & C (4)	28	106,091	117,251	10.5	13.6
*Edmonton City	13	616,741	616,306	-0.1	71.4
*Inner 4 Cities	28	81,080	87,872	8.4	10.2

Notes:

- a. Numbers of councillors includes mayors and Reeves
- b. The numbers in parentheses refer to numbers of municipal governments
- c. Fort Saskatchewan, St. Albert, Leduc, Spruce Grove

Source: Derived from Statistics Canada, Catalogue 93-357XPB, *A National Overview: Population and Dwelling Counts* (Ottawa: Minister of Industry, 1997).

A BRIEF HISTORY OF URBAN ALBERTA

Following the short land boom before the First World War, serious metropolitan growth in Alberta was postponed by the Great Depression. It was not until after the conclusion of World War II and the discovery of significant oil reserves that important public policy problems began to confront provincial authorities. By the 1950s, both Calgary and Edmonton planners and councils were forecasting acute shortages of the kind of land that private entrepreneurs would accept as suitable locations for development--despite the large agricultural tracts around the cities. (Bettison & Kenward, 1975, p. 134) Adjacent municipalities were distinctly unenthusiastic about the spatial extension of either city through annexation. Calgary city commissioners and council still pursued a basic policy of concentrating the industrial and commercial base within the confines of their core city, while Edmonton supported dispersal to its established satellite communities. This latter approach was influenced by the "greenbelt" and "satellite" theories then emergent in England which considerably influenced its transplanted town planners. Partly, though, Edmonton's approach was dictated by the fact that its region had already developed competitive urban satellite communities.

The provincial government responded to the stresses of rapidly increasing growth with the appointment of an inquiry in 1954. The (McNally) Royal Commission on the Metropolitan Development of Calgary and Edmonton, well aware of alternative forms for the governing of metropolitan areas, reported in January 1956. The two basic principles supporting its recommendations were simple and classic:

- (a) It is unjust and inequitable that wide variations in the tax base should exist among the local governing bodies that comprise a metropolitan area where that area is in fact one economic and social unit.
- (b) A metropolitan area which is in fact one economic and social unit can ordinarily be more efficiently and effectively governed by

one central municipal authority than by a multiplicity of local governing bodies.³

The Commission essentially recommended the doubling of Calgary's area and the tripling of Edmonton's. It specifically warned against a satellite community (Campbelltown) proposed for lands on Edmonton's eastern boundary: "In itself, [it] may be a good project, but from the point of view of orderly development and district planning its location is a metropolitan tragedy. It is also a testimonial to the failure of voluntary joint area planning."⁴ However, the surrounding municipality of Strathcona was able to opt out of the regional process to pursue its own development objectives by the planning statutes of that time. The hamlet (later known as Sherwood Park) grew to well over thirty-thousand residents and set the precedent for a land-rush style regional disbursement of suburban residential developments.

The provincial government of the period rejected the McNally commission advice, opting instead (and for its own reasons) to incorporate additional compensatory finances directly into city treasuries, to facilitate capital developments via grants-in-aid and to subsidize interest rates. Urban planning problems were the natural consequence. As a result, after 1967, the City of Edmonton was led into a decade-long round of never-ending annexation initiatives that frustrated its administration, bewildered its electors, irritated its municipal neighbours and beggared in some degree several municipal treasuries. (Plunkett & Lightbody, 1982) There is still today no satisfactory conclusion to this legacy.⁵

³ Chap. 12, p. 5

⁴ *Ibid.*, Chap. 14, p. 27.

⁵ "Area mayors object to Sturgeon plan for rural development," *Edmonton Journal*, March 27, 1997.

MORE COUNCILLORS COST MORE

One fundamental problem for a regional government divided into many municipal councils such as Edmonton and its 33 local municipalities (exclusive of school boards and other local authorities), is that the region speaks with many voices, each with regional strategies put forward by its individual councillors.

Table 3 provides some evidence of the comparative costs of governing a region with more (as opposed to fewer) municipal councils.

It is clear that an urban area with more councils is likely to face a higher tab, purely for councillor salaries, indemnities and other direct expenses. On a per capita basis, having twice as many councillors does, in fact, cost regional taxpayers more than twice as much. So, the price of smaller resident-to-councillor ratios can be costed and a system with multiple cities diverges significantly from the more unitary.

Table 3: Council and Legislative Costs (1996 per capita and per councillor)

Calgary CMA	Councillors	Salaries per capita	Salary per Councillor	Legislative per capita	Residents per Councillor
Cities (2)	22	\$1.02	\$36,173	\$3.42	32,638
Towns (3)	19	13.63	6,824	15.69	501
Villages (2)	10	11.70	1,792	19.84	153
MD (1)	11	10.88	23,076	13.71	2,121
TOTAL	62	1.46	19,308	3.87	13,252
*Calgary city	15	0.95	48,614	0.95	51,205
Edmonton CMA					
Cities (5)	41	\$1.71	\$29,444	4.62	17,175
Towns (9)	61	13.45	7,517	16.74	559
Villages (6)	28	21.95	2,999	23.91	137
MDs & C (4)	28	9.99	41,834	13.46	4,188
Summer Villages (3)	11	18.46	1,210	14.29	45
TOTAL	169	3.40	17,363	6.37	4,957
*Edmonton city	13	0.99	47,233	3.78	47,408
Inner Cities (4)	28	6.75	21,184	10.47	3,138

Source: Developed from Statistics Canada: *A National Overview: Population and Dwelling Counts*, catalogue # 93-357XPI3 (Ottawa: Minister of Industry, 1997) and Alberta Municipal Affairs, "Alberta Municipal Data," 1993.

The two core cities, Calgary and Edmonton, have essentially the same salary expense and councillor-to-citizen ratio, even though Edmonton elects on the basis of two-person wards. Edmonton's non-core rural municipal councillors are relatively well paid in the polycentric pattern. Their indemnities (\$41,834) rival those of Calgary despite a higher ratio of full-time municipal employees per councillor in Calgary (25 versus 874). The suburban city councillors around Edmonton seem also well rewarded in their public service, at a cost of over seven dollars per person represented (contrasted with the core city's rate of one dollar per person). Contrasting Calgary with Edmonton, then, it would appear that considerable economies of scale exist in the cost of representation.

The second clear finding is that the total legislative component of local government operations is, altogether, 65% more costly per resident in Edmonton's polycentric maze than in Calgary's. The two core cities are almost identical in operations as measured by per capita and per councillor expenditures. So are towns and villages. Overall, Calgary city expends 81% of the regional total to govern 94% of the population; on the other hand, Edmonton's 43% takes care of 71% of its population. Edmonton appears to be more efficient here only because of the higher expenditures in its suburbs.

Edmonton's four urbanizing rural municipalities have higher council servicing costs despite having only a dozen full-time central office staff per councillor, in contrast to 353 per councillor in the core city. Together, these councils spend 30% of the entire area outlay on legislative activities despite having less than 14% of the regional population. These councils consume 17% of the regional council operations expenses to service 10% of the metropolitan population.

A comparison of the direct costs of council operations clearly shows that multiple municipal councils are a more costly burden for the individual resident, in this case almost twice as much (1.78 times). Setting aside the small differences among the municipal districts and counties, the core cities pay councillors similarly, as do towns and villages--more or less. And, if one were to deduct the genuinely part-time summer village positions from the Edmonton metropolitan area calculations, the cost per councillor at \$19,163 is virtually identical to that in the Calgary region.

The result is that the polycentric system in Edmonton is significantly more costly at \$3.40 per capita than the more centralized arrangement in Calgary (\$1.46 per capita) not because either is more "efficient" than the other, but because Calgary has significantly fewer councillors (one for each 13,252 residents, not for each 5,185).

MULTIPLE GOVERNMENTS AND MORE EXPENSIVE SERVICES

A first glance at the summary evidence in Table 4 shows that multiple jurisdictions are a more costly means of governing the social and economic needs of a city community. However, the overall expenditure side for the two systems needs some discussion. The remaining two tables present spending data for the municipalities' eight largest categories. While there may exist some minor accounting and reporting differences

between Calgary and Edmonton (for example, several expenditure envelopes in similar policy areas are roughly equivalent if combined), the two core cities still have an aggregate per capita spending difference of 10% with Edmonton being the more expensive. (Table 5) This argues against the case that a large centralized region is uneconomical.

Table 4: Calgary and Edmonton Municipal Organizations, Major Public Expenditure Categories (1996 per capita)

Calgary:

Expenditures	Cities	Towns	MD	Others	CMA
General Government	\$204.41	117.20	108.81	220.12	199.92
Protection	279.23	136.22	54.96	62.70	269.71
Transportation	447.83	173.95	526.54	254.71	444.78
Environment	247.39	254.26	16.76	177.66	239.82
Social services	55.28	24.70	35.84	28.09	54.10
Recreation	161.90	153.88	92.34	99.28	159.08
Planning, development	41.05	27.12	43.81	20.25	40.77
Housing	37.26	-	-	-	35.56
Total	1,474.41	887.43	878.98	862.18	1,443.77

Edmonton:

Expenditures	Cities	Towns	MD&C	Others	CMA
General Government	\$148.70	138.44	188.49	326.37	154.20
Protection	304.34	84.09	106.84	66.64	266.64
Transportation	475.36	148.06	471.66	238.62	458.93
Environment	321.93	217.42	124.53	264.79	289.72
Social services	35.94	30.56	42.36	11.66	36.37
Recreation	174.48	155.42	112.82	148.01	164.70
Planning development	63.83	53.00	8.11	20.01	55.41
Housing	42.15	-	-	-	34.41
Total	1,566.25	826.92	929.54	1,075.87	\$1,448.78

Source: Devised from Alberta Municipal Affairs, "Alberta Municipal Data," 1993.

Table 5: Major Public Expenditures of Core Cities and Regions (1996 per capita)

Expenditures	Calgary	Calgary CMA	Edmonton	Edmonton CMA	Edmonton Ring cities
General Government	\$206.00	199.92	141.94	154.20	196.08
Protection	282.37	269.71	325.59	266.64	155.23
Transportation	454.13	444.78	509.82	458.93	230.20
Environment	248.22	239.82	341.00	289.72	188.12
Social services	56.05	54.10	36.70	36.37	30.60
Recreation	161.95	159.08	170.95	164.70	199.21
Planning, development	40.38	40.77	66.07	55.41	48.06
Housing	38.04	35.56	47.62	34.41	3.82
Total	1,487.11	1,443.77	1,639.74	1,448.78	1,051.32

Source: Devised from Alberta Municipal Affairs, "Alberta Municipal Data," 1993.

Note: These major spending categories, consistent with those used by the Canadian Tax Foundation, usually capture over 75% of gross municipal expenditures. They are mostly self-explanatory. "Protection" includes police, fire and bylaw activities; "Transportation" includes roads, streets, transit, the equipment pool; "Environment" covers water, sewerage, waste management; "Recreation" also entails cultural and library activities. Convention centres are considered a housing activity.

The numbers, collectively, reveal the basic story. The Edmonton region emerges, at five dollars per resident, more costly to govern, and the core city itself has about 10% higher expenditures. Edmonton's four suburban ring cities are significantly lower-cost providers of major urban operations yet, ironically, they are also one important reason why the Edmonton CMA emerges as more expensive to govern. However, as Michael Keating, drawing from the secondary literature, accurately concludes, "Merely because smaller jurisdictions have lower costs does not mean that they are more efficient." (1995, p. 125)

The costing story resides in the social composition of the suburbs. Let us grant one central component of the traditional public choice case: that municipal governments have differential service levels because of significant differences among their citizens as consuming clienteles. In many North American jurisdictions, municipal

councils in the metropolis self select their citizens through various combinations of development zoning and servicing packages. This makes impossible any kind of perfect mobility among potential residents.

Such exclusion has its consequences. For example, if one had been a single parent reliant upon public transit in the Edmonton CMA of the 1980s and working 12-hour hospital shifts, it would have been nearly impossible to live in the inner ring suburbs because of limited suitable accommodation there and no off-hours transit between your job and your home. Under such practices, it would be very surprising indeed if less expenditures in the suburban cities were required for such things as public transit and social services and equally surprising if they could not be provided by those councils at lower per capita cost than those in the core city. (Note Table 5) Even in 1997 there is no transfer for the disabled from the suburbs onto the city transit

providers. Public transit could be even more efficiently provided by the suburbs, on the books, if system start-up costs and carrying charges could be avoided through provision of public transport under contract from the core city. Such was also the case in the Edmonton area and its transportation budget is not only significantly higher than the CMA's but is also 2.22 times that of the suburban cities.

We would expect variations in the delivery of the various "soft" services (e.g., protection, preventive social services, recreation) considering the nature of populations. In Edmonton city, for instance, 48% of residents rent while in Calgary the number is 41%; the commuter cities and towns of both cities have only one in five residents who rents. As renters tend to have lower earnings, family income distributions of each area's municipal residents reflect this residential pattern which, in turn, is reinforced by local council zoning practices. In essence, prospective renters must live in the core cities. The mix and the level of public services provided by municipalities reflects this. So, while the cost of protective service is twice as high in Edmonton as its city suburbs and social services are 20% higher, the expenditures for recreation and cultural activities are 17% greater on its fringe. And, so on.

Comparative experience suggests that there may be a number of plausible explanations for the higher expenditures of the polycentric (Edmonton) regime. Among these are the following: first, there are fixed start-up costs for any municipal operation, even where much of the service is to be contracted. These are reflected in the per capita "General Government" costs of tables 4 and 5, especially for the suburban cities of Edmonton, and it is only in these suburbs that government costs more than other forms of protection. As discussed above, and if reporting procedures were identical, reducing the number of governments may very much lower this item.

Second, costs will likely increase in a polycentric system due simply to emulation, not only with duplicate city halls and public works operations, but also with aspirations to professional staff and new technological applications. Hence, we find the higher general government costs for Edmonton's ring cities in Table 5, well above their CMA average and at the same level as Calgary. The city of St. Albert and the county of Strathcona are noticeable spenders in this realm. This may be because of the level of recreation and cultural facilities in these suburban communities. In the Edmonton CMA, the cities of Stony Plain and St. Albert, the County of Strathcona and the Municipal District of Sturgeon are prone to this tendency as is evident in the "Recreation" line of Table 5. Higher costs are driven by the duplication of basic operations in the Edmonton case, the notable exception being "General Government," in which it is the central city's own internal efficiencies that have stimulated lower spending levels for the region.

Third, contracting for service by piggybacking onto the core city or another provider may reduce costs in the polycentric model. For example, the recently established council of government in the capital area, subsidized by Edmonton (\$188,000), today provides planning services for smaller municipalities (Beaumont, Calmar, Devon, Gibbons, Redwater, Morinville) that lack planning departments. Even so, the existence of multiple governments means the planning function of government is 36% more expensive in the Edmonton CMA. Contracts for protective services (e.g., the RCMP) and bilateral fire protection packages both reduce the "Protection" costs in the suburban ring by piggybacking administrative costs onto the provider's base staffing structure and, in the past, by permitting high-rise and industrial developments without appropriate own-source fire equipment. Hence, Edmonton city's protective package is 43%

higher than Calgary's because essential services to the core of the region must be costed against a smaller population base.

Similarly, the central component of regional transportation provided by Edmonton gives it 12% higher per capita costs than Calgary city. The basis of regional environmental management systems, provided by the core, give Edmonton 37% higher costs even though there is some recovery through bilateral service contracts. Consequently, environmental management (largely waste) is 80% higher in Edmonton than in its ring city suburbs (Table 5). Similar but much smaller-scale, mutually beneficial arrangements may also be negotiated in an essentially unitary region. In the 1990s, the city of Airdrie entered into a joint purchasing agreement with Calgary. Its subsequent savings permitted the layoffs of two persons due to decreased workload.

Fourth, the hidden hand of provincial administration is present in suasion and regulation, in the use of regional offices to persuade municipalities to enter into programs they would not otherwise initiate (such as social services) and for which there is overhead. What the expenditures do not reflect is the nature of the service provided. Edmonton's suburbs are oriented more to the Meals on Wheels type of service while the core city helps support crisis intervention centres. Calgary's higher per capita spending reflects the internalization of both styles of preventive social service. The province also requires upgrading of performance standards (e.g., the secondary and tertiary treatment of sewerage). This is reflected in "Environment" costs. The core city of Edmonton has the highest per capita costs since it is the principal contract provider of water and sewerage for its entire region and must adopt the same provincial standards as Calgary but against a smaller population.

Does having more governments costing more for "governance" actually mean that better regional governance results? The stronger argument for polycentric local government claims that it more accurately reflects, and adaptively responds to, demands from the

citizens as consumers of public service than would a less fragmented operation. Thus it claims to be a more effective urban regime. At the end of the day the public choice theory of separation of public goods production from their delivery to citizens boils down to this argument. The evidence of Calgary and Edmonton provides no solace to public choice theorists who claim polycentrism is more cost-efficient.

To date there has been only limited and contradictory Canadian evidence that costs-out alternative regional government forms.⁶ The data presented here indicates that some smaller municipalities indeed have lower costs. But numbers must be tempered by consideration of unionization, professionalism, volunteerism and part-time employment in operations. Perhaps Michael Keating says it best when he observes that, regardless of relative cost efficiencies, "There is no universal answer to the question of whether large structures or small ones are better." (1995, p. 132) What also seems clear is that Edmonton must spend more because its suburbs spend less. At the same time, the suburbs are bleeding away Edmonton's population base.

There are no measures of effectiveness included in this study, as might be gleaned from surveys of citizens as consumers of government services, and I can draw no conclusion on this very important dimension. Nor can we cost the intangible value of community identity that comes from autonomy and perceived access to one's own town council. It is, however, generally acknowledged that there is no regional community sense in Edmonton comparable to Calgary's.

⁶ See, for example, the series of essays by Mark Stevenson, assisted by Karen Leon, for *The Financial Times of Canada*, November, 7, 14, 21, 1992.

IMPLICATIONS: POLYCENTRISM WEAKENS REGIONAL GROWTH

Calgary and Edmonton are in international competition for commercial and industrial locations. Recent headline stories in the business pages reveal the underlying malaise of the northern city and its noncompetitive positioning even with recent and limited intermunicipal efforts.

The perception is consistently reinforced by employment data (in August 1997 the Edmonton unemployment rate is 6.8% and Calgary's is 6.1%) and is reflected in housing starts and building permits outside the public sector. Calgary is growing while the Edmonton core city actually lost population from 1991 to 1996.

Focus for international competition is difficult when multiple units of government exist within a metropolitan centre. Each council, by setting its own goals, tends to detract from the pursuit of the general interest. In the Minneapolis/St. Paul area, for example, the Twin Cities metropolitan authority recently provided incentives to facilitate the global position of the region by counteracting these scattered energies (Savitch & Vogel, 1996, pp. 226-227). Core competencies could not be accumulated in that region if there were no agreed authority to support such strategy. The Alberta CMAs would be wise to learn from these initiatives.

Today, business expects a regional environment in which there is some reasonable sense of direction, one that is developing a realizable matrix of compatible research, commercial, communications and transportation, residential and recreational components. In a world where competitive city systems provide this, and where national boundaries and geographic location are increasingly less bothersome, cities that cannot compete will lose out.

Brian Roberts (1997), among others, has argued the need for the emergence of a small nexus of entrepreneurs with a wider-area focus as being the one critical element able to overcome multi-jurisdictional self-interest and to advance community strategic planning. In this context it is possible that the importance of local government consolidation in the contest for increasingly mobile capital is as overrated as some academics believe and that pluralism through COGs (Councils of Government), QANGOs (Quasi-Autonomous Non-Governmental Organizations) and so forth are plausible governing options (Keating, 1995: esp. pp.122, 132). However, reality is otherwise. Governments are too often the barrier: "Responsibility for executing development plans by different organizations in a region is often not clearly defined, coordination is weak, resource applications not integrated, and overlapping of responsibilities becomes rife. . . . This results in regions pulling themselves apart..." (Roberts, 1997, p. 6).

Even gifted entrepreneurs benefit from strategically supportive infrastructure to reinforce their best efforts to gain access to the international marketplace. The consequences of working to realizable objectives may be read from the following evidence: of the 50 fastest growing population centres in Canada, 3 are within the Calgary CMA and 3 more within its immediate commuter shed. None are within the Edmonton area, and its overall CMA ranked second last among the ten largest regions in population growth from 1991 to 1996. Many factors have played a role in this of course, but the prospect for both communities is of a cascading momentum along the course set. In this process, private networks in the professional and business communities spread the message of what they witness. What if the message is that to do business in a region

first requires mediation among squabbling jurisdictions in which each extols itself at the expense of its neighbours? What if growth is dispersed, the work force commute potentially arduous, and the knowledge base fractured? What if authority is so fragmented that assessing corporate advantage requires multiple staff calculations? What if there is a much clearer choice in a nearby, less fractious community? These circumstances contrast Edmonton with Calgary.

One regional governing alternative widely gaining academic currency for Canada is some variant of the American COG approach (Sancton, 1994; Patrick Smith & Caroline Andrew in Lightbody, 1996. pp. 182-185, 152-153). By definition this US approach involves voluntary association and mutual adjustments to regulate interjurisdictional conflict, though often through avoidance of controversial issues. Local governments tend to proliferate. St. Louis county has 90 cities, Los Angeles more than 200 cities. Coordination of public policy comes with no power to coerce, to enforce, or to tax. As this alternative constitutes a much looser, messier model of governance, it stands well outside recent Canadian reform packages.

The Edmonton area's Alberta Capital Region Forum (ACRF), in existence since the demise of the Planning Commission on March 23, 1995, approximates this model in Canada. This body has 14 of 19 former planning commission municipal members (1997), relies on voluntary funding from member municipalities and others who wish to express views (Canadian Forces Base, First Nations bands, University of Alberta, Dow Chemical) and requires unilateral implementation of any recommendations it should choose to advance. Though early in its existence, so far it has been unsuccessful either in planning land-use or developing a coherent regional economic strategy.

A longer standing adaptation in Canada would be the Greater Vancouver Regional District (GVRD). Andrew Sancton, in particular, sees this as an adaptable, adoptable, universally applicable, instrument. (1994, p. 100) Still, as is the case with similar American approaches, it is the region itself whose interests are not represented at the bargaining table, especially since planning authority for the GVRD was removed by the province in 1983. It has recently been argued elsewhere that any such two-tier governing model is, for the 1990s, inefficient, ineffective and redundant. (Lightbody, 1997) Professor Sancton has made the point that no political structure can guarantee the result of effective regional planning, observing that, "Conceivably, if there is general agreement that regional planning is necessary, it will emerge without a regional government structure." (1994. p.45)

The central problem is that in the absence of area-wide CMA institutions there is no mechanism to formalize whatever "general agreement" may have been reached by whomever. One recent assessment comes, essentially, to this conclusion:

Disaggregating individual jurisdictions so that they can conclude interlocal agreements does not create regional governance, any more than common markets create nation-states. There is no getting away from the essentials of a common jurisdiction carrying out public policy, and regions do pay a price for not having that kind of institution. (Savitch, Vogel, 1996, p.298) Other comparative research points to a similar conclusion.

Growth in today's world economy is city-centred and regions without governments enter the race with a handicap. For advantageous positioning in this environment, Edmonton's patch-coat governance is a weakness and not an asset.

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