

**CIVIC CAPITAL AND THE DYNAMICS OF INTERMUNICIPAL  
COOPERATION FOR REGIONAL ECONOMIC DEVELOPMENT**

By

Jennifer Nelles

A thesis submitted in conformity with the requirements

for the degree of Doctor of Philosophy

Graduate Department of Political Science

University of Toronto

# **CIVIC CAPITAL AND THE DYNAMICS OF INTERMUNICIPAL COOPERATION FOR REGIONAL ECONOMIC DEVELOPMENT**

PhD Thesis, 2009

Jennifer Nelles  
Department of Political Science  
University of Toronto

Abstract:

This thesis concentrates on the interplay of structural and societal factors in the development of regional governance through a comparative study of two Canadian (Toronto and Waterloo) and two German (Frankfurt and the Rhein-Neckar) city regions. It was inspired by the tendency, in both scholarship and practice, to turn to formal institutional reform to solve problems of regional coordination. Debates of new regionalism advocate a role for *governance* solutions, which encourage a broader spectrum of actors to engage in the policy process. However, the emphasis in most jurisdictions has remained on formal, institutionalized structures, imposed by senior levels of government. As a result, the construction and potential for bottom-up and collectively negotiated regional solutions are typically under-explored.

This thesis builds a case for intermunicipal cooperation as an alternative approach to regional coordination, uniting the participatory concept of regional governance with functional flexibility of cooperative networks. It analyses what factors affect the emergence of these networks for governance in three areas of regional economic development: regional marketing, cultural policy and regional transportation. It argues that while regional structural, institutional and contextual variables are useful in

understanding the emergence of development partnerships, they tend to have different effects in different cases.

The thesis formulates and applies an innovative concept – civic capital – to capture the dynamics of building and sustaining regional governance networks. It is both a critique and extension of social capital approaches to regional development. Using the four cases the thesis argues that, where civic capital is high intermunicipal cooperation is more likely regardless of institutional and structural contexts. Consequently, the thesis makes a theoretical contribution to both literature on intermunicipal cooperation and broader debates on the dynamics of regional governance, development and social networks.

## Table of Contents

Abstract.....	2
List of Tables.....	5
List of Figures.....	5
List of Appendices.....	5
<b>1. Cooperating for Regional Economic Development.....</b>	<b>1</b>
<b>2. Intermunicipal Cooperation in Theory.....</b>	<b>28</b>
<b>3. Towards a Theoretical Framework.....</b>	<b>65</b>
<b>4. Frankfurt Rhein-Main: A Region in Search of an Identity.....</b>	<b>102</b>
<b>5. Rhein-Neckar: A Region Built from Below.....</b>	<b>147</b>
<b>6. Toronto: Strong City, Weak Region.....</b>	<b>194</b>
<b>7. Waterloo: Forging a Culture of Cooperation.....</b>	<b>240</b>
<b>8. Conclusion: The Best of Two Worlds.....</b>	<b>287</b>
References.....	314
Appendix.....	333

## List of Tables

Table 2.1: Intermunicipal cooperation literature.....	30 [Appendix A (333)]
Table 2.2: Types of transaction costs.....	35
Table 3.1: Summary of hypotheses.....	66
Table 3.2: Typology of intermunicipal cooperation intensity.....	76
Table 3.3: Independent variables and expected effects.....	83
Table 3.4: Distribution of interviews conducted.....	96
Table 4.1: Municipal tax revenues in Hessen.....	125
Table 5.1: Municipal tax revenues in Baden-Wurttemberg.....	171
Table 6.1: Governing boards of Tier 1 organizations.....	235
Table 7.1: Board leadership in the Waterloo region.....	278
Table 8.1: Matrix of civic capital vs. cooperative intensity.....	289
Table 8.2: Summary of cooperative intensities.....	291

## List of Figures

Figure 1.1: Alternative conceptions of regional governance.....	12
Figure 1.2: Fragmentation vs. Institutionalization.....	12
Figure 4.1: Map of the Rhein-Main region.....	103
Figure 4.2: Activities of Landrat Banzer.....	139
Figure 5.1: Organization of governance in the Rhein-Neckar region...	152

## List of Appendices

Appendix A: Table 2.1 Intermunicipal Cooperation Literature.....	333
Appendix B: Interview Guide.....	335

## Chapter 1: Cooperating for Regional Economic Development

### *Lines, Lines, Everywhere Lines*

What is a city? The answers are at once obvious and ephemeral. A city is a community of individuals linked by a common location in time and space. But as a distinct mode of human group life does it presuppose a common identity? Is it a physical environment, or a social construct? Mumford argues that a city is a theatre for social action, a stage that “intensifies and underlines the gesture of the actors and the action of the play” (1937). For the Chicago school, cities are organic constructions – they are the natural habitat of civilized man (Park, 1925). A city is a set of shared experiences, as Simmel (1903) would have it, a state of mind, an impression filtered through prisms of subjective space, the outside world, and social life. It is a conceptual location (Donald, 1999). For Haussmann and Le Corbusier, it was an ideal to be realized, a vision of both built form and social organization. It could be a utopian island – glittering, ordered, and efficient. For others the city represents a blighted environment and decaying society. It is an arena where broader patterns are reproduced and mediated, social and industrial structures are shaped, and the opportunities and inequalities of capitalism play out. It is also a political space in which these forces are contested. A city, it appears, can be many things – depending on your perspective.

A political science perspective on the city can incorporate all of the above dimensions – sociological, economic, functional, structural, imagined, ecological – in an approach to governance and governing. But cities are commonly conceptualized as political places, defined by functional jurisdictions.<sup>1</sup> A critical question for this perspective is then not about what constitutes a city, but where the territorially bounded political jurisdiction starts and where it ends. Are a city’s boundaries located where the

---

<sup>1</sup> A functional urban region is typically defined in terms of an urbanized core plus the surrounding suburban (and sometimes rural) territories with significant orientations towards this centre. While there are variety of ways to measure the functional region – including economic, education and labour market ties – it is most frequently defined by travel-to-work, or commuter, patterns. See Frey and Alden (1992) and Frey and Zimmer (2001) for a general discussion of defining functional urban regions. See also individual national statistical agencies for variations on these principles and their practical approaches to defining urban regions on functional grounds. For the purposes of this dissertation the specific boundaries of functional regions are not debated in detail but the concept is used mainly to illustrate that functional spaces transcend and cross formal administrative boundaries, creating a context which may necessitate intermunicipal coordination.

pavement ends and where some other entity, the “country”, begins – at some minimum density, where zoning laws change? Where exactly is that? In practical fact, the boundaries of a city are easy to discern. Cities are circumscribed by lines on a map. This study is inspired by these very lines.

While defining government jurisdictions with seemingly arbitrary lines is practically necessary, it is technically problematic. While these lines are relatively static, cities are in a constant state of flux. Like an ecology, the character of a city, its problems, its neighbourhoods, its size (both in terms of population and physical size), and the actors on the stage, can change from minute to minute, while even more radical changes take place over time. Development and sprawl render the physical boundaries of a city indistinct. As a result what is urban can spill over its frontiers into the rural. Often rural governments are ill equipped to deal with growing urban problems. However, sprawl from urban to rural is only the most observable manifestation of urban externalities.

While there are many different ways of defining city-regions (see particularly Parr, 2005 and Davoudi, 2008 for a critical discussion of these definitions), for the purposes of this dissertation they are defined structurally and administratively. That is, a conurbation, or a city-region (Courchene, 1999), is a continuous network of urban communities and area of “economic energy” (Jacobs, 1969). It is defined principally in terms of a densely urbanized core surrounded by a territory linked to the core “more than to the core of any adjacent city-region” (Parr, 2005). From an administrative perspective, multiple different units of local government abut each other in such a city-region,<sup>2</sup> accounting for many distinctive lines on a map. Often there is little indication beyond an unassuming road sign that you have passed from one municipality to another, despite the fact that the map lines indicate a significant change of *political* jurisdiction. The city-region in this project is conceptually defined by the orientations of politically defined territorial entities towards the central urban space. However, practically the city-region is defined in terms of statistical standards, based on these political entities, in which factors such as population mobility, and economic linkages, are generally also considered in establishing the definition of a region. Significantly, externalities, both positive and

---

<sup>2</sup> Hereafter, the term region will denote city-region; sub-units (i.e. the different cities in the city-region) are called municipalities.

negative,<sup>3</sup> are heedless of municipal boundaries and are the basis of a good deal of the debate on issues of regional governance and cost sharing. It is in these attempts to conjure physical boundaries where only notional ones exist that present a serious barrier to efforts to govern at a regional scale.

As cities have evolved and become increasingly more complex, a movement has emerged that argues that certain issues might best be dealt with at the regional level. It has long been accepted that many city issues are, in fact, regional problems – economies of scale dictate cross-border service delivery, environmental and social issues hardly respect municipal boundaries, and creating an international profile often requires the cooperation and competencies of several cities (OECD 2006). It therefore stands to reason that solutions are also regional. However, while there tends to be agreement on the regional scope of problems, consensus on the form of regional solutions has been harder to achieve. *Regionalism* refers to the scholarly approach and policy goal of aligning the governmental system of city regions with the territorial reach of population settlement and economic activity (Friskin and Norris, 2001). The arguments that underpin this approach vary – some have to do with externalities, others with efficiency and equity of service delivery, most are couched in terms of competitiveness – but eventually policy prescriptions have to make a decision about municipal boundaries.

Typically debates over how best to manage regional issues have focused on the question of which regional *forms* are most appropriate. In this respect, much of the discussion within the realm of regionalism has centred on formal institutional or government reform – *government* solutions. While certainly regional reform has its place it is far from the only approach to dealing with collective problems or seizing regional opportunities. The debate over appropriate regional forms ranges between the schools of reform/consolidation and fragmentation/public choice, both ‘old regionalist’ forms of organization. Joining these two models is the concept of ‘new regionalism,’ which expands the scope of regional solutions to include a variety of new actors and

---

<sup>3</sup> An externality, in this case, is a cost or a benefit of an activity or condition that does not accrue to the jurisdiction in which it primarily occurs. For example, smog pollution from an incinerator on one side of a municipal boundary becomes a negative externality to the municipality on the other side. Similarly, property values (and hence tax revenues) on one side may be affected by crime rates on the other. On the contrary, the presence of a prestigious university or new community centre close to one boundary may impart a positive externality on property values of the other. Consequently, a good deal of municipal planning and policy making attention tends to be focussed on internalizing positive externalities.



encompasses less institutionalized structures.<sup>4</sup> Each approach has its own strengths, weaknesses and ideological connections, and countless potential variations exist.

Ultimately, however, the quest for “best practices” is futile. First, it is unreasonable to expect that success in one jurisdiction can be translated directly into success in another. Because contexts differ so greatly, no one solution will fit every regional situation. Second, while in theory it appears as though each option may be equally applicable, often regional constraints mean that only a few are practically available. Therefore, debating the merits of each approach without reference to context is mainly an academic enterprise.

One alternative to regional reform that has recently gained considerable attention is that of intermunicipal cooperation. Cooperative solutions have the advantage of flexibility and can be organized and targeted to suit the scope and scale of each issue. Moreover, cooperation organized broadly can substitute for formal government solutions that require institutional reforms. Finally, cooperation can also bring with it a degree of both municipal and regional empowerment that may be attractive to local policymakers. It can not be emphasized enough that cooperation is *not always* the most appropriate solution to regional issues. However, to the degree that, even informally, it is often preferable to no coordination at the regional scale, the dynamics of cooperation between municipalities constitute an area worthy of further exploration.

This dissertation focuses on the prospects for *voluntary, flexible and autonomous intermunicipal cooperation* for regional economic development, as opposed to formal institutional reorganization or uncoordinated regional fragmentation. Most theoretical perspectives hold that the prospects for intermunicipal cooperation are slim except in a very small number of cases as a result of collective action problems and social dilemmas. This project questions the basis of this contention and posits that a variety of factors may shape the likelihood that collective action will emerge in a given context. In other words,

---

<sup>4</sup> This can be further elaborated as the difference between *government* and *governance* approaches. Governance is typically refers to the incorporation of new actors into regional (often political) decision making processes in the form of flexible, networked, and voluntary structures as opposed to rigid, top down hierarchies. However, throughout this thesis I will follow Norris' (2001) precedent and use the term *regional governance* to signify the whole range of regional approaches, including institutionalized reform and consolidation models.

cooperation may be more likely in one city region compared to others because of the structure of local authorities in city-regions, their institutions and exogenous variables.

Similarly, the same configuration of structures may act as barriers to cooperation in different regional contexts. Collectively, these are termed *environmental variables*<sup>5</sup>, and are defined in chapter 2 and operationalized in chapter 3. While environmental variables are critical in shaping cooperative contexts and environments, even where considerable barriers exist, regional coordination can still emerge.

This suggests that there are other factors that are capable of mitigating these structural and contextual dimensions to establish regional partnerships. This project introduces the concept of *civic capital* as an explanation for the emergence of cooperation in cases that are characterised by otherwise hostile environments. Civic capital builds on the literature of social capital and emphasizes the role of civic entrepreneurs in building networks that permit meaningful collaboration.

Ultimately, this project aims to make both a theoretical and empirical contribution to the literature on regional economic development. From a theoretical perspective, it critiques existing approaches to intermunicipal cooperation and proposes an alternative framework for interpreting cooperative dynamics absent formal regional government structures. Furthermore, the introduction of the concept of civic capital builds on and hones an extremely broad and increasingly fragmented set of literatures on social dynamics at the regional level. The project also makes an empirical contribution through four detailed case studies of regional governance and cooperation. The examination of the cases of Toronto and Waterloo in Canada and Frankfurt Rhein Main and the Rhein-Neckar regions in Germany confirms that environmental variables do play an important role in shaping cooperative behaviour. However, these variables have slightly different effects in each case and are therefore not reliable predictors of the emergence or intensity of intermunicipal cooperation. Civic capital, by contrast, plays a much more consistent role in structuring collaboration.

---

<sup>5</sup> The term ‘environmental’ with respect to variables is commonly used to refer to variable that affect context within political science literature. These are often conceptualized as intervening variables that are significant to shaping some outcomes but that do not create them (Almond, 1989). The term is broad enough to encompass both institutional and other types of intervening variables.

The four city-regions at the centre of this dissertation – Frankfurt Rhein Main, the Rhein Neckar, Toronto and the Waterloo regions – were selected to control for a variety of contextual variables and to allow for variation on environmental variables. The case selection process is discussed in detail in the research design section of chapter three. However, briefly, cases were selected in two federal countries and the city-regions chosen on the basis of location (within or overlapping the same provincial or *Länd* boundaries), and size. The selection of the Toronto and the Frankfurt Rhein Main regions enable a cross-national comparison of cooperative dynamics in large city-regions, while a comparisons of the Rhein Neckar and Waterloo regions explores these same dynamics within small city-regions. Large and small cases within each country are also compared to establish whether there are any dynamics common to national and provincial or *Länd* contexts. The following section provides an overview of the characteristics of each case study before situating the cooperative approach in the broader regionalist literature.

The Frankfurt Rhein Main region is located primarily in Hessen in the heart of Germany. Germany's second largest city-region with 3.5 million inhabitants (EMR, 2007), contains almost 5% of the German population, and produces 8.5% of national GDP (IHK Forum Rhein Main, 2007). It is an economic core region of both the nation and the European Monetary Union as a major centre of international banking. In addition to financial services the region is a major transportation hub boasting one of the busiest airports in the country, and due to its location at the confluence of the Rhein and Main rivers and location at crossroads of major north-south and east-west rail links. Other than strengths in financial services and logistics, other significant industries in the region include the automotive sector, chemical and pharmaceutical industries, biotechnology, materials science and communication technology. It is one of Germany's most globally connected and internationally visible regions. The region is relatively dense, with 445 local governments of various types spanning three the four *Länder* of Hessen, Baden-Württemberg, Rheinland-Pfalz and Bayern. The central city of Frankfurt am Main is the largest in the region, but there are three other cities of population, economic and political significance: Darmstadt, Wiesbaden, and Mainz. Each of these cities has a slightly different, though complementary, economic profile and each has political significance as a current or *ex-Land* capital or seat of regional planning administration.

Governance in the Frankfurt Rhein Main region has been characterized by evolving two-tier planning institutions and structures. Since the 1970s three different ‘regional’ government tiers have attempted to coordinate issues of regional concern. Each successive model was established by *Land* legislation, the last of which – the *Planungsverband Ballungsraum Frankfurt/Rhein Main* – was imposed against the unanimous opposition of the member municipalities in 2001. The legislation was considered ‘regional’ to the degree that it encompasses a larger number of municipalities in the core of the Frankfurt Rhein Main region than either of its predecessors. However, it still represents only a fraction of the functionally defined region. In this respect, it is an ideal case through which to study a problem common to almost all attempts at regional governance, whether imposed from above, or constructed from below: that of the misalignment between administrative and functional spaces. It is also an excellent test case through which to explore the dynamics of cooperation in a region characterized, as many are, by an administratively cohesive and economically dominant centre and the surrounding (sub-)urbanized municipalities that complete the metropolitan region.

The Rhein-Neckar region is located in southwest Germany, just to the south of the Frankfurt Rhein Main region and at the confluence of the Rhein and Neckar rivers. It is a region of over 2.4 million inhabitants and produces a gross value added of €1.8 million (MRN, 2004). While it is the smallest EMR in Germany, it is still a very significant economic and industrial location, hosting over 100,000 companies, including market leaders such as BASF AG, SAP AG, and Heidelberger Druckmaschinen (MRN, 2004). Like Frankfurt, the Rhein-Neckar region also spans three different *Länder* – Baden Württemberg, Hessen, and Rheinland-Pfalz – and is centred on several main cities: Mannheim, Ludwigshafen and Heidelberg. However, while the city of Frankfurt is the acknowledge centre of that region, there is no one city that dominates to the same extent in the Rhein-Neckar region.

The twin cities of Mannheim and Ludwigshafen form the largest metropolitan area, though it is politically and physically divided by *Land* boundaries that follow the course of the Rhein River. The initial relationship between Mannheim and Ludwigshafen was extremely competitive. Ludwigshafen was established in 1853 and was initially situated in order to compete with the much older city of Mannheim on the other side of

the river (Becker-Marx, 1999). Despite the initially competitive orientation of the two cities, their industrial development trajectories ultimately diverged such that each established a slightly different role in the regional economy. Mannheim remained industrially important, as Ludwigshafen developed an initially more residential and service role, with some industrial concentration, particularly in chemical production. Mannheim maintained dominance in mechanical engineering and machining, and developed a prominent university and research base. Despite the fact that these two cities lie in different *Länder*, and on different sides of the river, they are now functionally one cross-border city-region. Heidelberg is the third city in terms of population, though perhaps the most internationally recognizable of the three, and is located further to the south. A university city, it has evolved into a considerable centre of life and bioscience research, and remains a centre of excellence in printing and press machinery. Though physically separate from the Mannheim/Ludwigshafen conurbation, it has maintained long-standing ties to the regional centre.

Governance in the Rhein-Neckar region is in the process of stabilizing after undergoing significant institutional reforms in 2005. The first formal mechanisms for broad cross-border regional governance date to the early 1950s with the voluntary establishment of an intermunicipal working group between Mannheim and Ludwigshafen and their counties. Since then, governance structures have evolved and expanded to encompass the functional region through the recently established *Metropolregion RheinNeckar*. The Rhein-Neckar case is remarkable in two respects. First, regional governance has consistently emerged through the voluntary association of municipalities and counties. These collaborative structures have been recognized and legitimized, but never imposed, by *Land* authorities. Secondly, the current boundaries of the region come very close to encompassing the entire functional regional space.<sup>6</sup> In part this is due to more fragmented patterns of urbanization and region size. However, it is exceptional that, at least for the moment, functional influence and administrative jurisdictions are in alignment. This provides an interesting case through which to explore the collaborative

---

<sup>6</sup> Arguably, to encompass the entire functional region the MRN would include parts of the Frankfurt Rhein Main region to the north – particularly the territories around the airport, which is vital to commerce in the Rhein-Neckar. Some have even argued the opposite, that the Rhein-Neckar is, in fact, a part of the Frankfurt region. However, this thesis uses functional definitions that maintain the two as separate, though interrelated, metropolitan regions.

processes that led to what is often considered an ideal in regionalist literature, and stands as an interesting contrast to the quite different Frankfurt Rhein Main case to the north.

The Toronto region is located in the southwest part of the province of Ontario in central Canada. It is the largest conurbation in Canada and the region comprises a population of over 5.5 million inhabitants (Statistics Canada, 2007). Toronto is the 5<sup>th</sup> largest region in North America and generates over 20% of Canada's GDP. Home to over 15% of businesses in Canada and 40% of head offices, the Toronto region is also considered the nation's financial capital (GTMA, 2007). Despite a clear strength in financial and business services, the regional economy is extremely diverse with robust manufacturing, ICT/biotech, and creative sectors.

As in the Frankfurt Rhein Main region the City of Toronto is the core of economic and political influence within a metropolitan area characterized by several secondary, but also influential, suburban municipalities. Also in line with the Frankfurt example, successive regional reforms – all provincially orchestrated – have failed to encompass or unite the political actors in the functional region. The most significant regional reforms have played out since the 1953 founding of the Municipality of Metropolitan Toronto established a two-tier metro structure and the 1967 regional reforms that established similar structures for surrounding administrative regions crystallized political boundaries within the region. The 1998 amalgamation of the municipalities in Metro Toronto consolidated the City of Toronto as the centre of gravity in the region. Intermunicipal cooperation and efforts to establish regional governance have had to contend with this institutional context unique to this region in the specifics of intergovernmental relations but similar to many other global city-regions – a strong central city surrounded by significant but smaller municipalities. Consequently, an analysis of cooperative dynamics in this case may yield lessons relevant to similarly configured regions and represents an interesting cross-national comparison to the Frankfurt Rhein Main region.

Finally, the Waterloo region is located in southern Ontario approximately an hour west of the Toronto region and along the key transportation corridor to the United States. As the smallest region in this study, the Waterloo region contains just under half a million inhabitants. However, it is significant economic node that hosts many globally active

firms in core industries (automotive, advanced manufacturing, ICT, financial services, and biotech/life sciences) such as RIM, OpenText, Northern Digital, and ATS. The GDP of the region topped \$21.5 billion in 2006 and ranked 4<sup>th</sup> among census metropolitan areas (CMAs) in Ontario behind the much larger communities of Toronto, Ottawa, and Hamilton on measures of GDP per capita (Statistics Canada, 2006). In addition to being industrially significant, the Waterloo region has also developed excellence in research and education. It is home to the leading University of Waterloo as well as groundbreaking research institutes in quantum mechanics and theoretical physics. These industries and research institutes are distributed across three central municipalities – Kitchener, Waterloo, and Cambridge – which are surrounded by six townships and governed by an upper-tier regional municipality.

Because the upper-tier regional municipality encompasses the entire urbanized and suburbanized region and therefore contains the bulk of the functional space surrounding the urban centres the issue of formal regional governance has not been as pronounced as in the other cases in this study. Nevertheless, the regional municipality does not have (sole) jurisdiction over all of the issue areas of interest to this project. Consequently, the Waterloo region provides an interesting case within which to study the dynamics of intermunicipal cooperation within a two-tier system on issues – such as culture and marketing – where the region has no formal jurisdiction and allows for an exploration of the effect of formal regional structures on cooperation between local-tier actors.

Having summarized the central arguments and the characteristics of the case, the rest of this chapter situates the cooperative approach within the broader realm of literature on regional government and governance and justifies the focus on collaborative and flexible solutions. Further, it provides an outline of the central arguments of the project and of each of the key chapters. This is followed by a brief summary of the main conclusions of the study.

### **Regional Governance: The Literature and Theory**

An analysis of regionalist literature demonstrates the relative strengths of new regionalist governance approaches. Collective action theories highlight the potential barriers to

cooperation, while new institutionalist approaches show how both formal and informal institutions can either or overcome of exacerbate the dilemma.

### *Conceptual Approaches to Governing Regions*

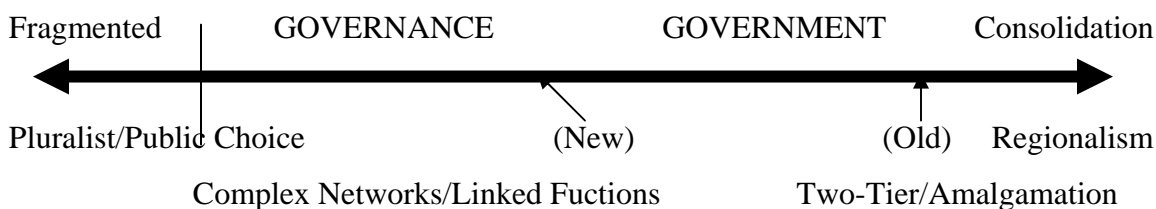
Many scholars describe the approaches to regionalism as being situated along a sort of spectrum of centralization versus decentralization (see for example Walter-Rogg 2004; Norris 2001; Bourne 1999, among others). Typically, ‘old regionalism’ strategies of regional centralization – such as amalgamation – are located at one extreme, while the approaches of ‘new regionalism’ are located at the other. For example, Bourne (1999) ranks the alternatives as follows: annexation, amalgamation, creation of regional authorities, regional partnerships, two tier government, functional shifts to senior levels of government, and privatization (12). Similarly, Savitch and Vogel (2000) address the various approaches from government to governance solutions. They identify consolidation and multitiered as ‘government’ or more centralized approaches, and linked functions (interlocal service agreements), complex networks (functional, overlapping jurisdictions), and public choice (fragmentation) as examples of ‘governance’ approaches (161-4).

Alternatively, one could locate regionalist approaches along a spectrum of institutionalization. The degree of regional institutionalization is often assumed to operate in parallel to the degree of centralization. For example, consolidated approaches are often assumed to be highly institutionalized and formally structured, whereas voluntary cooperation is typically presented as being less so. But this is not necessarily the case. A partnership for regional marketing can take the form of informal coordination between economic development offices (loose institutionalization) or it can take the form of a formal and autonomous organization. Similarly, a voluntary public-private partnership can be a decentralized but formal unit of regional governance, such as a special purpose body. This occurs in the *Zweckverbände* in Frankfurt Rhein Main. Or the partnership may form the centralized, and highly institutionalized, node of regional coordination, as is the case in Rhein-Neckar. This conceptualization of regional governance is depicted in Figure 1.2.



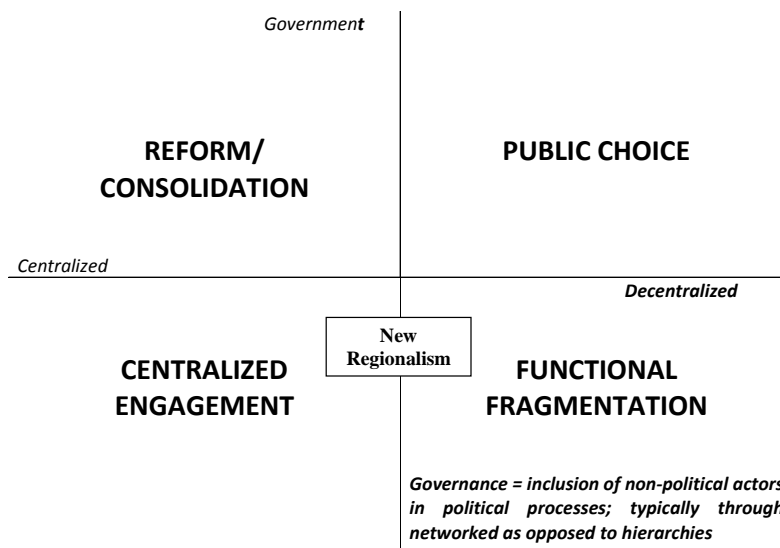
*Figures 1.1 and 1.2: Alternative Conceptualizations of Regional Governance*

*1.1: Spectrum of different approaches to governing arrayed according to fragmentation*



Another competing perspective is most typically conceptualized as different points on a different spectrum (Figure 1.1). On one extreme of this spectrum is the fragmented, public choice or pluralist approach. From this perspective the ‘market’ determines the pattern of local governments and favours multiple and overlapping units each serving a specific set of interests. At the other extreme of the spectrum is the metropolitan/consolidation, or old regionalist, approach. This perspective favours government reorganization as a solution to the economic imperative for regional governance. New regionalist or governance approaches occupy a middle ground between these two extremes. While acknowledging the imperatives for regionally coordinated policies and development, new regionalists tend to be hostile to government reforms, opting instead for a range of horizontal and flexible forms or organization.

*Figure 1.2: Alternative conceptualization – fragmentation and institutionalization of regional forms*



The alternative approach described in Figure 1.2 also situates these three dominant approaches. However, rather than conceiving their relationship in terms of a spectrum it positions them on a matrix that distinguishes between their normative and functional appeals to centralization versus decentralization and their structural constructions in terms of rigid hierarchies and informal networks. The horizontal axis situates regional forms in terms of the breadth of their regional scope. The centralized end of the axis situates forms in which regional issues are governed centrally – that is, there is one single ‘jurisdiction’ that encompasses the region. The other end represents more fragmented forms such as the functional, overlapping and competing jurisdiction model.

The vertical axis is a measure of ‘hierarchy’ – that is, the degree to which regional governing is rigidly controlled by senior ‘tiers’ of government that are politically separate from more local authorities. At the high, or government, end of the spectrum governing relationships are akin to formal provincial-municipal structures and do not include non-political actors. At the lowest, governance, end of the spectrum regional governing is collectively negotiated through networks. In this case a wide variety of actors may participate in the policy making process but are free to participate or not as their preferences dictate. As a result, regional governing forms can be situated and compared based on the centralization/decentralization of decision making and the range of actors and the vertical or horizontal nature of their structures.

The matrix conceptualization of regional forms has the advantage of constructing a more precise relationship between governing alternatives on a wider variety of considerations. The *cooperative* approach can therefore be situated more accurately, not simply as a transition space between market and hierarchy models, but as a distinctive approach in itself within which there is scope for considerable variation along the decentralization/centralization spectrum.

After a survey of the rationales behind a regional approach, these three competing perspectives and their policy prescriptions are examined in more detail. Finally, I outline the theoretical approaches to intermunicipal cooperation. Much of the regionalist literature tests the merits of government consolidation against fragmented approaches at the expense of mid-range alternatives. Increasingly, new regionalist governance solutions, that occupy the space below the horizontal axis, have begun to dominate the debate. Each of these three

perspectives is analyzed in turn and the place of cooperation, as an alternative, is elaborated from within these literatures.

### *Public Choice/Fragmented Models*

Proponents of the public choice approach to municipal government question regionalists' assumptions and argue that markets, not governments, should dictate metropolitan forms.<sup>7</sup> They contend that local government competition produces superior results to coordinated public intervention.

In the context of municipal governance, public choice scholars argue that fragmented systems of municipal governance are more democratic and more efficient (read: less expensive) to operate (Tiebout, 1956; Bish, 1971; Bish and Ostrom, 1974; Ostrom *et al.*, 1988). Fragmented systems are more democratic from this perspective because they allow more choice by enabling citizens to choose a place of residence from among a wide variety of cost-service packages (Peterson, 1981). The oft cited Tiebout hypothesis contends that rational individuals choose to locate in a community that maximizes their preferences for local services. According to Tiebout: "the consumer voter may be viewed as picking the community which best satisfies his preference pattern for public goods" (Tiebout, 1965: 418). Given the assumption of zero moving costs and no mobility restrictions, residents displeased with their community will simply "vote with their feet" and select a more favourable jurisdiction.<sup>8</sup> Fragmented systems may also be more efficient, because fierce intermunicipal competition forces down costs and enable each municipality to tailor service delivery to the needs of its desired constituents (Basolo, 2003).

Regionalists argue the opposite – that intermunicipal competition produces costly overlaps and service duplication that reduce regional competitiveness and the effectiveness of service delivery, and that fragmentation means municipalities cannot reap economies of scale. In response to this contention, public choice theorists point out the distinction between service *provision* and *production* (Parks and Oakerson, 2000). Municipalities can provide a

---

<sup>7</sup> Note that public choice distinguishes between *political* fragmentation and *functional* fragmentation, despite the fact that neither exists in a pure form. Under political fragmentation each local government provides and produces all local services. Under functional fragmentation each special district provides and produces distinct services for all citizens (Parks and Oakerson, 2000).

<sup>8</sup> The inherent weakness of these "zero mobility cost" assumptions is partially redressed by Ostrom, Tiebout and Warren (1961). Stein (1987) and Teske *et al.* (1993) further elaborate on the model to show how it could operate in a limited *information* environment.

service without necessarily producing it through agreements with other municipalities, special purpose districts, or other third parties. In further response to regionalists, public choice models contend that there can't be just one optimal size or scope for municipal structures, as optimal territorial coverage depends heavily on the particular service in question<sup>9</sup> (Sancton, 2000).

While the public choice perspective can answer many regionalist arguments from a service provision perspective, it cannot address as easily the claim that inter-regional competition requires regional coordination. The fact is that many local "goods" are exogenously determined for this model – the success of the region in the new economy forms the context within which individual preferences are formed. If the *region* becomes unattractive (through deindustrialization, for example) the municipality may suffer, regardless of the competitiveness of its tax-services package. Neither can this model effectively deal with negative externalities without some sort of vertical authority structure (Parks and Oakerson, 2000). This model is limited by its narrow focus on local economic self-interest and rejection of meaningful regional issues, despite the fact that many significant local costs and benefits may be regionally determined.

#### *Consolidated Models: Reform Solutions*

The metropolitan or consolidation model acknowledges regionalist arguments about the necessity for regional solutions. This approach advocates institutional reform to bring government structures into line with the functional or economic region. Two different strategies for government reform dominate this perspective:<sup>10</sup> the consolidationist approach, and the multitiered approach.

Consolidationists advocate the elimination of independent municipalities within a region and their replacement with a single government. Often, but not always, this takes the form of city-county consolidations. Nicknamed the 'big box' approach (Rusk, 1999), this perspective contends that overarching regional governments are more effective at designing and delivering public policies as well as coordinating their implementation (Savitch and

---

<sup>9</sup> Sancton (2000) points out that police patrols are best organized on a small scale but that police training, for example, requires a larger jurisdiction to be efficiently provided (74).

<sup>10</sup> Other strategies that fall into this category are annexation and the creation of regional boards or special purpose bodies for comprehensive regional service delivery.

Vogel, 2000; Lowery, 2000). Old regionalists believed that bigger government could also exploit economies of scale and produce cheaper, more effective government. Larger governments may also be more adept at dealing with problems such as segregation, urban sprawl, regional environmental difficulties, transportation issues, and branding. Furthermore, by eliminating competition between regional municipalities for investment and jobs and by pooling regional resources, cost savings were almost always promised (Savitch and Vogel, 2000; Sancton, 2001; Frisken and Norris, 2001; Norris, 2001a).

The multitiered approach is an alternative to complete regional consolidation. Rather than eliminating the municipal level completely, a metropolitan (or second) tier is added to supplant or supplement some local operations. This approach is thought to be more flexible than the consolidation approach because it enables local solutions at the same time as it provides for regional solutions (Savitch and Vogel, 2000; Sancton, 2001). The two tier approach seems hierarchical, and to a degree it is, but each level has responsibilities for different policy areas and therefore each can be theoretically sovereign from the other.

These two approaches to regional government share a variety of weaknesses. For example, the establishment of a regional level of government, whether consolidated or two-tier, begs the question of how many municipalities to consolidate. In other words, where do you draw the line? Should the regional government be established in anticipation of future growth? If so, the operation may become more complex, as the region may then incorporate rural space and/or county governments may also have to be reorganized. The elimination of the local level may also affect local representation as, generally speaking, consolidation results in fewer political representatives for a larger population. In a multi-tiered context, there is often conflict between the local and regional governments. There is also often disagreement over which issues should be considered in the local and which should be considered at the regional level. In addition, local governments often resent the imposition of regional policy as an infringement of their autonomy. Finally, regardless of the government approach, evidence to support the claim of cost savings has been mixed in almost every context.

While this model clearly provides mechanisms to deal with regional issues beyond simple service delivery, government reform is often more attractive on paper than in reality. One of the biggest drawbacks of this model is that municipalities often have little choice in

whether to participate in consolidation or not, as reorganization is often dictated from upper levels of government (Norris, 2001). Consider the forced amalgamation of Toronto, Montreal, and Halifax in Canada, the abolishment of the Greater London Council under Thatcher in the UK, or the local reorganizations of the 1980s and 1990s in France and Germany. One of the objectives of this project is to explore the prospects for autonomous, or at least municipality-led, action for regional governance. In the search for regional strategies that can empower municipalities and regions to expand the scope of economic development policies and make meaningful contributions to regional economic development, governance strategies appear more promising.

### *Governance and New Regionalist Models*

Governance models seek regional solutions through horizontal, flexible and coordinative mechanisms. In contrast with narrow conceptions of rigidly hierarchical, state-centred policy making, governance incorporates a variety of non-state actors alongside governments in horizontally organized structures of functional self-regulation. On Figure 1.1b these represent the area under the horizontal axis and can encompass more formally organized and centralized governance networks (centralized engagement) or fragmented sub-regional collaboration. The relative advantages of organizing at one or the other end of the new regionalist spectrum are not discussed here – rather the new regionalist literature is surveyed as a whole in order to situate regional cooperative solutions. While this is not universally the case from a normative perspective, this literature tends to focus on the bottom left quadrant, though these often leave room for the existence of parallel fragmented approaches where appropriate.

In governance configurations (below the horizontal axis of Figure 1.1b, a wide variety of actors may participate in negotiating and designing collectively binding decisions and policies without superior authority (Wolf, 1999; Cooke and Morgan, 1998; Rhodes 1996; Stoker 1998; Davies 2005; Jessop, 1998). There is also a variety of solutions under this rubric. Savitch and Vogel (2000) identify two: the linked functions approach and the complex networks approach. These correspond to two interrelated streams of literature on multilevel governance and networked governance (Leuprecht and Lazar, 2007). Of the two, the latter is the closest to the ideal of government autonomy and flexibility, though it is

important to note that these approaches are not mutually exclusive. Both use existing institutions and relationships in new ways, and both seek to involve a wider variety of actors – stakeholders, community actors, private partners, etc. – in the process of governing.

The linked function approach is a form of multilevel governance. The multilevel approach emphasizes the fluid and networked nature of relations between and across institutions and the actors operating at different levels. An absence of overarching authority, coupled with an emphasis on leveraging relative institutional capacities and spheres of influence, creates institutional exchanges that are flexibly adapted to changing environments and issues (Hooghe and Marks, 2004). Informal bargaining becomes as important as the formal allocation of power between levels of interaction, and “politics rather than laws and formal structural arrangements is the determining factor for outcomes” (Peters and Pierre 2004: 84). The process involving a “complex web of institutions, actors and interests,” offers a measure of political congruence, but it is less determinate than a system of “hierarchical subordination” (*ibid.*, 84-85). It is an approach that is both flexible in terms of structures and participation and capable of coordination across scales.

In the context of intermunicipal cooperation, the concept refers to functional consolidation or interlocal service agreements (Savitch and Vogel, 2000; Bourne, 1999). In this model, the municipal governments negotiate with county or upper level governments or other municipalities to share services, production, or delivery (usually only one or two in a narrow area). Multilevel governance aims to reduce and resolve conflict among jurisdictions and to emphasize the regional element of cooperation (Bradford, 2005). The benefit of the approach is that it is flexible and requires no institutional reform. Because reform isn’t necessary, municipalities can add or remove functions as necessary. This arrangement preserves local autonomy in other areas, while enabling small municipalities to exploit economies of scale (Hulst and van Montfort, 2008). Furthermore, where initial collaborations may be superficial (on simple issues such as waste disposal, for example), over time ties between municipalities may deepen and enable cooperation on a broader range of issues (for instance, economic development policies). So while a small degree of governance of linked functions between a few municipalities may not live up to the ideal of truly regional governance held by new regionalists, it *may* be a step along the way. Bradford (2005) contends that rather than reorganizing local governments to deal with the challenges of

globalization, the distribution of capabilities and jurisdictions between levels of government needs to be considered in the selection of regional strategies. His position is that cities and provinces have different strengths and competencies and that multilevel governance collaborative solutions are necessary.

This particular approach appears very similar to fragmented approaches that advocate *ad hoc* cooperation. Savitch and Vogel (2000) distinguish the two on a conceptual level. While cooperation may occur between municipalities in a fragmented system, it is as a result of economic decisions that “are registered in the marketplace” (164) and taken based on rational self-interest. In the multilevel and complex network approaches, cooperation occurs not just based on economic benefit, but with “faith in the capacity of interlocal cooperation to deal with regional issues” (164). In other words, cooperation may be undertaken with the expectation of future, rather than immediate and perhaps non-economic benefit. Regardless, the difference between the two is hard to measure.

The new regionalist tenants of flexible cooperation between multiple actors are well developed. Each actor has a role and works collectively with others to accomplish common goals. Cities are best able to convene actors for partnerships and to undertake land use and development planning functions. Provincial/upper levels of government are best able to provide resources, to ensure that disparities do not result in regional competition and to ensure consistent policy application. Community partners are best able to determine specific needs and design implementation strategies to ensure that they are met (Bradford, 2005). Formal government structures need not change under these conditions as all actors act collectively to address issues of city region competitiveness and equity.

While this approach definitely has a cooperative element, by definition it requires the participation of upper levels of government. This project aims to uncover institutional enablers of voluntary and autonomous intermunicipal cooperation, and therefore seeks to control as much as possible for upper level intervention. Any involvement of upper level governments, be they state/provincial or national, *prior* to independent intermunicipal cooperation may change the incentive structure, making it difficult to gauge what local institutional factors may have helped or hindered cooperation. Upper levels of government have an undeniable impact on choices at the local level. However, the purpose of this study is to explore the dynamics affecting cooperation at the regional level and, as such, attempts to



isolate the local level as much as is feasible. The influence of upper levels is acknowledged in their role in establishing institutional constraints and in their strategic choices through exogenous variables.

The complex network approach comes closest to the ideal of new regionalist governance – governance without government. This approach involves relatively large numbers of independent governments voluntarily cooperating through multiple, overlapping webs of interlocal agreements (Savitch and Vogel, 2000; Atkins, 1995; Thompson, 1997).

Norris (2001b) elaborates on this definition:

Cooperation involves the voluntary association of governmental and non-governmental organizations in a defined geographic area for the purpose of controlling or regulating behavior within and performing functions or providing services for the overall territory. These organizations are not *required* to cooperate and cannot be compelled to cooperate or comply with decisions that are taken by cooperating entities. Cooperation can be bi- or multilateral and may or may not be area wide (535).<sup>11</sup>

This conception of regional governance is related to the concept of associative governance (Hirst, 1994; Wolfe, 1997). Wolfe argues that the associative model substitutes for the exclusive role of the government a mix of public and private roles in the policy process and emphasizes the context of institutional structures and learning. In an associative model, “the relevant level of the state has to become one of the institutions of the collective order, working in relationship with other organizations, rather than operating in its traditional command and control fashion” (Wolfe, 1997: 229). In this case, the state still establishes the basic rules governing the operation of the economy and devolves a degree of responsibility to a wide range of associative partners through the mechanisms of voice and consultation.

In all of these definitions, governments meet and engage with a range of partners in a variety of areas for the purpose of regional governance. The critical thing to remember is that involving more non-governmental actors does not necessarily dilute either local autonomy or authority so long as the partnerships are voluntary. Local governments still play an important role in initiating cooperation, coordination and setting general policy directions for external

---

<sup>11</sup> Norris (2001) distinguishes between regional cooperation and regional governance. For Norris, Governance involves a coercive element, takes place on an areawide scale, is authoritative and its decisions binding. In terms of my conceptual approach, this definition of ‘governance’ would reside on the frontier between government and governance solutions as it sounds very much like a looser version of areawide government (looser because a variety of actors is involved).

actors. Where there is cooperation between municipalities, the general policy direction and coordination roles are determined collaboratively between government actors and in consultation with external actors. One of the important areas to explore within this perspective is the impact of non-governmental partners on intermunicipal cooperation. Does the presence of external actors facilitate cooperation by changing incentives for cooperation or does the addition of more actors prevent the achievement of optimal outcomes? This is an area that will be explored in the process of examining the impact of local institutions on intermunicipal cooperation.

### *The Case for Cooperation*

One of the chief reasons for exploring the phenomenon of intermunicipal cooperation is that, while it is theoretically entrenched within the domain of new regionalism, practically speaking it can exist in conjunction with either fragmented or consolidated<sup>12</sup> government structures. Indeed, much of the literature on intermunicipal cooperation has emerged from the pluralist and public choice school as a means to coordinate fragmented governments (see in particular Feiock, 2004). Since cooperation can (and does) co-exist with so many different formal government structures, a detailed study of this policy approach enables a comparison of cooperative dynamics across a variety of contexts. This suggests that there may be common problems and opportunities that can provide valuable lessons on how to better structure and manage cooperative relations in general. Furthermore, as a result of the institutional flexibility of this approach, there are very few city-regions where some form of intercommunal cooperation is not being practised.<sup>13</sup> This not only provides a wide variety of cases for empirical study but also ensures that any theoretical study has the potential for broad policy applicability.

Intermunicipal cooperation is such a widespread phenomenon (Hulst and van Montfort, 2007) in part because of its attractiveness to local governments. This is closely related to the flexibility of these types of arrangements. It is also linked to the potential for

---

<sup>12</sup> To the degree that cooperation can always occur between the consolidated structure and neighboring municipalities and that regions often outgrow even amalgamated governments (assuming policy makers got the boundaries right at the time of the reform).

<sup>13</sup> The most basic of these forms of cooperation involves informal information sharing between municipal departments (i.e. on economic development). More formalized, but also very common forms of intercommunal cooperation, include interlocal service agreements.

partnerships to respect principles of local self-government, rational governance and as a basis of regional empowerment.

Cooperation is the most flexible alternative to formal institutional reform, as it enables local governments to decide which regional issues should be addressed collectively, in what form, and by whom. A partnership for waterfront regeneration may have economic value for a region but does not necessarily require the participation of non-waterfront municipalities. A regional transportation strategy, however, would likely necessitate broader participation. Because issues can be addressed individually, the relevant actors may be more easily assembled, and the diversity of interests can be somewhat reduced. Partnerships are certainly not necessarily limited to single issues and can just as easily cover broader policy areas. The key point is that the scope, scale, and structure of partnerships can often be more easily tailored to specific cases than territorial government reform. Similarly, they may be more adaptable over time.

Another advantage of cooperation is that, in most cases, partnerships can be established without the intervention of upper levels of government. In such cases, municipalities are free to establish cooperation voluntarily and within parameters acceptable to all actors. Hulst and van Montfort (2007) argue that cooperation leaves the policy domains of local government intact and does not typically result in a permanent transfer or loss of local competencies (8). They contend that, as a result, cooperative relationships prevent local democracy from being hollowed out. More significantly to local governments, however, is the control that they may be able to retain over the decisions and services that result from cooperation. In other words, even where municipal governments delegate control to external cooperative bodies (for instance, joint companies) the decision is voluntarily made and typically a degree of veto power is maintained over outcomes. To the extent that municipalities can determine their own levels of autonomy with respect to partnerships cooperation is an attractive option. These advantages are in addition to potential governance benefits in the form of more effective or cost-efficient service delivery, the regulation of externalities and broader effects on regional capacity. Finally, intermunicipal cooperation can be seen to empower municipalities and regions relative to other levels of government. Where local governments are institutionally weak, cooperation provides an opportunity to establish a critical mass capable of resisting policy impositions by upper levels of government.

Furthermore, partnerships constructed in areas outside of what is considered local jurisdiction may afford regional municipalities ‘a seat at the table’ in areas of provincial/state or national level policy.

There are, of course, counterarguments. Intermunicipal cooperation is not a panacea. It is not necessarily an appropriate solution to every problem. Excessive autonomy can result in lowest common denominator types of partnerships, efficient performance is not guaranteed or self-evident, and the degree to which local democracy is maintained across all variations in cooperative form is debatable. To a certain degree, the argument of this project rests on normative assumptions regarding the applicability of cooperative forms. However, it is important to acknowledge that, just because cooperation can be broadly considered as a solution to regional issues, it is not necessarily the *most appropriate* in each case. The contention of this project is not that cooperation is *superior* to other forms of regional government or governance, but that it is a less frequently explored alternative or complement. The purpose of this endeavor is to analyze the dynamics of regional cooperation where it exists and to elucidate what factors are most influential in shaping the intensity of cooperative relationships. The following section outlines the central questions and core arguments considered in this project.

### **Dimensions of Intermunicipal Cooperation**

The primary aim of this dissertation is to explore the factors that affect intermunicipal cooperation for regional economic development. It is constructed both as a critique of existing approaches – in that it questions the degree to which current scholarship is comprehensive – and an exploration of theoretical alternatives. In addition to making a theoretical contribution, this thesis attempts to fill a gap in the urban and regional governance literature. Pierre (2005) argues that the study of urban politics and governance has been dominated by single case studies and that “the comparative approach offers excellent possibilities to systematically test hypotheses about causal relationships between different variables” (447). He also notes a strong bias in what comparative work does exist toward American cases and contexts. This project acknowledges these critiques, engaging in a comparative analysis of non-American city-

regions to contribute to the theoretical and empirical literature on regional governance and economic development.

This project unfolds from a series of core research questions, namely: What factors encourage or hinder cooperation between municipalities for regional economic development? What effect do environmental variables have on intermunicipal cooperation? Finally, where environmental variables fall short in explaining the emergence (or failure) of cooperation, what other factors account for cooperative outcomes?

The thesis seeks to verify the following hypotheses that emerge from these core questions. First, while I expect that environmental variables play an important role in circumscribing the realm of possibilities faced by decision-makers, their effects are not consistent. That is, that the same institutional factors may have different effects in different contexts. Understanding the environmental context faced by municipalities is critical to comprehending how and why cooperation emerges; however, they may not provide enough data on their own to explain these phenomena.

A second hypothesis is that environmental variables can be reinforced or mitigated by social networks, and galvanized by civic leaders. According to the theory advanced in this thesis, regions characterized by high levels of civic capital are likely to have greater degrees of intermunicipal cooperation regardless of their institutional context.

The final hypothesis presented here relates to the influence of the size of a region on the emergence and intensity of collaborative relationships. If civic capital indeed does play an important role in stimulating and sustaining cooperation between municipalities, then the size of the region may help to determine the strength of these networks. Because civic capital consists of networked relationships between individuals, it stands to reason that these networks will overlap to a greater degree in smaller communities than in larger regions. The logic is that the key actors – civic entrepreneurs – will be more visible to other local players and are likely also better known to each other within smaller geographical contexts. Therefore, there is a greater chance that the ‘bridging’ dimension of civic capital will enable civic entrepreneurs to construct collaboration across issues

and municipalities. As such, I hypothesize that areas with strong civic capital are more likely to be smaller (at least second tier, but usually much smaller) cities.

These hypotheses form the core of the research project. They are tested both theoretically and empirically through a comprehensive review of the literature on intermunicipal cooperation and a set of four case studies.

### *The Thesis and its Structure*

The dissertation begins with an analysis of existing literature on intermunicipal cooperation for regional economic development. Chapter 2 surveys the various theoretical frameworks that have been used to explain cooperation within city regions. The section contends that theoretical perspectives have, until very recently, been dominated by the rational choice school – an approach that tends to be heavily reliant on the characteristics of the issue at the heart of cooperation rather than the contexts within which decisions are being made. Therefore, in the process of surveying the literature, this section reframes the discussion about intermunicipal cooperation to include environmental variables – drawn in part from existing scholarship in addition to postulating a variety of other factors not before considered. While this thesis contends that environmental variables do have some value in shaping decision making environments at the regional level, it also argues that these factors can be mitigated by civic capital networks. Therefore, this chapter also introduces the concept of civic capital and situates it within the literature on social networks and civic cultures. Having developed a theoretical framework for analysis, the dissertation proceeds to address the empirical cases.

Chapter 3 provides a summary of the methodology that informs the analysis of each case and elaborates the practical application of the theoretical framework. The chapter discusses case selection and how each of the factors elaborated in the previous chapter can be operationalized. It also theorizes more specifically about the effect each may have – positive or negative – on the intensity and emergence of intermunicipal cooperation.

This is followed by four chapters in which the theoretical framework is applied to the empirical cases. The two German cases lead off the discussion, beginning with

Frankfurt Rhein Main followed by the Rhein-Neckar region. The two Canadian cases follow first with a discussion of Toronto and then Waterloo. The dissertation concludes with a comparative chapter that analyses each of the cases, and groups of cases, relative to one another, comments on the applicability of the theoretical framework, draws out important themes, and presents opportunities for further study. Three key findings are explored in more detail.

First, institutional variables have different effects across the different cases. This reinforces the explanatory power of civic capital relative to other factors that influence intermunicipal cooperation. However, while civic capital can overcome the environmental variable barriers to cooperation, it will not invariably lead to more intense collaborative relationships between local governments. Because civic capital can be configured as a form of informal regional governance, under certain circumstances it can provide an *alternative* to formal intergovernmental cooperation. Civic capital may slow the evolution of intense formal collaboration in regions with small numbers of actors characterized by less complex regional issues. The findings of this project suggest, however, that in such cases when the number of actors increases and/or regional problems become more complex and therefore require collaboration between governments, those areas with high levels of civic capital will tend to produce more intense partnerships. Finally, the findings highlight interesting differences between Canadian and German cases that suggest a potential role of national political cultures in shaping cooperative outcomes.

In exploring the issue of the dynamics of intermunicipal cooperation, this project makes several original contributions to theoretical and empirical scholarship. Most significantly, it constructs a more comprehensive theory of intermunicipal cooperation. This theory is built on a critique of existing rational choice approaches that conceive cooperation almost exclusively as a function of costs, which are very locally determined and issue specific. The biggest weakness of these approaches is that their comparative scope is limited, given the particularities of the issue and unique local institutional contexts. In response to this critique, this thesis reconceptualizes and reorders the variables associated with rational choice approaches as environmental variables, which emphasize structures and institutions. In this way, this 'new' theoretical approach acknowledges (and subsequently tests) the

impact of rational choice variables on intermunicipal cooperation. However, in conceiving these as environmental variables that function as relatively stable structures that shape municipal choices, this permits a much broader scope for comparison.

The thesis also contributes to a growing literature on the impact of social networks on governance and collective action. As with the reimagining of rational choice variables, civic capital represents a refinement and extension of the social capital literature and a contribution to ongoing theoretical debates in this field. From the perspective of intermunicipal cooperation, this approach re-emphasizes local agency and its role in building regions from below. This unites environmental variables and civic capital to construct a model of regional cooperation in which structural factors shape preferences but where intergovernmental relationships are also influenced by networks. As a result, this consists of a novel theoretical approach with the potential to contribute to the broader literature on collective action.

From an empirical perspective, this study fills a conspicuous gap in the comparative governance literature, which has been characterized by a lack of comparative focus. This scholarship has been particularly thin in the Canadian context where international comparisons have been relatively rare. In developing a framework and theoretical agenda this project provides a basis for further comparative research.



## Chapter 2: Intermunicipal Cooperation in Theory

Why does intermunicipal cooperation emerge in some contexts and not in others? This fundamental question has informed a wide body of scholarship on the topic of collective action in the provision of public goods. The theory of interlocal collaboration has been, until quite recently, dominated by the rational choice school (see particularly Feiock, 2004; Oakerson, 2004; Steinacker, 2004; Post, 2004). While this approach makes some important contributions to understanding how cooperation emerges, it falls short to the extent that it tends to focus so narrowly on the *characteristics of, and most particularly the costs associated with, the collective good to be provided*. These characteristics typically vary significantly from issue to issue and place to place and therefore render theory building and comparison difficult. Furthermore, the impact that institutions and other contextual factors play in shaping the incentive structures faced by local actors tends to be underdeveloped within the literature on interlocal cooperation.<sup>14</sup>

This thesis contends that institutions and contexts have an important role in determining how local actors perceive the costs and benefits of collaboration. To the extent that institutions circumscribe the context in which collective decisions are taken, they are critical to understanding how cooperation can emerge. However, the characteristic of the collective good and local institutional contexts are not the only factors that affect the emergence of regional collective action. Even where institutional (or other contextual) barriers exist, and where the characteristics of the good suggest that cooperation should be difficult, collaboration will often still emerge (Ostrom, 2007). A variety of explanations invoking such concepts as local civic culture, policy networks and communities, and social capital have been explored to account for this phenomenon. While each of these approaches provides some insight into local social and political dynamics, each suffers from conceptual ‘blind spots’. This chapter advances the concept of civic capital as an alternative explanation.

---

<sup>14</sup> There are indications that this shortcoming of the rational choice approach is being addressed. Ostrom (2005) argues that the rational choice school can be divided into first- and second-generation models. First-generation theories are based on rational egoist assumptions – individuals have perfect information, consistent preferences regarding outcomes, and seek to maximize material benefits (Ostrom, 2005: 100). Second-generation models acknowledge the important role that contextual factors play in shaping the incentive structures of agents. Under these theories the assumptions of perfect information, etc are relaxed, and the concepts of costs/benefits are examined more critically in the context of differing institutional structures and regional networks (Ostrom, 2005; Vanberg, 2002; Feiock, 2007).

It argues that institutional and contextual barriers can be overcome in communities with higher degrees of civic capital.

This chapter critically outlines the major theoretical approaches to intermunicipal cooperation. It begins with a survey of the dominant rational choice approach and elaborates some of the key factors that affect cooperation between jurisdictions that are identified within this stream of literature. While the factors invoked by the rational choice perspective are not rejected, this project brings institutions back in through an exploration of their role in the context of regional collective action. As such, this section provides a survey, critique and reorientation of existing literature on intermunicipal cooperation. It concludes with the proposal of a theoretical framework that combines the various streams of literature into an alternative conception of the elements that may determine the emergence and intensity of cooperation. This alternate approach organizes and reconceptualises these variables in terms of regional structures, institutions, and exogenous influences on intermunicipal cooperation. These – which I've termed environmental variables - are united by the fact that they are all initial or 'given' conditions, typically externally generated, to which municipalities must conform or respond. These are largely stable over time and across issues. As a result, generalizable international comparisons are more feasible and an explicitly institutional focus, which has been lacking in this field, is possible. Finally, the concept of civic capital is added to these environmental factors to complete this alternative theoretical approach.

### **Rational Choice: Incentives and Issues**

The rational choice model is based on rationalist assumptions. Individuals are thought to be rational, utility-maximizing decision makers with stable preferences over outcomes, and with access to perfect information (Ostrom, 2007). At the local level, rational choice theories are focused on competition as the coordination mechanism in the public economy. These theories all identify several sources of collective action dilemmas with respect to interlocal cooperation for the provision of public goods.

Following from these assumptions, eight general factors affect the likelihood of cooperation between municipalities discussed in this literature. These factors include: the geographical densities of local governments, the number of potential participants, the potential for joint gains from cooperation, the degree of power asymmetry, the costs of

cooperation, the distribution of benefits, the impact on local autonomy, and the presence or absence of selective incentives and government involvement. What is striking about this approach is its general emphasis on the importance of geography and the characteristics of the issue subject to collaborative solutions, at the expense of other important contextual factors.

Table 2.1 summarizes the dominant theoretical approaches considered in this chapter. The fifth column of the table categorizes the determinants of each of the eight factors. For example, to rational choice theorists the density of local governments is determined primarily by geography. However, institutional context also plays a role in determining density – a factor that is often ignored in the public choice literature. Determinants not accounted for in the traditional approaches are recorded in italics and discussed in more detail in subsequent sections.

[Table 2.1 here – needs 2 whole pages see Appendix A]

#### *Density of local governments*

Geography matters because it determines the partners cities can or must cooperate with. Because governments are territorially fixed, it is reasonable to expect that their density and geographical relationship may affect the potential for cooperation. This limits the number and characteristics of potential actors in regional cooperation and may affect the compatibility of actors pursuing collective action (Post, 2004). The fact that cities have less flexibility in choosing partners (they can not choose, or change, their neighbours) means that historical patterns of interaction will play an important role in shaping incentives for cooperation. It also increases the risk that potential partners may try to strategically control flows of information or perceptions of regional problems to affect outcomes (Feiock, 2007). Furthermore, externalities and economies of scale are prime motivators of regional cooperation. As geographical density measures the spatial distribution of local authorities, this is a useful measure to capture inter-jurisdictional spillovers. The higher the density of local authorities implies greater spillover effects and therefore, theoretically, a greater potential for cooperation (Shrestha and Feiock, 2007). The density of local governments is also related to the number of potential actors in regional collaborative partnerships.

### *Group size*

According to rational choice theory, the number of actors in a given region may also affect the potential for collective action. Density is distinguished from number of actors to the extent that the former relates to the number of governments in the region, which tends to stay stable over time. The number of actors refers to the number of participants in the interlocal partnership, or at least the number necessary to make it viable. As a result, this number can vary from issue to issue. Furthermore, in cases where non-governmental actors are involved in the partnership, these participants are also included in the total number.

Following Olson (1965), collective action is more likely in the context of a smaller group of actors. According to this logic, bilateral cooperation will be more likely than multilateral cooperation – the likelihood of joint, transparent, and easily monitored gains is increased the smaller the group (absent coercion or selective incentives).

Olson argues that common goals and interest are not alone enough to secure collective action for a public good. A public good is characterized by non-exclusivity<sup>15</sup> - that is, no one can be excluded from the collective good once it is produced. This definition supplies the crux of the problem – because no one can be excluded once the good is produced, there is a strong incentive for free riding while others pay to produce it.

The problem of free ridership is at the heart of the collective action dilemma. Olson goes on to relate this dilemma to group size. He argues that as the size of the group increases the individual benefit of the public good diminishes – hence the incentive to individuals to bear some of the costs is also reduced. He concludes that collective goods cannot be achieved in larger groups absent coercion or selective incentives. Selective incentives are those benefits that are limited only to participants and are separate from the public good. Without coercion or selective incentives, we should not expect cooperation between actors within a group.

The implication of this position for municipal cooperation tends to be fairly negative. Applied to city-regions, Olson's argument is consistent with the broader rational choice perspective in concluding that voluntary and comprehensive regional cooperation is difficult to achieve. Cooperation will not occur without some form of selective incentive – which

---

<sup>15</sup> Olson rejects the notion of a pure public good, which is additionally characterized by jointness of supply.

individual municipalities may be loathe to supply to erstwhile free riders – or coercion by some already established institution or authority. The second implication of Olson’s theory in a municipal context is that, as the number of jurisdictions that need to participate in order for cooperation to be meaningful increases, the less likely it will emerge voluntarily.

Significantly, the potential number of actors in intermunicipal partnerships depends to a large degree on the issue at the heart of the collaboration. For example, more actors will be required to coordinate regional environmental policy than capture scale economies in waste removal.

*Potential for joint gains/compatibility of objectives*

The compatibility of policy objectives between actors is a prerequisite for the initiation of a cooperative initiative. Note that policy objectives must only be *compatible* and need not be identical. Lindblom (1955, 1959, 1979) and other political scientists, have shown that it is possible for partners to agree on what to do in practical terms, despite the fact that each member hopes for quite a different outcome from the collaboration.<sup>16</sup> At the very least, cooperation depends on the potential for joint gains for all participants. Significantly, these gains need not necessarily be immediate (they can accrue over the long term) or equal (under certain circumstances partners will accept unequal distributions). However, although joint gains are a necessary, they are not a sufficient, basis for establishing cooperation (Olson, 1965; Libcap, 1989). While the potential for joint (though not necessarily equal or immediate) gains from cooperation can help forge a collaborative relationship between partners, the partners must also agree on the terms of cooperation (Steinacker, 2004; Post, 2004).

Therefore, the partners need to reach an agreement on at least normative and instrumental aspects of the policy, as well as the feasibility based on expected benefits (Jobert, 2002;

---

<sup>16</sup> Perri 6 *et al.* (2002) invoke the case of the British criminal justice system to demonstrate this phenomenon. In this case, the goal of the Crown is only to bring to trial cases where they can secure convictions. Therefore, they often engage in plea bargaining in order to produce a guilty plea in exchange for dropping other charges. This runs counter to the goals of the police services (putting people away for long periods of time) and the Home Office (deterrence). However, a tacit agreement between branches has resulted in the Crown not pushing plea bargaining too far, and the acceptance of the Home Office and police that sometimes a conviction is better than nothing at all. In this case, the overarching goal of crime reduction and prevention is not adversely affected by the tacit, day-to-day bargaining that goes on between branches to secure their own immediate goals (33).

Lewis, 2004).<sup>17</sup> The potential for joint gains for partners will ultimately depend on the issue at the heart of the collaborative arrangement. The potential for gains, the ease with which they can be predicted and distributed are all inherently linked to the issue in question.

### *Power asymmetry*

The relative power of potential partners is also a factor in determining whether a cooperative outcome is feasible. While, intuitively, the issue of power seems an obvious one in building partnerships, work to date has shown that power asymmetry can have both positive and negative effects on the potential for cooperation. In a case where power asymmetry is great, the stronger actor may exploit the weaker. The potential for escalating long-term costs in such a situation may exceed the potential for joint benefits (Steinacker, 2004). Where power asymmetry can help stimulate cooperation is where the potential costs and expected benefits make cooperation a virtual necessity for the weaker partner(s). Finally, coercion or selective incentives can help establish cooperation where, otherwise, none would be forthcoming. A stronger partner may be able to coerce a weaker one to participate.

One of the most significant dimensions of power asymmetry in the context of intermunicipal bargaining is its *issue-specific* nature. Jönsson (1981) points out that while indices of general power can be compiled by aggregating resource power, these indices tend to be ineffective predictors of actual power relationships. He argues that bargaining power stems from the characteristics of the issue and the resources advantages of each actor relative to the problem on the table.<sup>18</sup> This argument is consistent with the rational choice approach in which issue characteristics play a central explanatory role. However, as with many of the factors discussed above, there can be other and broader determinants that affect the relative

---

<sup>17</sup> Jobert (1992) identifies three dimensions related to the 'will' (volonté) of municipalities and actors to cooperate voluntarily: cognitive, normative, and instrumental. Participants must agree on these aspects for cooperation to emerge. The cognitive dimension relates to the origins of the problem to be addressed (Singer, 1990). How the problem is defined will circumscribe the realm of solutions/policies to be considered, as well as which actors need to be involved. The normative dimension refers to the definition of values that need to be respected in devising solutions. Finally, the instrumental dimension refers to how to proceed, and what needs to be done given an understanding on the two previous dimensions (Jobert, 1992: 221).

<sup>18</sup> Here Jönsson draws on Baldwin's (1979) analogy of a card game. The theme is that an actor may have a great bridge hand, and therefore be 'powerful' in the context of that game, but actually be playing poker. Therefore, the power resources, while perhaps impressive in the aggregate, may not necessarily translate into an automatic advantage in every context.

levels and effectiveness in exercising power in regional negotiations. These alternative factors are discussed in more detail below.

### *Costs and Benefits*

Central to the rational choice approach are the concepts of costs and benefits. Rational choice theory maintains that cooperative actions are most likely to arise when the benefits to potential collaborators are high and the transaction costs of negotiating, monitoring, and enforcing agreement are low (Feiock, 2007). This argument stems directly from the principles of the Coase theorem and contends that, if transaction costs are low enough, rational actors will reach a Pareto-efficient equilibrium through voluntary bargaining. Unlike many of the other factors elaborated thus far, the issue of costs and benefits is one of the few areas where rational choice perspectives explicitly recognize the importance of institutions in shaping environments of choice. The costs of reaching an agreement will vary, depending on the institutions in place (Krueger and McGuire, 2005: 3). Most notably, transaction costs are minimized when the structure of governance institutions is congruent with the scope of the collective action problem (Heckathorn and Maser, 1987; North, 1990). However, this level of convergence is rarely forthcoming.

On the surface, the application of this cost-based approach to regional collaboration may appear to be relatively simple – in reality costs and benefits can be very difficult to pinpoint and measure. This section treats the different aspects of costs and benefits separately. The costs discussed here are transaction costs, which must be considered in addition to the actual, and more visible, financial costs of cooperation.

Williamson (1989) defines transaction costs as the “comparative costs of planning, adapting, and monitoring task completion under alternative governance structures” (142). Generally, four different categories of transaction costs have been identified: information/coordination costs, negotiation/division costs, enforcement/monitoring costs, and agency costs (Feiock, 2007: 51). These types of costs interact with one another, and are also often affected by other factors already discussed within this approach, to determine thresholds for cooperation.

Table 2.2: Types of Transaction Costs in Intermunicipal Bargaining

*Information/coordination costs* – information on the preferences of all participants over possible outcomes and their resources must be common knowledge

*Negotiation/division costs* – the parties must be able to agree on a division of their mutual gains.

*Enforcement/monitoring costs* – there can be at most low costs associated with monitoring and enforcing the agreement

*Agency costs* – the bargaining agents must well represent the interests of their constituents.

Source: Feiock, 2007: 51.

Information costs are among the most critical of the four categories precisely because of the importance of accurate information in processes of negotiation and enforcement. First-generation rational choice perspectives function under the assumption that actors have access to perfect information. Information about the preferences and resources of all actors must be common knowledge to all participants for rational agreements to be negotiated. However, this information is not acquired without costs. Gathering (accurate) information about preferences and resources can take time, personnel, and cash resources. North (1990) suggests that “the costliness of information is the key to the costs of transacting, which consist of the costs of measuring the valuable attributes of what is being exchanged and the costs of protecting rights and policing and enforcing agreements” (27). To the extent that the issue of collaboration will circumscribe the pool of potential actors, information costs are at least partly determined by issue characteristics. However, as with all cost arguments, institutions and geographical context are also key determinants of their effect of intermunicipal cooperation. Institutions play an important role to the extent that they often govern (official) paths of communication, and their structures determine transparency. Geographical context affects the number of potential actors and the absolute volume of information that each has to process and verify in order to arrive at a decision. Additionally, the greater the degree of geographical dispersion the costs of collecting information may increase (Hackthorn and Maser, 1987).

Negotiation and division costs are also affected by information costs. For example, imperfect information may skew the costs of negotiation. As Feiock (2007) points out, where information is incomplete, reaching an agreement on the allocation of costs and benefits can be difficult (51). Another factor that determines negotiation costs are the structures of power between actors in a region. Power asymmetries will tend to be reproduced in the distribution of costs and benefits of negotiated solutions. As discussed above, regional power structures



in any given collaboration are highly contingent on the issues at stake. But these are also related to institutional and social structures to the extent that these form the decision-making environment of local actors. These are also tied to agency/political costs.

Monitoring and enforcement costs will exist for any collective agreement. These must be in place to ensure compliance on the part of actors, given uncertainty, and to discourage free-ridership and defection. The need for enforcement and monitoring of collective agreements stems from uncertainty: surrounding the motivations of participating actors (information costs), the potential for opportunism (agency costs), and the potential for political, social, or other contextual conditions that formed the original incentive structure (Shrestha and Feiock, 2007: 6). The scope of these costs is clearly determined in part by issue characteristics as well as geography to the extent that these circumscribe the actors in play. However, these costs are also affected by other factors, including information and agency costs – each of which is partially determined by institutional structures.

Agency, or political, costs are unique to the application of rational choice perspectives to political decision making. This cost arises as local actors (agents) and the governments, constituents, or organizations they represent often have different interests – the classic principal-agent dilemma. There are usually several dimensions to this type of cost as actors need not only consider the absolute costs of entering into a cooperative relationship, but the political costs in terms of their city and region and their own political careers.

A perspective presented by Tiebout (1956) and refined by Peterson (1981) argues that individuals and businesses are rational and self-interested and make their locational decisions based on the relative costs and benefits associated with public services (this is sometimes referred to as the tax-service package of a municipal location). Cities seek to maintain or develop a strong economy in order to provide a favourable cost-benefit ratio for community enhancing services in order to attract desirable residents as well as businesses. Competition for tax and job generating businesses has resulted in aggressive contests among jurisdictions (Sellers, 2002). This perspective states, quite intuitively, that the likelihood that cities will pursue the limited policy strategy predicted by Peterson – read: uncooperative and local – increases with the level of intercity competition within the region.

A key implication of this perspective is that elected municipal officials, as rational and self-interested individuals, are not likely to pursue collaborative solutions on potentially

divisive issues. As agents themselves, officials are not likely to risk their interests – i.e., re-election – to pursue politically costly regional projects. Peterson even goes so far as to claim that cities are more likely to pursue developmental rather than redistributive policies, because they tend to be less controversial (see also, Nunn and Rosentraub, 1997). Where issues are controversial, more voters pay attention and elected positions may become more precarious. Therefore, to the extent that contentious issues must be dealt with at the local level only the least controversial are likely candidates for collaborative solutions. Put another way, the more controversial the issue, the less likely a sufficient consensus will be reached between municipal policy makers. Therefore, issue characteristics are a central dimension of agency costs. But the incentive structures that shape decision environments – such as the political security of public offices, the ability of political actors to marshal supportive majorities, the resources a city can devote to cooperation, among other factors – are inextricably linked to institutional factors.

Steinacker (2004) also associates the relative autonomy of local administrators or political actors to commit to collaborative solutions without political approval or public disclosure of bargaining strategies as a dimension of agency costs. This factor is, again, highly tied to institutional context. It can also be associated with negotiation costs, as agreements often need to be reached internally before a regional bargain can be struck externally.

One of the biggest problems with deciphering the impact of each of these costs on intermunicipal cooperation is that they are extremely hard to isolate – both from one another and from other intervening determinants (such as institutions). This is one rationale for looking to the broader determinants that tie them together. And while the absolute cost can be extremely difficult to calculate, this is often too the case with benefits. Recall the minimum requirement of an expectation of joint gains for all actors. This expectation, according to the rational choice approach, is then weighed against the costs of the agreement. Where expected benefits are easy to predict and measure, then cooperation is likely to be more forthcoming.

However, not all issues have easily quantified or divisible benefits. For instance, gains can be financial, realized in terms of quantifiable cost savings, and therefore easily monitored and measured. But gains can also be relatively diffuse and difficult to determine. When a business locates in a certain region as a result of collaborative marketing agreements,

the specific municipality it chooses gains measurable revenues in the form of property taxes (for example). However, arguably, the region may also benefit, as residents from outside the immediate municipality may be employed there or the company may produce spinoffs, do business with other firms in the region, or engage in philanthropy. The collective benefit is there but its impact can be next to impossible to measure, and hence attribute. Benefits are also impossible to distribute under these circumstances. Therefore, in this case, while participants may all expect to gain from the regional benefits of firm attraction, only some will benefit directly (and quantifiably) from the specific investment. And the distribution of direct benefits is nearly impossible to predict.

This example illustrates that the characteristics of gains are closely linked to the characteristic of the issue under consideration. Where the gains from interlocal service agreements tend to be more transparent, those from collective marketing alliances (and other similar regional interventions) are less so. Post (2004) and Lubell *et al.* (2002) argue that capital intensive projects tend to have the most clearly assignable cost and benefits and are, therefore, more likely candidates for collaborative initiatives.

#### *Anticipated impact on local autonomy*

While the question of local autonomy is very closely linked with the issue of agency costs in regional collaborations it is, arguably, significant enough as a determinant to be treated on its own. This is especially the case given the relative prominence of autonomy debates in the contemporary North American context. This concept is often poorly understood. However, there is a small body of literature in the rational choice tradition that addresses its impact on cooperation.

In her work on regionalism and rationality, Victoria Basolo (2003) presents a variety of arguments against the prospect for broad based regional cooperation. One of her most compelling concerns is the potential for regional cooperation to impinge on the scope for local action. Autonomy, in this case, refers to the extent to which a municipality can fully exercise its powers in the areas under its direct jurisdiction.

Preferences for local autonomy exist at both the micro- and macro-level. The individual or micro-level focuses on private citizens and their preferences for local self-rule. Therefore individual attitudes and values can affect the probability of cooperation. Most of

the literature suggests that public officials (i.e. individuals that embody local government) and citizens share the same values and, therefore, prefer autonomy (Basolo, 2001; Gray and Eisinger, 1997; Norris, 2001a). Proponents of the local autonomy argument contend that various individuals (residents, businesses, and government officials) favour local political autonomy “as a means to achieving their self-interested goals” (Basolo, 2001). However, this perspective is based on the unreasonable assumption that an actor’s “self-interested goal” is necessarily best pursued at the local level. This is far from the case. Incidences of privately-driven organization to achieve regional goals – i.e. Communitech technology association in Waterloo, Ontario – show that self-interest does not necessarily stop at municipal boundaries or require inviolate local self-government.

Scholarship on local autonomy also includes a macro-level perspective. This perspective treats local governments, rather than individual actors, as agents. Frug argues that the act of creating and incorporating municipalities created a situation of local government entrenchment and fragmentation that is difficult to overcome. Once established, the local jurisdiction is a “sphere of local autonomy” in which cities can pursue their own self-interest regardless of the impact on neighbouring entities. From this perspective, the city, its elected officials and professional administrators acting as its legitimate authority seek power from the state and the courts to increase the autonomy of the community and “defend their power against attacks by insiders and outsiders alike” (Frug, 1999: 7).

The local autonomy perspective on local cooperation concludes, *ceteris paribus*, that the more autonomy a cooperative arrangement requires participants to sacrifice the less likely it will occur. For instance, a municipality would more likely cooperate to attract a professional sports franchise to the region, which requires little practical sacrifice in terms of autonomy, than to harmonize or equalize tax burdens. In this case the infringement on the ability of the municipality to set and collect taxes based on its own formula may be too significant to permit cooperation.

One of the benefits of cooperation, according to the complex networks approach, is that local autonomy is preserved through the consensual and voluntary nature of the partnerships. What this perspective argues is that partnerships will not likely form in areas where significant sacrifices, however temporary and no matter the future benefit, of local autonomy are required. It is worth noting that much of the work on regionalism emanates

from the United States, where local autonomy has always been considered sacrosanct (Teaford, 1979; Frug, 1999; Norris, 2001a). While the United States might be an extreme case, it is likely that local autonomy arguments still apply to a certain degree in other countries. In fact, Leibovitz (2003) notes that issues surrounding local autonomy are relatively significant in the Canadian context – and calls for increased autonomy, especially to large cities, have escalated.

#### *Coercion and Government Involvement*

Both of these factors that may affect the prospects for intermunicipal cooperation originate with Olson (1965). Selective incentives, or club goods, are benefits given to members of the partnership on the basis of their participation, separate from the benefits associated with the public good. These are deployed in an effort to discourage free ridership and defection from collaborative ventures to provide public goods. In the context of interlocal cooperation, however, not all collaboration is necessarily to provide pure public goods. For example, collaborations for the provision of certain services are excludable – economies of scale (or near economies) can be reached without the participation of all actors in the region, and non-participants will not benefit from the service. Waste removal or water provision are examples of this kind of quasi-public good. Therefore, it is important to distinguish between partnerships to provide pure public goods and these types of quasi-public good. Regional marketing is an example of a pure public good in the context of institutional collective action. Here the international promotion efforts of the participants can benefit the entire region, regardless of the levels of contribution of each of the cities, and they are therefore critically non-excludable. In fact, it may be in the interest of participants in regional marketing alliances to include information about surrounding regions and economies to the degree that it may make the core seem more attractive. In this context, selective incentives may include official recognition of participating cities in promotional literature, etc. However, it would be fair to argue that, in practice, these relatively small benefits are rarely decisive factors for local decision makers.

Where selective incentives come more clearly into play in the context of local cooperation is as a form of coercion. Coercion can be exercised by members of the partnership to induce other actors to participate through power asymmetries. However, for

the most part, coercion for interlocal cooperation originates from senior levels of government. Post (2004) notes that an important stimulus to local cooperation can appear in the form of financial incentives offered by state or federal governments. In other words, participants can access money for projects undertaken collaboratively. Other forms of coercion are less lucrative. State or other senior levels of government can use legislation to force cities to work together on certain projects. This occurred most significantly in the Rhein Main region in Germany, one of the case studies considered by this project.

This approach to selective incentives and coercion poses a degree of difficulty for this project. One of the problems is that coercion is not always necessarily overt. It can be exercised informally by upper levels of government, and it can therefore be difficult to track. Also, if cooperation is ‘coerced,’ then it can no longer be considered voluntary – a key requirement of this project. Finally, where this dissertation aims to explore the dynamics of interlocal cooperation, the potential for coercion and incentives from upper levels adds a further element of complexity. That is, the cases need to be considered with respect to the relationship between orders of government and in the context of nested scales (Bunnell and Coe, 2001; Bramwell *et al.* 2008).

These fundamental problems are addressed in two ways. First, rather than see coercion and incentives offered by a senior order of government as exogenous variables to interlocal cooperation, they are considered as part of the institutional context within which decisions to cooperate are made. That is, the requirement to group in a certain way, or the ability to access funding as a group, then become parts of the rules of the game that govern interlocal relationships. Second, as much as possible upper level institutions are held constant. Therefore, the detailed cases are found in the same states/provinces, or same overlapping jurisdictions. These dimensions are addressed specifically in the case studies. Finally, because of the typically negative connotation of the term coercion, where upper levels of government play a role in intermunicipal cooperation the concept is hereafter referred to as “government involvement”.

Rational choice approaches cite a range of initial conditions that can shape cooperative behaviour. However, a number of factors that cannot be classified as structural or institutional may also impact the likelihood of cooperative relationships. While structures can be externally defined, these tend to be stable across time and

moderated from within the region. Another category of environmental variables consists of specific actions and events that occur outside of the region to which local actors may be forced to react. These are termed exogenous in this dissertation such that, unlike institutions, they consist of events or actions that occur in one period of time and are beyond the control of local actors but nevertheless have longer term implications for regional partnerships. This includes government involvement, but additionally the wide range of such events and conditions can be broadly classified in terms of the presence of internal threats or external threats to economic prosperity. The economic health of the cities in the region can affect the prospects for cooperation over time. Feiock (2007) argues that where one city is declining relative to others, actors may anticipate preferences to diverge over time and be less likely to cooperate. While this may indeed be accurate, one could also imagine a situation in which an ailing actor (for example, a declining inner city) may in fact spur surrounding partners to cooperation. In this case, the decline of one actor may be seen as a threat to all. External threats to prosperity can also provide important stimulus to cooperative efforts. Also related to economic health, external threats are those that threaten the relative competitiveness of the city-region. The perceived competitiveness of the region affects issues such as business and talent attraction and retention. Therefore, a drop in international rankings or status can be an important spur to regional cooperation, particularly in the realm of economic development. Where all the relevant actors face a common threat, this can act to overcome institutional or other barriers and provoke collective action.

The variables of the rational choice approach to cooperation are well documented. The advantage of employing such an approach is that conclusions tend to be generalizable across scales of interaction. From this perspective, the rules that govern cooperation between nations should follow similar patterns to those at the local level. However, traditional rational choice approaches rely too narrowly on factors such as density of regional authorities and issue characteristics. As such, the prospect for cooperation between municipalities for the provision of public goods is also relatively narrow. The role of institutions, while often acknowledged by rational choice theorists, is rarely explored in detail. The following section adds an institutional perspective to the factors addressed thus far and expands the context of analysis.

### **A Structural Lens: Delineating the boundaries of the possible**

The above arguments paint a pessimistic picture regarding the potential for broad based regional cooperation. According to these approaches cooperation is possible, but only on a narrow range of issues, under certain circumstances depending on the attributes of the actors, and within small groups. This paper argues that while the role of institutions hasn't been ignored in the rational choice stream, neither have their impacts been effectively explored within the context of intermunicipal cooperation. This section highlights the importance of both formal and informal institutions to regional collaboration and extends the scope of analysis of cooperative relationships.

Second-generation rational choice approaches – or rational choice institutionalists – acknowledge a role for institutions as constraints on alternatives for individual preference-maximization. Institutions have been defined as “the rules of the game in society,” they are the “humanly devised constraints that shape human interaction” (North, 1990: 3). March and Olsen define institutions as “relatively enduring collection of rules and organized practices, embedded in structures of meaning and resources [...]” that “affect what collectivities are *motivated* to do and what they are *able to do*” (March and Olson, 2005: 8). As such, institutions structure incentives in human exchanges in the political, social, and economic realm (Wolfe and Gertler, 2002). Nelson and Nelson (2002) point out that institutions can enable as well as constrain, and should not be interpreted solely in the negative language of ‘constraint.’ Rather, institutions shape the decision-making environment.

In a comparative perspective, institutions, insofar as they define incentive structures, may provide more latitude for actions in some contexts than others. This dissertation contends that the formal institutions<sup>19</sup> devised to regulate political and social life at the local level may affect the prospects for cooperation at the regional level. Such institutions may reduce, to a certain degree, the basis for collective action dilemmas for regional cooperation – they may modify the structure of incentives such that cooperation becomes a more attractive option. Or certain institutional configurations may reduce incentives for cooperation.

---

<sup>19</sup> Formal institutions are defined as formal *rules*. Ostrom (1986) includes among formal rules: position rules, boundary rules, authority rules, and information rules.



This dissertation elaborates on the existing scholarship in the realm of intermunicipal cooperation in two ways. First, it explores the theoretical and practical impacts of institutional variables identified explicitly within the rational choice stream. As such, it aims to reorient the frame of analysis away from narrowly focused issue- and cost/benefit-centred calculations to theorise more broadly about the overarching factors that affect regional cooperation in general. Second, it explores these phenomena through the lens of historical institutionalism. This permits a longer-term analysis of the development and character of cooperation, enables an exploration of how institutions overlap and interact to produce certain incentive structures, and shows how dimensions of power and influence play out across and through these structures over time (Pierson and Skocpol, 2002). In short, such an approach expands the scope of the rational choice methods typically used by scholars in this field to provide a more detailed comparison of the dynamics of cooperation in different (and similar) institutional contexts. The following exposition reframes the factors discussed above in institutional terms – the importance of a historical institutionalist perspective is discussed later in this chapter and is additionally justified from a methodological point of view in Chapter 3.

The theorized role of institutions in the context of intermunicipal cooperation is alluded to throughout the preceding discussion. However, some of the key links between formal institutions and the elements of the rational choice argument are summarized here (as well as, briefly, in Table 2.1). For example, the number of local actors is typically determined by regional structures (the density of governments in the region in question), as well as the characteristics of the issue (which determine which actors must participate), and also the institutional environment. Regions with multiple and overlapping special purpose bodies (i.e. many US jurisdictions) may have to include more actors than those with overarching bodies of regional governance. This is both a function of institutional structure and the historical context of the region.

Power asymmetry is similarly linked to institutional determinants. Because the *willingness* to exercise power in collaborative situations is closely tied to agency/political costs, the institutions that shape these costs become significant. Jönsson (1981) notes that asymmetries in local sensitivity and vulnerability, which can also be affected by institutional structures, are also key determinants of bargaining positions and ultimately, of relative power

(255). For example, a difference in fiscal capacities can make cooperation more imperative for one participant. Here institutions that govern revenue raising tools can act as a constraint on the options available to a city entering an agreement. From another perspective, a city may have more financial power<sup>20</sup> and therefore may be in a position to coerce partnership but be unable to exercise this power because of institutional constraints. One potential constraint in this situation may be a case where the executive is weak and is required, but unable to secure a majority in council before entering into collaborative agreements.

Because rational choice theorists tend to acknowledge the importance of institutions with respect to transaction costs, much more is known about their effect in this area. In terms of information costs, the structures of local governments and their departments may increase transaction costs. For instance, where certain local government functions are performed by arms-length, private, or quasi-political actors, it may not be as easy to ascertain or verify preferences over outcomes. Similarly, institutional homogeneity – i.e. all cities involved have a dedicated department that deals with the issue with similar internal structures – may facilitate communication between actors as veto points, and key individuals may be better known. In this case, lower information costs may increase the likelihood of cooperation. Additionally, Krueger and McGuire (2005) argue that the city manager type of local government, most common in the US, “can be viewed as a mechanisms for reducing information costs associated with policy making in a complex environment” (11). This is because the professional administrator is likely to have less of a political interest in the policy than in its efficient implementation, and is therefore better suited to collect and convey the diverse information inputs from stakeholders.

Negotiation costs are similarly affected by the problem of access to information and to the institutions that shape those costs. There is a close relationship between negotiation/bargaining costs and power asymmetry, as discussed above. A central institutional determinant of bargaining costs is the ability or autonomy of negotiating actors to enter into agreements without further political approval or debate. The extent to which this factor comes into play will be closely tied to the characteristics of the issue. In other words,

---

<sup>20</sup> This would matter more in cases where the subject of cooperation either requires larger cash outlays or where this affects the distribution of benefits.

local officials may have more latitude to negotiate standard interlocal service agreements than broader and more controversial regional projects.

Institutions also affect the costs of monitoring and enforcing agreements. This is partially linked to the problem of information costs – where these are high, most likely monitoring costs will also be high. But formal institutions, such as state/provincial legal systems can also affect monitoring costs. These limit the capacity of localities to overcome contracting costs and strategic behaviour, and often their access to legal recourse (Feiock, 2007). Under Dillon’s Rule municipalities are forbidden from engaging in activities where they do not have specific jurisdiction. However, cities often enter into interlocal agreements to plug gaps at the regional level – under these circumstances third-party intervention to punish defectors can be uncertain, and enforcement and monitoring costs increase.

Of all the costs affected by institutional structures, agency/political costs are the most significant. This is because they underpin several other factors including bargaining/negotiation costs, and to a certain extent determine power asymmetry. It is in the area of agency costs that most work on the effect of political institutions has been done. This is typically due to the fact that it is in this area that both the individual motivations of officials as agents and the incentives that shape the decisions of local governments as agents can be studied at once. There are numerous institutions at the local level<sup>21</sup> that may impact the likelihood and ease with which regional partnerships emerge. However, there are five local formal institutions that consistently stand out: city manager versus other forms of government, at-large versus single-member district representation, partisan versus non-partisan elections, institutional homogeneity, and electoral cycles (Krueger and McGuire, 2005; Feiock, 2007).

The difference between city manager, or reformed, structures of local government and others (for example, mayor-council)<sup>22</sup> is due to the different opportunities and

---

<sup>21</sup> This section is concerned with institutional structures at the local level, and not the broader institutional context (i.e. the impact of state/provincial, or national institutional arrangements). These other contexts are discussed in more detail in the following chapter.

<sup>22</sup> Indeed, the effect of the distinction between these two institutional forms is examined in a variety of local contexts. For example, city manager cities tend to be more likely to devote resources to economic development policies (Reese, 1997). However, Clarke and Gaile (1998) have found that mayoral cities tend to be more innovative with federal economic development dollars. Others have found that the formal institutional form of the local government matters less than the actual centralization of executive power (Feiock and Clingmeyer, 1986; Sharp, 1991; Pagano and Bowman, 1995; Schneider and Teske, 1993). This relationship is discussed further in the context of leadership, coalition building, and civic capital.

motivations for rent-seeking at the local level. City managers are subjected to professional codes of conduct, and their careers are much less tied to the outcome of local elections. Therefore, not only are they more able to block opportunistic behavior in a pluralistic setting (Feiock, Jeong and Kim, 2003; Feiock and Kim, 2000), they are more likely to make decisions from the city-as-agent perspective. Mayor and councilors, reliant as they are on the financial and electoral support of various interests, are typically less successful in committing to rent-seeking (Krueger and McGuire, 2005). Therefore, the city manager form may be more successful in reducing agency costs in regional negotiations.

To the extent that local councils act as ‘veto players’ in regional decisions that require political ratification, council structures are significant institutional factors. The at-large versus single-member district electoral system institutional context has a similar effect as local government structure in shifting the focus of decision-makers away from narrow, personal interests and towards larger picture issues (Kettl, 2002). Here the argument is that single-member districts encourage parochialism by creating an incentive structure that motivates politicians to focus on their own constituencies at the expense of the local majority. By contrast, it is thought that at-large districts work to curb this type of behaviour. From this assessment it would appear that at-large councils would be more effective in reducing transaction costs associated with regional collaboration because they are more likely to share the interests of the executive (Feiock, 2007). However, Krueger and McGuire (2005) find the opposite. They contend that, in order to function, cities with single-member districts must institutionalize (formally or informally) mechanisms for negotiation and deal-making. They find that “collaboration between cities requires many of the same sets of compromise and deal-making skills. The organization’s ability to compromise in one sphere is institutionalized and carries over to other areas” (Krueger and McGuire, 2005:11). Therefore, regions with single-member districts may face lower transaction costs in negotiating regional partnerships.<sup>23</sup>

Local political parties are one internal institutional feature that can help structure negotiations and deal-making within city councils. Krueger and McGuire (2005) note that there are few practical reasons why a partisan city council is more likely to support

---

<sup>23</sup> However, this may be entirely dependent on the composition of council alliances and the effectiveness of the internally institutionalized structures of negotiation. For more detail, see the discussion of informal institutions below.

collaborative solutions than a non-partisan council. This may be true through a transaction cost/rational choice lens – however, from an institutional point of view there are several potential roles this dimension might play. Apart from providing a formal mechanism through which politicians can internally mediate the interests of the city and their districts, partisan politics may have a spillover effect in terms of regional partnerships. Where political parties exist at the local level this may provide an additional mechanism of communication between actors in different cities. Whether or not formal communication occurs through these party lines,<sup>24</sup> the fact that certain parties hold majorities in council can provide valuable information as to the basic political goals and governing philosophies of potential partners. This may reduce information costs and make regional power structures clearer throughout the negotiation process. The presence of political parties at the local level may also complicate the establishment of regional partnerships. Where political majorities differ across partners, political opposition and parochialism may prevail. As a result, the effect of political parties on intermunicipal cooperation is indeterminate without specific regional context.

Another institutional factor that may affect interlocal cooperation is the homogeneity of institutions across governments in the region (Feiock, 2007). The argument here is that the similarity of institutional structures tends to facilitate communication between actors. Also, the public administration literature suggests that networks may develop between city executives in the region – who tend to share the same training and background, values of professionalism etc. (Feiock, Jeong and Kim, 2003; Frederickson, Johnson and Wood, 2004). The assumption is that local leaders will align with other actors with whom they share professional values.

Additionally, Feiock (2007) suggests that election turnover times and cycles may contribute to the incentive structures that govern regional decision-making. He argues that:

When political institutions create a longer time horizon, short-term gains from defection will be outweighed by the long-term gains from continued cooperation. Extended tenure in office for local elected and administrative officials reduces uncertainty and promotes decision making based on long-term considerations of the collective and selective benefits of collaboration (Feiock, 2007: 56).

---

<sup>24</sup> Party solidarity is not necessarily strong or predictable at the local level. In other words, two representatives from the same party in neighboring cities may not necessarily be in contact, or even share basic platforms. By contrast, in some regions these linkages may be particularly strong.

While this proposition appears logical, Feiock makes no reference to what period of time would be optimal for such long-term decision making. Furthermore, this argument is only valid to the extent that collaboration is already underway. Where strong personalities, parochialism, and conflicting partisan interests prevail, longer electoral cycles may in fact retard the establishment of collaborative solutions.

As transaction costs are intimately tied to local institutional context, so too is local autonomy. Recall that the theory of intermunicipal cooperation argues that collaboration will be more difficult to achieve as demands on local autonomy increase. That is, partnerships that require larger sacrifices of autonomy in certain areas of jurisdiction may be less likely to emerge. However, the central political dilemma of regional governance is that local officials must sacrifice some authority in order to achieve regional coordination. At the same time, they must be held accountable for those policies, especially when they contradict the preferences of local constituencies (Gerber and Gibson, 2005).

There are numerous institutional factors that contribute to and affect local autonomy – far too many to elaborate here. For the sake of parsimony, the concept can be reduced here to one of functional responsibility and local discretion (Vetter and Kersting, 2003; Hesse and Sharpe, 1991). Essentially these concepts encompass the areas where cities *may* act, and the extent to which they *can* act. Functional responsibility refers to the areas of jurisdiction that local governments are responsible for within provincial/state and national institutional contexts.<sup>25</sup> Local discretion refers to the resources (typically financial) that local governments are able to draw on to exercise their responsibilities in these areas. Therefore, it is expected that where cities have many areas of jurisdiction they will be more willing to sacrifice authority over one (or more) to a regional partnership. Similarly, where cities have many resources to draw on, the absolute costs of partnership may not be as onerous – to the extent that contributing resources to a partnership may not constrain them from spending in other areas. The logic behind the former argument is one of institutional inertia and is related to the notion of tradeoffs in

---

<sup>25</sup> There may or may not be an element of (quasi-) sovereignty associated with these jurisdictions depending on whether state/provincial or national legislation included guaranteed protections. Note also that, where these ‘protections’ or constitutional recognitions exist, informal institutions may override them in practice.

economic decision-making. Nevertheless, each of these factors is governed almost exclusively by local and regional institutional arrangements.<sup>26</sup>

Whereas the elements of the rational choice perspectives summarized here tend to acknowledge the role of institutions, for the most part these are *formal institutions*. Informal institutions – codes of conduct, norms of behaviour, and conventions (North, 1990) – also play a key role in cooperative arrangements: as a factor that may enable cooperation and as a locus of institutional capacity building (Gualini, 2002). Where formal institutional structures may suggest that there is little chance for cooperative solutions, cooperation may yet emerge. North (1990) argues that political actors respond to a mixture of formal and informal institutions, and that, in some instances, informal incentives trump the formal ones. As such, any institutional approach that does not deal with informal incentive structures may be missing important explanatory details. This study aims to uncover the effect of these factors on cooperation between political actors.

Helmke and Levitsky (2004) note that one of the problems of studying informal institutions and political behaviour is that they have all too frequently been treated as residual variables. That is, everything that deviates from the accepted definition of the formal institution has been lumped into this category. They argue for a clearer and more precise definition of what informal institutions are, and what they are not. They define informal institutions as: “socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels” (727). This definition is distinct from those of other scholars who equate informal institutions with cultural traditions, and those who employ a state-society distinction and argue that all rules and organizations within civil society are informal.

In order to further narrow their definition of informal institutions,<sup>27</sup> Helmke and Levitsky (2004) also elaborate on what these institutions are not. First, for example, informal

---

<sup>26</sup> Obviously issue characteristics come into play here as well. Cities will likely be less willing to sacrifice autonomy over what they regard as ‘core’ competencies, such as economic development, versus minor jurisdictions (certain areas of service provision, for example).

<sup>27</sup> Broadly, informal institutions can be divided into four different categories – each distinguished by its relationship to formal institutions. There are informal institutions that emerge in the context of effective formal institutions, as well as under ineffective institutions. Similarly, informal institutions can have convergent or divergent goals relative to formal structures. See Helmke and Levitsky (2004) for a detailed discussion of the four types of informal institutions.

institutions are not the same as weak or ineffective formal institutions. Informal institutions may emerge to 'fill gaps' under these contexts, but are distinctive from the formal, codified (but ineffective) rules. Second, not all patterned behaviour is rule-bound or rooted in shared expectations. Regularities in behaviour can be the product of a variety of incentives. Here they use the distinction between removing one's hat in church and one's jacket in a restaurant. The former is a convention based on shared expectations, while the latter tends to be more motivated by considerations of comfort than social norms (272; see also Hodgson, 2006 for a similar distinction). Third, institutions should be distinguished from informal organizations (such as clans or mafias). While these organizations may be governed by informal rules they do not constitute these informal institutions. Finally, informal institutions must be distinguished from the wider concept of culture.

The confusion arises from the similarity between the notion of shared *expectations* and shared *values*. Informal institutions are based on the concept of shared expectations. While these expectations may (or may not) be influenced by common values, the institutions themselves cannot be equated directly with culture under this narrow definition (273). To these I would add one further distinction: informal institutions are not networks. Though they can be informal, networks differ fundamentally from a rule. The former is a diffuse grouping made up of linked actors/agents, the latter is a convention that shapes the behaviour of actors and agents. Networks can certainly be governed by informal institutions, and indeed can also transmit, replicate, and reinforce these institutions. The (arguably subtle) distinction and relationship between the concepts of networks and culture and informal institutions are discussed in more detail in the section on civic capital that follows.

This project works under the assumption that the majority of formal institutions in place in the four case studies are effective to the degree that they are successful in approximating the outcomes for which they were designed. Therefore, the informal institutions of interest in these cases are those that either fill gaps or dilute the effect of the formal institutions in place. Through detailed research into local contexts this study aims to uncover the relevant informal institutions that underpin cooperation in the four case study regions. This paper contends that while formal institutions play an important, and often under-appreciated role in fostering or blocking collaboration between municipalities, these institutions can have different effects depending on regional context. The effect of



institutions in these settings cannot be understood without also considering the informal incentives that drive political decision-making. And though an institutional perspective adds a great deal to the understanding of what drives regional cooperation, there are yet other factors that tend to mitigate their impact. These are discussed in the following section.

### **Civic Capital: Uniting Alternatives**

Beyond rational choice and institutional explanations for regional collaboration are a variety of alternative approaches. These are ‘soft’ approaches to the extent that they seek answers less in formal institutional contexts or rational calculations than in regional histories, cultures, traditions, and social structures. These approaches have emerged to fill the gaps left by other forms of analysis – to account for the fact that regions with similar institutional structures often pursue different strategies for development (Reese and Rosenfeld, 2002) or have different degrees of success in establishing regional cooperation. This suggests that institutions and other environmental variables may not be the best explanatory variables in these cases.

Alternative explanations for the emergence and persistence of regional cooperation range from policy networks (Scholz, Feiock and Ahn, 2004; Thurmeier and Wood, 2002) to civic cultural (Reese and Rosenfeld, 2002) and social capital approaches (Park and Feiock, 2003). This thesis argues that each of these approaches, in fact, deals with a slightly different but interrelated aspect of the same phenomenon. The concept of civic capital unites these explanations, and others, to help explain the phenomenon of intermunicipal cooperation. That the factors discussed above affect regional cooperation is not in dispute here. Rather, this thesis argues that, while they all contribute to a better understanding of the emergence of interlocal collaboration, their influence may be overcome or strengthened by the force of civic capital.

One of the biggest failings of (first-generation) rational choice approaches is that they often do not explicitly account for time – they analyze snapshots rather than long stretches. And therefore, within the narrow bounds of their analysis, these approaches cannot account very well for history. Negotiations do not take place in a vacuum, therefore the history of relationships between municipalities is of paramount importance in explaining attitudes and preferences in contemporary collaborations. Especially given

fixed geographical contexts, these relationships can be more accurately characterized as taking place in the context of nested games (Tsebelis, 1991) than as one shot deals. To a certain degree, informal institutions (or their absence) may be a reflection of shared regional history. But this does not go deep enough into uncovering actual incentive structures that actors face in the context of iterated games.

Another factor that few explanations of regional collaboration deal with is leadership and the role of leaders in networks. This is a serious deficiency in the literature as the presence of local champions, of charismatic leaders, can overcome institutional/issue inertia. The emergence of such individuals (or coalitions) is very difficult to predict. However, the presence or absence of these leaders and their roles in the case studies is not all that difficult to identify.

The three alternative approaches discussed here - policy networks, social capital, and civic culture – all deal, to a certain degree, with the effect of history on cooperation. However, they all suffer from certain conceptual ‘blind spots’. These shortcomings may be remedied in part by the introduction of the civic capital approach.

Scholz, Feiock and Ahn (2005) structure their analysis of the role of policy networks in regional cooperation from a transaction cost perspective. They argue that a policy network approach is highly applicable to the local context because, similar to the American federal system, fragmentation and power dispersion across actors makes coordination across multiple policy arenas necessary. Building on Thurmaier and Wood (2002), they note that contractual relationships (or interlocal agreements, ILAs) between two local governments constitute a dyadic relationship around a specific policy issue. Where these contracts multiply at the regional level, these relationships form a macro-level regional governance structure that unites a group of actors into a social network<sup>28</sup> (Thurmaier and Wood, 2002). According to Gulati and Gargiulo (1999), these relationships compound into a regional network where conventions of reciprocity and reliability develop between actors. As such, the primary benefit of these networks is the

---

<sup>28</sup> It should be noted here that Thurmaier and Wood (2002) pursue a more sociologically-based approach to social network analysis. They argue that public administration literature has too narrow a focus on management and accountability issues, whereas sociologists focus on power relationships and network structures. Their work aims to unite both approaches.

effect that they have on reducing transaction costs through ‘information bridging’ and ‘credibility clustering’.

Information bridging emphasizes the role of extensive ‘weak tie’ relationships (building on Granovetter, 1973) that link diverse actors into networks through which valuable information on potential partners, opportunities, and preferences can flow (Scholz *et al* , 2005). Feiock (2007) suggests that the value of these networks is particularly high to the extent that they can create ‘bridges’ to governments with connections outside of the existing network.<sup>29</sup>

Credibility clustering builds on the notion of tightly clustered ‘strong tie’ relationships. These ties are particularly useful in enhancing the credibility of commitments among network actors. Therefore, the value of these strong tie networks is increased where there exists the potential for shirking or defection in the delivery of collective goods (Feiock, 2007). Tight clustering also has an effect on reducing transaction costs – information and monitoring costs, specifically.

History is important from this perspective, to the extent that these relationships can most accurately be described as iterated games. The history of cooperation among local actors can lead to the development of reciprocity norms that “reduce the costs of joint action and build social capital” (Feiock, 2007: 57). The previous statement illustrates quite effectively the interrelationship between the policy/regional network approach and other approaches discussed in this paper. With iterated contact and overlapping contracting, ‘reciprocity norms’ can develop. Under the right circumstances these norms could be classified as informal institutions. Informal institutions here are the product of repeated interactions. These norms, in turn, reduce transaction costs (based on stable expectations) and build social capital, another by-product of historical interaction. This serves to illustrate the extent to which each of these alternative explanations of cooperative behaviour essentially describe different dimensions of the same phenomenon. That is, what role do social and political networks, as the product of repeated and historically-bound interactions, play in explaining current collaborative arrangements?

---

<sup>29</sup> Feiock (2007) is right to point out here that these ‘bridges’ can also be seen as strategic choke points. There is some risk that actors in this position may pursue an opportunistic strategy to control information. This would therefore increase enforcement costs.

One dimension of the policy network approach that is underdeveloped when seen narrowly through the rational/transaction cost lens of Feiock (2007) and Scholz *et al.* (2005) is the role that political networks play, over time, in extending the potential boundaries of cooperative relationships. Most of the literature in this area deals explicitly with the concept of interlocal (service) agreements, or ILAs. For the most part these are bi-lateral (read: dyadic) contracts, primarily motivated by cost issues and the potential for economies of scale. According to the rational choice approaches, these types of relationships are potentially the easiest to establish.<sup>30</sup> There is certainly merit in explaining the emergence of the most common type of intermunicipal relationship, but existing analysis misses the mark to the extent that it does not attempt to address more complex agreements. While it is certainly implied – i.e. dyadic relationships compound and create networks over time – this approach is not extended to how these can affect ‘stickier’ regional problems. One of the most important aspects of the network approach is how cooperation on mundane and often spatially limited issues can lead to more intense forms of collaboration across regions. This dimension of network analysis at the local level is highly underdeveloped and deserves closer attention. This phenomenon is addressed to a certain degree in this project through the regional cases studies.

The civic culture approach (Reese and Rosenfeld, 2002) attempts to capture the cultural underpinnings of regional economic development. It builds on and unites regime theory and political culture literatures to explain differing economic development strategies in the context of similar institutional structures. Specifically, this approach addresses the role of local cultures in shaping decision making environments and social expectations. To a certain degree, the civic culture approach addresses the cultural and informal institutional dimensions that determine agency/political costs. It closely parallels the policy networks approach discussed above to the extent that it draws inspiration from Granovetter, who argues that:

Actors do not behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by the particular intersection of social categories that they happen to occupy. Their attempts at purposive

---

<sup>30</sup> For example, bi-lateral contracts involve a small number of actors, reducing information costs. The characteristics (i.e. ability to assign costs and benefits) are more conducive to cooperation for issues like waste removal than regional cultural policy, as these issues are rarely controversial, cost savings are obvious, etc.

actions are instead embedded in concrete, ongoing systems of social relations” (Granovetter, 1985: 487)

The civic culture approach tries to situate this ‘local context’ and determine how it influences political decision-making.

Civic culture is defined as the local or community sum of “attainments and learned behaviour patterns” of a people (Reese and Rosenfeld, 2002: 41). It differs from political culture approaches because it refers specifically to local rather than national or other scales of culture. Reese and Rosenfeld argue that local cultures can differ in important ways from state/provincial cultural frames, and therefore a specifically local lens is required in order to understand how regional economic development decisions are shaped. Local, in this case, is the scale of the municipal government. However, it is not such a stretch to extend the notion of local culture to encompass geographically contiguous cities – or a metro region.

Significantly, civic culture encompasses the structure of the local economic development decision-making enterprise, the process through which decisions are made, the interests that are involved in decision-making, and the decision-making styles evident in the local public arena (41). From this perspective it focuses more specifically than most other approaches on the mechanics of local decision making and how shared values shape expectations. The factors that civic culture considers include structures, processes and decision-making styles.

Structures comprise “the nature and extent of community resources devoted to economic development, the external competitive environment of the locality vis a vis other cities and the structure of the economic development enterprise itself” (Reese and Rosenfeld, 2002: 41). This concept unites elements of formal institutions (resources, shape of economic development enterprise) and rational choice (competitive environment) through a cultural lens. Processes similarly cross institutional/rational choice and cultural boundaries by focusing on the balance of power in local decision making. Decision making processes refer to the locus of primary power in economic development decisions encompassing the balance between government and other actors, the role of local bureaucrats, and the balance between business and citizen groups. Finally, decision making styles include the world views of the process participants, the

extent of rationality in the decision process, how goals are set and the nature of those goals, how the community sees itself now and the vision for the future, and the extent to which participants feel they can affect/control the destiny of their community. While these factors tend to straddle the range of theoretical approaches, the common denominator is that the explanatory variables behind these categories are more than just economism and are more contextually defined than a particular regime; they are “socially embedded within the cultural fabric of a local community” (Reese and Rosenfeld, 2002: 42).

What is significant, Reese and Rosenfeld argue, is that each community embodies a civic culture or *habitus*<sup>31</sup> representing historically informed local systems for political and/or public action and processes for distribution of goods. Therefore, it is possible for two communities to have the same interests in the ruling coalition, but use different economic development policies. Similarly, the same structures of local government may operate very differently in practice across communities. The result is that local governments may be similar in all sorts of unimportant ways: form of government, tax base, and even governing coalition. But it is “the fine distinctions in local civic culture, the *habitus* of how interests are balanced, problems defined, symbols interpreted, goals envisioned, and decisions made that will have the greatest and perhaps most subtle effects on public policy” (Reese and Rosenfeld, 2002: 43).

Of the alternative explanations considered, Reese and Rosenfeld’s concept of civic culture is the most comprehensive. That is, it takes into account many of the issues outlined in this section – institutional structures, issue characteristics and the importance of local networks – as well as contributing to a critique of regime theory. However, it too suffers from limitations. For example, while it acknowledges the importance of social networks, their strength is assumed *a priori*. There is no concrete discussion of how these networks are formed, mobilized, or practically used in the policy process.

---

<sup>31</sup> This term is tied to the French word, *disposition* which has two different meanings – (1) predispositions that cause individuals and groups to act in certain ways; and (2) the result of this process of interaction. Each community has different dispositions that mediate back and forth between structure and practice (creating different *habitus* both within and between groups) Each group will have a *habitus* that focuses on the “ways in which particular groups of actors make practical sense of their political world” (Painter, 1997:137). This implies that different groups even within the same environment will “know” in different ways, and that different communities will have their own *habitus* or culture that defines how groups act and the nature of development policies that result.

Social capital is a concept that has been frequently invoked to explain the emergence of cooperation in a variety of contexts. As with informal institutions the idea of social capital is often confused and misused. Indeed, in some instances the two concepts are conflated. Much like informal institutions, social capital is often treated as a residual variable. Ultimately, in the context of interlocal cooperation social capital embodies the reciprocal relationships of trust that emerge out of repeated interaction. As such, it is a useful concept in explaining more intense cooperation. Where there is a large degree of social capital within networks, more intense cooperation is more likely. However, this concept is problematic in a number of ways.

The social capital literature has come a long way from Coleman's initial application to educational attainment in American ghettos. In that context, social capital is the useful resource available to an actor through his or her social relationships (Coleman, 1988: 98). The concept was further refined by Putnam in his seminal work on democracy and governance in Italy. He defines social capital as: "the features of social organizations such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions" (Putnam, 1993: 167). According to Putnam, social capital builds norms of reciprocity, facilitates information flows, embodies the success of previous collaborations and provides a template for future cooperation. In his later work on social capital in the US, Putnam introduces a distinction between bridging and bonding social capital. Bridging social capital is akin to 'information bridging' (Scholz *et al.* 2005) networks, or weak ties (Granovetter, 1973) – it brings people together across social divisions, and links groups to external assets. Bonding social capital has similarities with 'credibility clustering' or strong tie networks. These tend to be inward looking and reinforce exclusive identities and homogeneous groups.

Social capital therefore emerges from relationships in which the old dichotomy between cooperation and competition no longer dominates, as trust and reputation promote information sharing and reciprocity within networks (Wolfe and Nelles, 2008). One key feature of social capital is that it is often the unintended consequence of actions motivated by individual self-interest. These iterated interactions can produce an environment in which embedded trust and shared norms and values create a context in which individual interests are subordinate to those of the community.

Michael Woolcock argues that it is important to distinguish between trust and social capital. He laments the all encompassing approach to social capital employed by some groups of scholars. Equally problematic is the tendency to conflate the presence of social capital in the form of high levels of civic participation as both cause and effect.

Woolcock comments:

Social capital in the form of trust, it is argued, is created as a by-product of other collective endeavours such as participation in civic associations, but these activities are themselves public goods, and are also identified as social capital, leaving us with the problematic conceptual task of distinguishing between the sources of social capital [and] the benefits derived from them (Woolcock 1998, 156).

Woolcock prefers a narrower, sociological definition of social capital, which views the concept in terms of the norms and networks that facilitate collective action (Woolcock, 2001: 13). He argues that any definition should focus on the sources of social capital rather than its consequences. That is, the focus should be on what social capital is rather than what it does. This eliminates the concept of trust from the definition – trust is more accurately understood as an outcome of social capital. He also argues that social capital makes the most sense as a sociological or relational variable, rather than a psychological (individual) or political (institutional/national) one. Woolcock makes some excellent points regarding some of the major confusions surrounding definitions of social capital. His insistence that social capital should be perceived in terms of its sociological or relational nature rather than its political or institutional dimensions is valid but leaves a conceptual gap in analyzing the associative underpinnings of local and regional economies and the potential for broader regional cooperation.

Another qualification of the concept of social capital stems from Maskell's work on networks. He distinguishes between the benefits of networks and the benefits of social capital. Networks, he argues, exist for the benefit of specific members, but social capital is an asset of the entire community (Maskell, 2000: 117). This suggests that tightly functioning and inward looking networks are not the equivalent of effective communities well endowed with social capital and that the relative effects of each should be more clearly specified.



The concept of civic capital draws most explicitly on the theoretical tradition of social capital addressed here, but also incorporates elements of civic culture, regime theory, and policy network approaches (Coleman and Skogstad, 1990). Furthermore, the concept expands these approaches in dealing explicitly with the role of local leaders in not only building civic capital, but also leveraging it for political ends. Finally, because it can be applied to all sectors of society and polity, civic capital explicitly recognizes the role of non-political actors in shaping regional preferences. Therefore, it acknowledges a role for private sector (for example) actors, and for incentives for regional cooperation that emerge from the bottom up.

Civic capital deals specifically with the contribution that associative behaviour and civic actors make to the process of local and regional economic development. This concept builds on distinctions between networks and community, and between business and civic relations. It also incorporates the insights derived from the work on civic entrepreneurs to produce a more nuanced conception appropriate to analyzing the role of civic associations and civic actors (Henton, *et al.* 1997). Civic capital emerges from interpersonal networks and solidarity and helps establish a community based on a shared identity, expectations or goals and *tied to a specific region or locality*. It comprises formal or informal networks among individual community members, between communities, and/or between community and the local or regional government (Wolfe and Nelles, 2008).

The concept of civic capital recognizes the critical role of local leaders, or civic entrepreneurs, in intensifying and formalizing collaborative networks within and between communities. Drawing on the distinction between bonding and bridging capital, civic entrepreneurs help build bridges between different members of a community to create and formalize coalitions based on shared identities and interests. However, their most important role is in *bridging* the gap between communities and between local governments and community actors, and between regional political jurisdictions. Civic entrepreneurs understand the importance of collaboration; in their bridging role they bring business, the community, and government together to set and achieve long-term development goals. They can emerge from any sector of society – business, government, education, and community organizations – but all share similar characteristics of

visionary leadership, charismatic personalities, interest in building the economic region, and commitment to collaborative solutions. These entrepreneurs help to build and intensify civic capital by “creating opportunities for people to work together on specific projects to advance their economic community” (Henton, *et al.* 1997, 31).

The advantage of this definition of civic capital is that it allows for individual agency through the engagement of key actors, as well as accounting for a societal dimension. It is uniquely tied to place, but allows for a nuanced approach to community and networks. Finally, defining civic capital as a sense of solidarity or interpersonal ties enables civic capital to exist prior to agency, but also accounts for how it can be harnessed and intensified to promote effective regional governance by civic entrepreneurs.

The presence of these networks of collaborative institutions and civic associations engaged in promoting the regional economy (including firms, local chambers of commerce, trade associations, cluster organizations, and regional development agencies, etc.), often defined as institutional thickness (Amin and Thrift, 1995), are an indicator of civic capital. High levels of interaction between these organizations and associations often foster the development of shared rules, conventions, and knowledge that constitute the ‘social atmosphere’ or, in our terms, the civic capital of a region. The establishment of formal and informal coalitions and networks as a result of interaction provides further reinforcement. Finally, institutional thickness implies the development of shared goals and visions regarding regional governance – the development of a shared identity based on ties to the region. ‘Institutional thickness’ is a form of institutionalization of civic capital.

While the concept of civic capital can be considered in isolation as a factor that underpins regional economic development more broadly it is, itself, an outcome of numerous interactions. As a type of associational behaviour that unites networks and leadership for collective purposes – and therefore as a factor that shapes the regional policy context – its emergence and dynamics are at least partially influenced by local, regional, and national institutional factors. Some social capital accounts tend to obscure these effects, preferring instead to situate networks and trust as independent rather than dependent variables. The civic capital approach elaborated here acknowledges the

potential impact of institutions in circumscribing the emergence, structures, and strategies of civic networks. This raises an interesting complexity in its theoretical formulation. In the context of this project, civic capital is of conceptual use to the degree that it may overcome environmental barriers.

Acknowledging that institutions both shape and can be shaped by civic capital dilutes its explanatory power, as the line between dependent variable and independent effects are blurred. This contention can be countered with a view to the different *scales* of civic capital. That is, civic capital can be seen both as the totality of regional networks, and therefore as a general feature of a regional economy. Civic capital can be evaluated in a general sense, in terms of its strength and scope in the regional economy.

Simultaneously, civic capital is made up of a mass of formal and informal networks – some specifically oriented and some only loosely organized. Regional institutions will not affect the individual parts of the whole equally. However, to the extent that they can constitute *strategic* as well as latent networks, specific institutions may shape the scale at which specific networks emerge and are formalized as well as their strategic organization. Therefore, while civic capital can be addressed both broadly – and in relative isolation from institutional effects – it can also be evaluated with more nuance within more narrowly circumscribed contexts. The main drawback is that it is difficult to indicate with precision where specific networks affected by institutional conditions start and stop. However, these can be ascertained generally through detailed qualitative cases, and the specific effects of institutions on patterns of civic capital can at least be suggested from observed interactions.

The concept of civic capital was initially formulated to explain the high performance and success of regional economies. However, it applies equally well to the phenomenon of intermunicipal cooperation. Here, civic capital develops at the regional level and can help overcome institutional and issue inertia and expand the potential group of actors that can stimulate cooperation. It accounts for how local leaders can leverage regional assets to create or intensify cooperative relationships even in the context of seemingly intractable issues and institutional barriers. As well, it takes into consideration the history of regional interaction in building these partnerships. Civic capital may produce more intense cooperative solutions in several ways. Robust and dense civic

networks, even in areas unrelated to regional economic development, are built around a definition of the region and foster and reinforce a sense of collective purpose that can underpin interlocal cooperation and overcome environmental barriers and tensions. Similarly, the existence and interaction of overlapping networks catalyzed by visionary leaders may be more likely to nurture an awareness of regional problems, increase consideration of regional solutions, provide support for regional approaches, and even potentially the design of governance architecture through which partnerships can be implemented. Where networks are related to regional development, these may exert pressure on municipalities to put aside differences and collaborate. The four cases studies examine whether the presence or absence of diverse local and regional coalitions plays an important role in the intensity of regional collaboration.

### **The Factors that Affect Intermunicipal Cooperation**

The preceding review of the theoretical literature reveals a wide variety of distinctive, though interrelated approaches to understanding the dynamics of interlocal cooperation. And each of these perspectives cites numerous factors that affect the likelihood and/or intensity of interlocal cooperation. There is also considerable overlap between the factors each approach identifies and those of competing explanations. For instance, institutional factors are an element of both institutional and rational choice approaches. Therefore, this thesis contends that, rather than evaluate each *approach* differently, that we consider the commonalities between them.

All of the factors discussed above fit into one of five categories: issue characteristics, regional structural determinants, exogenous factors, institutions, or civic capital. The thesis argues that each of these determinants of cooperation is important to consider in order to understand how and how intensely intermunicipal cooperation emerges. However, it also argues that institutional, regional structural, and exogenous factors have different effects on intermunicipal cooperation in each case. So while the five determinants conspire to build a more nuanced understanding of interlocal cooperation in each case, it is the presence or absence of civic capital in each region that provides the most insight into cooperative dynamics.

These factors taken together form an alternative approach to intermunicipal cooperation. In this theoretical approach, issue characteristics are held constant and the above rational choice variables are regrouped as regional structural, institutional, and exogenous – collectively environmental – variables. Regional structures refer to the number and density of local actors in a region. Institutional variables include mayoral power, party politics, fiscal and jurisdictional dimensions of local autonomy, existing governance structures, and power asymmetry. The exogenous variables, as discussed above, consist of *government involvement*, and internal and external threats to regional prosperity.

The following chapter outlines the methodology of this project. It situates and classifies each of the case studies, operationalizes the key variables of this approach and details field research, and data analysis methods.

### **Chapter 3: Towards a Theoretical Framework**

This dissertation seeks to answer the following questions: What factors encourage or hinder cooperation between municipalities for regional economic development? What effect do environmental factors have on intermunicipal cooperation? Finally, where environmental variables fall short in explaining the emergence (or failure) of cooperation, what other factors account for cooperative outcomes? Following from these research questions I advance three interrelated hypotheses.

First, while I expect that institutions play an important role in circumscribing the realm of possibilities faced by decision-makers, they are not consistent predictors of cooperation. That is to say, the same institutions may have different effects in different contexts. Understanding the institutional context faced by municipalities is critical to comprehending how and why cooperation emerges; they don't provide enough data on their own to explain these phenomena.

A second hypothesis is that institutional structures can be reinforced or overcome by social networks, galvanized by civic leaders. According to the theory advanced in this dissertation, regions characterized by high levels of civic capital are likely to have greater degrees of intermunicipal cooperation regardless of their institutional context.

The final hypothesis presented here relates to the influence of the size of a region on the emergence and intensity of collaborative relationships. If civic capital does indeed play an important role in stimulating and sustaining cooperation between municipalities, then the size of the region may help to determine the strength of these networks. Because civic capital consists of networked relationships between individuals, it stands to reason that, in smaller communities, these networks will overlap to a greater degree than in larger regions. The logic is that key actors, civic entrepreneurs, will be more visible to other local players and are likely also better known to each other within smaller geographical contexts. Therefore, there is a greater chance that the 'bridging' dimension of civic capital will enable civic entrepreneurs to construct collaboration across issues and municipalities. As such I hypothesize that areas with strong civic capital are more likely to be smaller (at least second tier, but usually much smaller) cities.

A second dimension of this size hypothesis relates to the imperatives that drive cooperation and stimulate civic leadership and builds, to a certain extent, on Markusen *et al.*'s (1999) work on second-tier cities. I postulate that where communities face external threats, particularly to their competitiveness, collaboration is more likely to emerge to address a common problem. Larger, or upper-tier, cities<sup>32</sup> tend to be competitive as a result of their global city region status. While this status can be challenged over the long term, in the short term, first- and second- tier global cities face little competition for inward investment. Lower-tier cities<sup>33</sup>, by contrast, face constant pressure to be competitive with a larger pool of rivals for investment. As a result, these regions have a greater incentive to pool resources to boost competitiveness. Because upper/lower-tier city status is highly correlated with size, this is another reason to suspect that population size may affect the prospects for regional cooperation.

*Table 3.1 - Summary of Hypotheses:*

H1: Institutions have different effects on the emergence or non-emergence of cooperation in different contexts

H2: City-regions in which civic capital is more highly developed will produce cooperative outcomes (or more intense cooperation) than cities with similar institutional structures with less developed civic capital.

H3: Smaller city-regions are likely to have greater degrees of civic capital, and, therefore, greater intensity of intermunicipal cooperation.

The hypotheses summarized above form the central focus of inquiry in this project. The following chapter outlines and justifies the methodological approaches employed in order to test and support these hypotheses. Additionally, it elaborates and operationalizes the key variables of intermunicipal cooperation.

The study focuses on cooperation between municipalities for regional economic development. In the context of this study, economic development is defined in terms of political efforts that seek to improve the economic well-being and quality of life by creating and/or retaining jobs, growing incomes, and increasing the tax base (Todaro, 2009). The term 'regional' implies that economic development can be pursued collectively by municipal authorities collaborating at a supra-local level. Regional development is an indicator of the competitiveness of city-regions and of growing

---

<sup>32</sup> These are cities with populations of more than one million.

<sup>33</sup> Cities with less than one million inhabitants – second-tier cities tend to fall between 350,000 and 1 million.

importance in a public policy context that regards metropolitan regions, rather than just cities, as the drivers of successful national economies (Otgaar *et al.*, 2008). As such, the focus on regional economic development is at once practical and highly topical. It is practical to the degree that regional development policies, unless opposed from above, imply some measure of interlocal collaboration. From this perspective, it is likely that any region selected will exhibit at least some degree of cooperation in this area. It is topical, because the public policy interest in regional competitiveness renders a focus on cooperation for regional economic development highly relevant to current political and scholarly debates. Because coordination can be so important for regional development, a study that aims to increase understanding of the dynamics of cooperation in this context has the potential to make an important contribution to theory and practice.

Another advantage of this approach is that the spectrum of “political efforts” that regional economic development policy comprises is quite broad. Development can include factors as diverse as environmental improvements, infrastructure development, and investment, as well as more clearly economic strategies designed to attract and retain business. This breadth of potential policy areas allows for a comparison of cooperative outcomes across a variety of issues. Exploring a number of different issues within and across regions ultimately increases the number of cases and enables a deeper understanding of cooperative dynamics by controlling and varying issue characteristics and regional contexts. This study compares cooperative intensity in the areas of regional marketing, regional transportation, and arts and cultural policy. The basis for the selection of these particular issue areas is discussed further in the section on case selection entitled ‘Crucial Cases in Regional Economic Development’.

### **Research Design: A Qualitative Approach**

This study relies on comparative qualitative approach to explore the dynamics of intermunicipal cooperation for regional economic development. Four detailed case studies are analysed systematically relative to one another to produce conclusions regarding the factors that have the most influence on the intensity of intermunicipal partnerships. This approach was selected both in response to the theoretical requirements



of the project and because of practical difficulties in pursuing a parallel quantitative investigation.

Much has been written in the literature on the comparative method about the relative merits of quantitative versus qualitative research. An excellent exposition of the key elements of this debate is presented in Brady and Collier's (2004) volume that builds on and contends the seminal King, Keohane and Verba (1994) text, *Designing Social Inquiry*. Among the most significant conclusions to emerge from these debates is that case studies can be as methodologically rigorous and theoretically robust as quantitative approaches. The findings of comparative cases can be, to some degree, generalized to a broader universe of cases and, at the very least, can illuminate patterns and avenues for future study. Bouma and Atkinson (1995) contend that case studies are useful for answering questions such as 'what is going on here?' and as such this approach is often preferred when seeking a comprehensive understanding of regional dynamics (Yin, 2002). Yin (2002) also refutes the popular misconception that case studies are only appropriate for explanatory studies, and argues that they can be equally valid for comparative and observatory studies. Furthermore, case study research is suited to the needs and resources of the 'small scale researcher' seeking insights into broader phenomenon (Baxter *et al.*, 2002).

Hall (2006) highlights the importance of selecting a methodology appropriate to the purpose of a project. A comparative qualitative methodology is suitable to the theoretical approaches and questions at the heart of this study. The emphasis on historical institutionalism *requires* a detailed study of the specific contextual environments and intervening factors that work together to shape decision-making environments (Pierson and Skocpol, 2002). A primary purpose of the project is to determine the effect of institutions and other contextual variables on the intensity of intermunicipal cooperation. However, one of the central hypotheses contains the expectation of a degree of variation in the effect of each institution across cases. Therefore, it is especially important to understand the sources of this variability and to situate the implications of any deviation within the expectations of the theoretical framework. Similarly, the concept of civic capital, while not impossible to elaborate quantitatively, can be very difficult to

operationalize and measure. From this perspective, the magnitude and impact of civic capital networks is easier to identify and compare in the context of a detailed case study.

A comparative methodology is used in order to increase the degree to which conclusions can be generalized from the cases, and to more effectively test the core hypotheses. Comparison allows for several levels of variables to be controlled and tested simultaneously in order to maximize the broader applicability of theoretical findings. What is crucial to the comparative method is that case selection, research design, and variable definition are all determined systematically and are transparently elaborated. These elements are discussed in more detail in subsequent sections.

Ideally, a combination of quantitative and qualitative approaches would be used in order to reinforce and verify outcomes. However, a quantitative approach is impractical for this particular project. First, the variables under consideration do not lend themselves well to quantitative analysis. While they can be quantified, most are qualitative variables, and some nuance is necessarily lost in translation. Furthermore, the availability and comparability of data was a significant challenge to this project. Finding an appropriate number of cases in each country was very difficult, and data were not reliably or even easily obtained for each case. This was further compounded by the fact that in some city-regions, data needed to be collected for upwards of 400 different municipalities, often in cases where no central data repository for indicators at the local level existed. Finally, the data were not always comparable between Canadian and German cases. For instance, information on local GDP was not always available in German cities and was often measured using an alternate calculation not comparable to Canadian methods. For all of the above reasons, the intended quantitative study was abandoned in order to concentrate on the selected case studies. This does, however, highlight a significant opportunity for future research.

### *Case selection*

The selection of cases is of central importance to the design of any research project. Indeed, the identification and selection of specific case studies is central to the decision to use case studies as a research strategy (Ragin, 1992). However, no matter how carefully these choices are made certain tradeoffs and biases are inevitable. The goal of any design

is to minimize, as much as possible, biases or distortions based on case selection. This section outlines the reasoning behind the choice of cases presented in this project, as well as identifying the tradeoffs that emerge as a result.

The four cases were selected on the basis of several important considerations. First, it is important that the cases displayed sufficient variation on the dependent variable. In addition to the quantitative/qualitative approach, this research design also aims to incorporate the strengths of both ‘most similar’ and ‘most different’ systems design (Przeworski and Teune, 1970). These strategies were chosen in an effort to control, as much as is possible, for the effect of variables exogenous to this project. This is done at a variety of levels of analysis.

The most similar systems approach aims to control for system level variables. Intersystemic differences constitute the explanatory variables. As a result, the number of common characteristics is maximized, while differences at the systemic level should be minimized (Przeworski and Teune, 1970: 33). Because this study concentrates on factors affecting intermunicipal cooperation at the local level, it is important to control for intervening variables at other levels of analysis. The most similar system design in this case attempts to control for national level institutional factors. As such, the project concentrates on cases in the federal countries of Canada and Germany. Canada was selected first, as this study was inspired by, and hopes to contribute to, ongoing policy debates about cities and regions that are most effectively governed. Germany was selected as a suitable comparator, based on a variety of considerations. These two countries are good, though not ideal comparators. They share the similarity of both being federal countries with similarly organized national institutions. Controlling for federal versus unitary governments is important, as in unitary systems where all sub-national functions and powers are delegated from the central government face somewhat different institutional conditions.<sup>34</sup> This is not to say that cities in unitary and federal systems are not comparable, but that selecting cases on the basis of some similarity of government institutions is the best way to minimize distortions of results at the local level. While there are important institutional differences between Canadian and German federalism

---

<sup>34</sup> In many ways, a comparison of cities within two unitary states would be easier. However, controlling for national level institutions allows for a more narrowly focused regional overview.

(for example, the organization of the Senate or second house of parliament differs, as do electoral systems, the structure of leadership, and many other factors), the most significant of these manifests itself at the local/state level. Both Canadian and German constitutions locate cities in the policy domain of the provincial or *Land* level of government. Where they differ is that, while in Canada cities are the exclusive domain of the provinces and hold no constitutionally recognized status, German cities and their functions are explicitly recognized by the *Grundgesetz* (Basic Law).<sup>35</sup> Variance on this dimension enables an exploration of the extent to which formal and normative constitutional recognition of the local level of government has an effect on their abilities and willingness to cooperate with one another for regional goals.

Selecting on the basis of this variance enables a deeper exploration of institutional issues such, as those that affect cooperation generally. This is particularly interesting in light of recent policy debates in Canada that suggest that local governments should be granted more power and autonomy (see Broadbent, 2008; and a detailed discussion related to the City of Toronto in Horak, 2008). While none of these debates considers what effect an increase in the autonomy of municipal governments may have on the prospects for intermunicipal cooperation, it is certainly a question worth exploring. This is especially the case in a context, such as that of the Toronto region, where senior levels of government are actively attempting to increase regional coordination (i.e., in the area of regional transportation). In an attempt to project what effect increased autonomy, were it to be granted to all municipalities<sup>36</sup>, might have on regional cooperation, this project explicitly selected a comparator where both the effect of national level political structures could be reasonably controlled and the significant differences in the institutions governing municipal governments. German cities are perceived to be much stronger and more autonomous relative to senior levels of government than Canadian cities (Hrbek and Bodenbender, 2007), therefore, according to the case selection criteria elaborated above, Germany is a suitable comparator.

---

<sup>35</sup> Significantly, German local government is an institutional, normative, and culturally embedded part of the constitution (Wollmann, 2004: 118).

<sup>36</sup> The asymmetry in the application of new municipal legislation is also an issue to consider as, in Ontario, it was initially only applied to the City of Toronto.

In addition to using the most similar systems design at the national level, this project uses this strategy to attempt to control for some sub-national factors. So while cities in both Canada and Germany are compared to one another, the selection of several cities within each of these national contexts also enables a ‘within-systems’ comparison. Here national variables are held constant, and differences between regional (typically provincial/*Land*) institutions and other factors can be explored in more detail.

In an effort to isolate the effect of local factors as much as possible, the qualitative cases are selected from within the same jurisdiction, or as near to it as possible. Therefore, in Canada both cases, the Toronto and Waterloo regions, are located in the province of Ontario. In Germany, the two cases are not located in the same *Land* – Frankfurt Rhein Main is located primarily in Hessen, whereas the Rhein-Neckar region is primarily in Baden-Württemberg. This complicates comparison to a certain degree as each *Land* has slightly different institutional structures. However, it is interesting to note that both are cross-border regions to the extent that the boundaries of the area<sup>37</sup> encompass municipalities in three separate and overlapping states. The Frankfurt Rhein Main region extends through southern Hessen, but also eastern Rheinland-Pfalz, and northwest Bayern. The Rhein-Neckar region, located directly to the south of the Rhein Main encompasses municipalities in Baden-Württemberg, southeast Rheinland-Pfalz (along the northern Rhein in that *Land*), and the southernmost district in Hessen (Kreis Bergstrasse). So, although these two regions are not located centrally in the same *Land*, they share jurisdictions by virtue of their cross-border character – as such, regional institutional characteristics are at least partially controlled.

An important hypothesis of this project relates to the effect of size on intermunicipal cooperation in economic regions. Here, a ‘most different’ systems design is required. So while the two national cases can be compared with one another holding regional institutional dimensions (relatively) constant, they do vary considerably in terms of size. Cross-national comparisons of cities of a similar size, geography, and function permit the production of limited conclusions regarding the effect of regional and local

---

<sup>37</sup> This is defined by the standards of the Europäische Metropolregionen (EMR), regional legislation and popular opinion.

factors. Within-systems comparisons allow for theories of size as well as local dimensions to be tested.

Rhein-Neckar and Waterloo are smaller/medium sized and secondary regions, while Toronto and Frankfurt are larger, and in both cases world-class city-regions. In terms of populations, geographical structures, and economic functions, all of these cases are quite comparable. For example, the Frankfurt is a region of 5.3 million, Toronto (CMA) of 5.4 million (Statistics Canada, 2006). The central city of Frankfurt has a population of around 670,095 (Demographia, 2008), Toronto (old City of Toronto) of 676,352 (as of 2001).

Waterloo and Rhein-Neckar are numerically further apart in terms of population. The Waterloo region (defined as the Kitchener CMA), has 463,600 inhabitants ((Statistics Canada, 2006)), while the Rhein-Neckar region has around 2.3 million (Blotevogel and Schulze, 2007). However, the three largest cities in the Rhein-Neckar region combined have only 600,000 inhabitants – and are the only settlements in the area with over 100,000. The region itself is fairly spread out, and contains a very large number of rural communities – much more than the Waterloo region does. Therefore, it is not too difficult to argue that, were the Rhein-Neckar region to be defined in terms of its largest metro areas (as the Waterloo region is – only nine communities are counted in the CMA as opposed to over 300 in Rhein-Neckar), the two cases are much more comparable.

All of the cases are comparable in terms of geographical structure. All four are polycentric, in the sense that there are multiple nodes of dense population settlement and concentrations of commercial and industrial activity beyond the city centre (if there is one).<sup>38</sup> In both Frankfurt and Toronto, there is an easily identified central city. In Rhein-Neckar and Waterloo, this is not the case. In both of these cases, the region is made up of two separate but fused cities that form the economic and political centres of the region. In Waterloo, it is the cities of Kitchener and Waterloo; in Rhein-Neckar, the cities of Mannheim and Ludwigshafen. Also in both cases, there is a third slightly less

---

<sup>38</sup> Polycentric cities are multi-core urban agglomerations. There is often, but not always, an identifiable ‘central’ city surrounded by other comparably large nodes of economic activity and population density. Monocentric city-regions are those dominated by one powerful economic core, surrounded by smaller and less significant loci of economic activity and population density (Parr, 2004).

economically powerful city, physically separated from the others (either by distance or a physical barrier, i.e. the 401).

In terms of economic function, Toronto and Frankfurt perform very similar national and regional functions. They are both important financial, creative, and business services centres, as well as key transportation and manufacturing hubs. Similarly, the Rhein-Neckar and Waterloo regions are both secondary regions with strong manufacturing, information and communication technologies (ICT) and chemical/biotech firms. There are obviously issues with the comparison of these four cases.

The most glaring of these is that the German regions are much more institutionally complicated than the Canadian regions. The fact that they constitute municipalities in three different *Länder* may introduce a complexity that makes drawing meaningful conclusions difficult. The only remedy to this criticism of the case selection is to be very aware of the potential for distortions when performing the analysis and comparing the cases. The German cases are specifically analyzed with this in mind.

Also, ideally there would be more qualitative cases involved in the comparison. For example, in each country, it would be better to have two larger city-regions and two smaller ones, to better illustrate the role of region size within and between nations and verify conclusions. Unfortunately, because limitations in time and resources, expanding the number of detailed cases is not currently feasible. These limitations are acknowledged in the title of this project as an attempt to work *towards* a clearer understanding of the factors that affect intermunicipal cooperation for regional economic development. In fact, it is my intention to extend both the quantitative and qualitative dimensions of this study considerably in the future. Such an expansion will entail the inclusion of more cases from within each country, as well as the introduction of more countries to the study. Without more cases and data, the conclusions drawn by this project can be considered significant but their origins must be qualified.

### **Intensity of Cooperation: The Dependent Variable**

The selection of the dependent variable is also fraught with potential pitfalls and biases. It is important for there to be sufficient variance of the dependent variable between cases in both quantitative and qualitative studies. This project examines the effect of local

environmental variables and civic capital on intermunicipal cooperation in three areas of regional economic development (regional marketing, transportation, and cultural policy). The selection of these areas of cooperation is detailed in subsequent sections, while this section discusses issues related to the operationalization of the concept of cooperation generally. In the context of this project, the dependent variable must ultimately be some measure of degree of cooperation between actors. In order to most accurately capture cooperative dynamics, this study opts for an institutional measure of collaboration.

The dependent variable is defined as the *cooperative intensity* of the interlocal collaboration which can be situated on a scale.<sup>39</sup> Cooperative intensity refers to the degree to that municipal actors have committed to the partnership and is reflected in the institutional design of the agreement. I argue that the degree of commitment to the endeavour is evident in the degree of control sacrificed by participants over the outcome(s) of the partnership. The logic here is that fewer mechanisms of control over the collective decision making process insisted on by members are an indicator of both willingness and commitment to cooperate. Where participants are reticent or wary of cooperation, one would expect this to be reflected in the institutional form of the collective agreement. For instance, where participants are less willing to cooperate, partnerships are more likely to be structured so as to retain some municipal control over decision-making – a corporation with a board of directors made up of municipal officials is an example of this form. There are broadly two ways of maintaining some local control over the outcomes of regional partnerships: involvement in decision-making, and control through funding mechanisms.

Table 3.2 outlines a typology of the various forms of cooperative arrangement that can be reached between local actors ordered from least intense to most intense. In each case, the most prominent actors in and the locus of the decision-making process are identified. At the lowest end of this spectrum is *no cooperation* at all between any municipalities in the region. The next level of intensity is the *ad hoc/project-based* variant. This type includes short-term collaboration between departments on a specific

---

<sup>39</sup> While this study is explicitly designed as qualitative, the measurement of cooperative intensity can be quantitatively defined in order to systematically situate the intensity of cases and issues relative to each other. This method was also chosen in this instance in order to incorporate the second dimension of intensity, which measures participation and can be easily expressed numerically as a ratio.



project with well-defined roles and parameters. This is followed by more sustained, *informal*, ad hoc cooperation between municipal departments. Typically, this type of cooperation involves sharing information and some loose coordination of policies and/or strategies through informal personal or professional networks. These first three types of intermunicipal cooperation all tend to be informal and take place within local bureaucratic structures.

Key actors/decision makers	Location	Typology	Example	Value
none	none	no cooperation	no relationships on this issue	0
bureaucrats	municipal departments	ad hoc/project based	cooperation on specific projects but no long-term or sustained cooperation	1
bureaucrats	municipal departments	institutionalized informal	collaboration between economic development departments - informal personal networks	2
bureaucrats/politicians	external department	institutionalized public control	external department, own staff, decision making completely public	3
bureaucrats/politicians	external organization	institutionalized public majority	external department, own staff, dependent on municipal funding, board has public majority	4
politicians/private sector	external organization	institutionalized shared decision	external department, own staff, dependent on municipal funding, board has equal public and private (often with elected/board appointed chair)	5
private sector	external corporation	institutionalized passive	external organization, own staff, dependent on municipal funding, board has private majority	6
private sector	external corporation	institutionalized civic engagement	external organization, own staff, municipal/government funding minority, board has private majority	7

Table 3.2: Typology of intermunicipal cooperative intensity

The next group consists of partnerships that are external to local government to the extent that they typically have offices and staffs independent of local bureaucratic units. The *institutionalized public control* variant involves an external organization, entirely dependent on municipally sourced funding and controlled by a board<sup>40</sup> made up exclusively of public officials. The *institutionalized public majority* type of cooperative arrangement is similarly dependent on funding from the municipalities, but also incorporates other actors typically from other regional organizations (Chambers of Commerce, industry associations, etc.), the private, or relevant not-for-profit sectors in

<sup>40</sup> Or any other type of decision-making unit – executive committee, regional councils, etc.

the board. However, public actors retain control over decision-making as the majority on the board. Another slight variant of this form is the *institutionalized shared decision*, which differs from the previous type of cooperation to the extent that the number of other actors on the board equals the public actors. In these cases, often there is an elected or appointed chair who holds a tie-breaking vote. Another common form is the *institutionalized passive* type – still dependent on local funding but governed by a board with a private (or other non-governmental) majority. Finally, the *institutionalized civic engagement* form represents the most intense form of cooperation, by this measurement, because it virtually eliminates public control over decision-making. In this case, public players are both in the minority on the board and represent a minority of the funding for the organization. This doesn't mean that there is no form of control over the activities of the partnership – rather that it is indirectly applied through rules, public oversight, or regulations. This type of partnership typically takes the form of a corporation.

While this institutional definition is definitely central to the dependent variable, there are other factors that need to be accounted for to create a measure of cooperative intensity that is as precise as possible. For example, the degree of participation of actors in the region is an important dimension of intensity. An institutionalized civic engagement form may be more institutionally intense than the networks of the informal variant, but if the cooperation is only bilateral it is a poor measure of *regional* commitment to the endeavour. Therefore, a measure of regional participation is included in the evaluation of cooperative intensities. The participation coefficient is measured in terms of the number of actual participants to the number of potential participants. The latter value is the number of local governments within the statistical region. Interestingly, the participation value can be greater than one if members from outside of the region are also participating in the partnership. To this is also added an evaluation of regional attitudes towards the partnership. Data on this variable are gathered primarily from interviews with the local officials and other actors involved in the partnership. Attitudes are measured in terms of views of the strength and utility of the partnership, as well as satisfaction with outcomes and are largely anecdotal. However, these provide a useful context within which to explore the intensities of cooperation. Combining the two quantitative measures enables each case and issue to be situated relative to the others on

the dimension of cooperative intensities. This can help to determine whether there is clustering of intensities on the dimension of issues and/or whether cooperative intensities are consistent within regions.

Several issues arise from this definition of the dependent variable. First, it is based primarily on institutions and not on outcomes. Second, there are some problems with the comparability of regional density measures. Finally, there is potential, given the primary hypothesis of the project – that civic capital is the most important determinant of intermunicipal cooperation – that an institutional definition may lend itself to tautology. These critiques are addressed here in turn.

The definition of the dependent variable as cooperative intensity (and therefore as an institutional construction) rather than cooperative outcomes was the result of careful consideration. This project is primarily interested in the dynamics that interact to produce cooperation between municipalities in an economic region. It is therefore the emergence of partnerships, not the product of collaboration, that is of most interest. What prompts governments/public actors to make the choice to, or indeed lead, cooperation? Expected outcomes are certainly a factor in the decision-making process. Actual outcomes are factor in actors deciding to *continue* cooperation rather than defecting.<sup>41</sup> However, this thesis makes the assumption that expected outcomes are just one of many factors involved in the decision to cooperate and will be likewise reflected in the degree to which municipalities are willing to commit to the project. For example, if outcomes are especially uncertain but there are other compelling reasons to cooperate, the form of the partnership may be more flexible (i.e. the informal variant) and may include provisions to control outcomes more clearly (through board decisions, funding etc.). Outcomes are addressed in the qualitative study through the introduction of a measure of attitudes. However, this kind of data is too difficult to collect on a larger scale and therefore cannot be feasibly included in the quantitative approach.

---

<sup>41</sup> Again, this is just one of many reasons to continue to cooperate. Actual outcomes may be dismal, but expectations about future returns may be important. Furthermore, once established, cooperative arrangements can be difficult to exit, especially if they are institutionally formalized. This also reinforces the notion that the chosen institutional structure (and its rigidity in terms of entry and exit, decision control etc.) is an important indicator of the willingness of actors to participate and their commitment to cooperation.

A second potential critique of this definition of the dependent variable deals with the addition of the participation coefficient. The problem stems from the degree of concordance between measures of regional government density in Canada and Germany. The project adopts the national definition of a region in each country. For Canada, the boundaries of the region are considered as part of the Census Metropolitan Area (CMA). The European definition of a region is derived from the Eurostat Larger Urban Zones (LUZ) classification. This classification corresponds to the ‘functional region’ and consists of the core or central city, plus the surrounding commuting field.<sup>42</sup> While the CMA and LUZ are calculated on much the same basis (commuting flows), there is the potential for methodological differences that may skew comparisons. Another potential bias to the data involves the actual density of local administrative units (LAU). Canadian CMAs typically have fewer municipal governments than German LUZs. Therefore, it may be more difficult for German municipalities to achieve a high score on the participation measurement than for Canadian cities because of this type of institutional and geographic difference. This is remedied to a certain extent by including the measure of local government density (the denominator of the participation coefficient) as an independent variable.

Finally, there is the question of whether defining the dependent variable in terms of cooperative intensity ultimately sets up a tautology. This is quite a concern given the main thrust of my arguments about intermunicipal cooperation. Does arguing that civic capital is a key determinant of cooperative intensity amount to saying that the degree of cooperation in a region determines the degree of cooperation between municipalities (i.e. the argument proves itself)? While on the surface it seems as though it does, this is a mischaracterization of the concept of civic capital. The concept is most accurately characterized in terms of networks of *interaction*, not *cooperation*. While there certainly can be cooperation within and between regional networks, civic capital is not necessarily cooperative. Indeed, interactions can occur on many levels and be competitive or even

---

<sup>42</sup> An alternative approach would have been to use the Nomenclature of Territorial Units for Statistics (NUTS) classification. However, it is based on institutional definitions of administrative units. Since most city-regions do not correspond to existing administrative boundaries, this measure is much less precise and, in any case, not very well harmonized across European countries.

conflictual (to a degree).<sup>43</sup> The point is that civic capital emerges as an unintended consequence of self-serving actions that involve interaction between individuals or groups within a community. It is the extent to which connections are being forged and then these typically loose and informal networks can be harnessed or leveraged by civic entrepreneurs to mobilize support for collaborative solutions that underpins my central argument.

### **(Crucial) Cases in Regional Economic Development**

Having dealt with some of the most important potential criticisms of the definition of the dependent variable, the independent variables can now be elaborated. The object of this study is to explore intermunicipal cooperation for regional economic development. This, however, encompasses a very large swath of issues/policy areas and needs to be narrowed down considerably to have any explanatory value. Therefore, this project has opted to examine the effect of a variety of environmental and civic capital variables on the intensity of cooperation in three different areas of regional economic development: regional marketing, cultural policy, and public transportation.

Specifying these areas of economic development allows for comparisons, controlling for the characteristics of the issue that are held to be so significant for rational choice theorists working in this area. Furthermore, these issues can be categorized and then compared with one another to determine if there are any significant issue-effects across cases.

What is significant about all of these issue-areas is that, while the rationale for cooperation is fairly clearly argued, the benefits of potential collaboration tend to be unevenly distributed amongst local actors. Therefore, in each of these cases there is a different degree of uncertainty of outcomes, distribution of benefits, target of benefits, relative cost requirement, and asset specificity of those costs.<sup>44</sup> For instance, regional

---

<sup>43</sup> A relationship between actors can be conflictual on one level – i.e. on a certain policy, issue or commercially – and not on others. An example may be business leaders who compete with one another in the market but face similar issues regarding finding talented workers etc. Conflict and competition are forms of interaction that can create positive connections on other dimensions. The positive connections are not a given of regional interaction, but certainly civic capital is not the same as cooperation.

<sup>44</sup> Benefits can be specific, that is, easy to attribute to one municipality or another, diffuse (regional), or both. The target of the benefit, if it can be identified, can be the central city (cities) or the suburban

economic development entails cooperation for regional promotion. However, once investment is attracted to the region it still must settle in one municipality or another. Therefore, the potential exists that one actor could benefit disproportionately over others, or for competitive relationships between regional municipalities to (re)emerge. Regional marketing is an example of a mid-level issue for regional cooperation.

On cultural policy, the benefits of vibrant and well-patronized cultural institutions are regional, though these are typically disproportionately located in central cities. Again, here the issue is potentially divisive and perhaps, as a result, can be more difficult to generate partnerships. This type of issue typically requires greater contribution of funding (in its most institutionalized form) and returns more centralized benefits, and therefore represents a relatively difficult issue for regional cooperation.

Finally, regional transportation, while also often involving large funding commitments from partners, has a much clearer distribution of benefits. The central city will often have a greater degree of infrastructure than outlying regions; however, businesses and citizens of surrounding areas typically gain disproportionately from cooperation in this case. Furthermore, of the three areas of economic development examined here, regional transportation is the most likely to benefit or exhibit involvement from upper levels of governments. While the potential for multilevel cooperation bridges scales of analysis on this issue, if anything it should lead to greater cooperative intensity.

By examining cooperation across this spectrum of cases in each city-region a clearer picture of the dynamics of regional cooperation is constructed. This approach also enables the comparison of trends across issues – therefore leading to a tentative answer as to whether cooperation is more intense on some issues versus others.

### **Environmental and Civic Capital Variables: The Independent Variables**

The independent variables as well as how they are operationalized, are summarized in Table 3.3. In total, this project examines the impact of seventeen different environmental and civic capital variables. This section outlines each variable in turn, elaborates on how it is operationalized and shows its expected impact on the dependent variable.

---

communities. The relative costs can be low, medium, or high. Asset specificity can similarly be low, medium, or high.

*Density of local governments: Regional structural variables*

The lone regional structural variable considered in the scope of this study is the *density of local authorities*. This is measured in terms of the absolute number of local government authorities in the region including municipal, county, and other sub-provincial/*Länder* regional governments. Information on the density of authorities in German and Canadian regions comes from the Eurostat Urban Audit (Larger Urban Zones) (Eurostat, 2004) and Statistics Canada (2006), respectively. The expectation is that the larger the number of local authorities in the area – the denser the political landscape – the more difficult cooperation may be. Therefore, the relationship is expected to be negative.

	Factor	Indicators - key questions	Expected impact
Geographical	density	number of overlapping jurisdictions/governments: including special purpose districts	neg
Institutional	type of mayor	formal and informal powers of the mayor; mayoral role in collaborations (i.e source of leadership?)	pos/(neg)
	party politics	examine the effects of party politics on attempts to establish cooperation - is this a source of conflict between actors? Would parties potentially help address problems in cooperation (here Canada and Germany counterfactuals?)	pos/(neg)
	functional responsibility	Is there duplication of functions at the local level (indicating that there is less confidence/willingness to cooperate)?	neg
	local discretion	What is the impact of financial contributions (if any) on decisions to cooperate or not?	neg/pos
	regional governance structure	what role has the regional governance structure (if any), or lack thereof played in stimulating or blocking cooperation?	pos
	power asymmetry	What role do differences in economic and political strength in the region play in affecting the will and ability of cities to cooperate?	neg
	coercion	what is the role of upper levels of government, currently and historically, in the partnership/issue?	pos
Contextual	economic health of the region (internal threat)	Assess whether the economic condition of the region constitutes an endogenous threat	neg
	external threats	Are there external factors that have affected cooperation? Also measured in terms of competitiveness (what of other dependents?)	neg
Civic Capital	leadership	presence or absence of charismatic local leader(s)	pos
	Organizational presence	number of organizations in the region - in what areas? Evaluate connections and relationships between them - also, timeline of interactions	pos
	Organizational networks	How strong are networks between actors/organizations?	pos
	Cross-appointment	This is closely linked with the concept of leadership. This indicator gets at the extent to which people are engaged in more than one aspect of the region/regional issue	pos/neg
	Personal Evolution	Do leaders/key individuals stay within their issue areas or grow over time? What impact have they had in the issue areas they are involved in?	pos
	history of cooperation	In general, what is the history of intermunicipal cooperation in the region (on any issue)? Have there been many successes, small interlocal agreements etc?	pos

Table 3.3 Independent variables and expected effects



*Institutional Variables:*

*Power and functions of the mayor*

Numerous scholars have made the argument that the *power and functions of the mayor* may have an important effect on the prospects for cooperation and policy outcomes (Schneider and Teske, 1992, 1993; Clingermeyer and Feiock, 2001; Elkins, 1995; Reese and Rosenfeld, 2002). Typically, these analyses are couched in terms of the dichotomous distinction between mayor-council and “reformed” or city manager systems of local government. Here the argument is that directly elected mayors have a greater incentive than managers for political entrepreneurship. Others have argued that, free from the constraints of political strategizing, managers are more able to act more decisively for regional goals (Feiock, 2007; Miller, 2000; Kruegar and McGuire, 2005). The validity of this theory in other national contexts is explored elsewhere. However, the Canadian and German cases are both dominated by unreformed, or mayor-council, systems of government, and hence do not exhibit enough variation to explore this characterization of the mayoral system variable. There is, however, some variation in the formal *power* of the mayors within and between the systems. Where this dual formulation of the concept of political systems deals primarily with the incentives faced by political leaders, a more nuanced typology can be created to discover the power structures that political leaders face, particularly mayors.<sup>45</sup>

The relative power of a political leader can be characterized in several different ways. For the purposes of this project I use the approach of Heinelt and Hlepas (2006) – whose typology emerges from a combination of the work of Hesse and Sharpe (1991) and Mouritzen and Svara (2002) – with Wollmann’s (2004) work on German systems. The Heinelt/Hlepas typology of local systems of government combines both vertical and horizontal dimensions of local mayoral power. That is, they take into account the distribution of competencies between different levels of government (vertical) as well as relationships between the council, mayor, and administrative executive (horizontal). In their hybrid *POLLEADER* typology, they identify four different degrees of mayoral

---

<sup>45</sup> While most of this analysis focuses on the power of the mayor – the different formal structures of executive power also imply the roles that other political and bureaucratic actors may play, and their ability to shape local decisions.

strength from weakest to strongest: ceremonial, collegial, political, and executive types of mayor.

One of the drawbacks of the Heinelt/Hlepas classification system is that the scope of their analysis is primarily the national institutional scale. Therefore, they classify countries in terms of these different types rather than examining regional variations. To a large degree they are correct in finding little variation in these categories at the sub-national level. However, the German case is one in which some variation does occur. Wollmann (2004) elaborates the different historical traditions of urban leadership in the German context. He identifies four different regional variants in local leadership. While there has been a significant degree of convergence, three of these variants are still relevant – the South-German model (applied in the south), the North-German model (as adapted in the north), and the Hessisch model. In general, the South-German model corresponds to the executive type mayor and resembles a sort of local presidential system to the extent that the leader chairs the local council and its committees.

This model was then adopted by the Northern *Länder*. However, despite the near-universal adoption of the strong executive model, Wollmann notes a number of sources of variation in the regional application of this approach – particularly in the area of mayor-council relations. In particular, he argues that institutional and cultural factors have emerged to check the extremely powerful position of the mayor in the southern variant. In Berlin-Brandenburg, the office of the mayor has evolved to be an essentially non-partisan one, which encourages a politically moderate track. At the same time, in these contexts local councils have remained strong political actors despite the fusion of powers in the executive (Wollman, 2004: 161). Given informal institutions Bayern and Baden-Württemberg (the southern variant archetypes) may be closer in character to strong collective-type systems than executive mayors, whereas northern *Länder* have adopted the executive functions more clearly (including reinforcing these structures with partisan mayors).

The Hessisch variant is characteristic of the collegial (Heinelt/Hlepas) or a weak collective type (Mouritzen/Svara), where the mayor is *primus inter pares* and executive leadership rests primarily with an executive committee (*Magistrat*). There is very little variation in the Canadian context in terms of mayoral powers. Generally, Canadian

mayors are quite weak. However, given the introduction of new legislation in the city of Toronto some variation does currently exist on this dimensions between the two Canadian cases.

In this study, the actual role of the mayor in each issue-case is probed in more detail and conclusions are drawn relative to the effect of these different institutional structures on cooperation. For example, did local mayors take a leadership role in establishing cooperation? Did any oppose the cooperation? If so, to what extent did the powers that they had at their disposal lead to more or less intense cooperation? The general expectation is that the stronger the mayor the more intense cooperation may be. However, the opposite may also hold. Where strong mayors oppose cooperation, they may be able to leverage their powers to block or reduce the intensity of regional collaboration. As such, while the relationship is generally expected to be positive there is the potential for this variable to be indeterminate.

#### *Party politics*

*Party politics* is another institutional variable that may affect the intensity of regional economic development. The logic behind this argument is that political parties can create bridges between local councils by providing formal mechanisms through which local political officials can communicate across jurisdictional boundaries. As with the concept of strong mayors and cooperation, where a variety of different parties hold sway over local councils, the presence of formal political parties may instead create barriers to intense cooperation. Therefore, on balance this variable is thought to be positively related to cooperative intensity, though it may indeed be indeterminate. All of the cases in the German context have partisan local elections, while the majority of Canadian cases have non-partisan elections. The focus of the analysis is therefore the effect that political parties have on intermunicipal cooperation in the German context. Are they decisive conduits of information and consensus, or do they represent barriers to cooperation? Is there a significant partisan effect at all? While the method is somewhat crude, these results can be used as counterfactuals in the Canadian case to speculate as to whether partisan politics could potentially make cooperation more or less intense in these issue areas. This variable was explored through an interpretation of secondary sources such as

newspaper articles and academic papers on regional governance. These results were also triangulated with interview data in which subjects were asked what effect (if any) political parties had played in the establishment of regional cooperation.

*Local Autonomy I and II: functional responsibility and local discretion*

The impact that cooperation may have on local autonomy is another factor that may determine the intensity of collaboration. This can be measured in terms of the impacts on *functional responsibility* and *local discretion*.

Functional responsibility, or policy autonomy, refers to the extent of local government's authority over a wide variety of jurisdictions. Where local governments preside over a number of areas of jurisdiction or provide a wide variety of services, they can be said to exercise a relatively high degree of functional responsibility. This function is typically measured in terms of the ratio of all municipal expenditure to general government expenditure for international comparison. The proportion of money spent by each level of government is an indicator of the degree of responsibility each level holds for implementing policies. Nations like Germany tend to have relatively high measures of functional responsibility with 29% of all government expenditures attributed to the local level<sup>46</sup> (Vetter and Kersting, 2003: 24). Canada's functional responsibility is comparable at 29% (Statistics Canada, 2004)

While international comparisons of functional responsibility are certainly instructive, they offer very little insight into variations within systems. The impact of functional responsibility is assessed in each case by monitoring the attitudes of local officials to cooperation and establishing to what extent regional and local services/functions are duplicated or overlap. In some cases cooperation can be relatively intense, but some functions are duplicated at the local level. This type of duplication is an indication of a degree of mistrust or wariness towards the cooperative endeavour – a way of hedging bets and maintaining a certain amount of control over the issue area. This type of analysis can only be done at the case study scale as it requires a relatively deep investigation as to which functions are duplicated and why. This was determined through interviews in which subjects were asked whether any duplication of functions at the local

---

<sup>46</sup> This is just above the mean as calculated for 19 European countries in 1997.

level existed and to comment on why this was the case. Often in the course of the interview, subjects volunteered this information before the question was asked as part of their response to other related questions about the effectiveness of cooperation.

*Local discretion* captures the degree to which fiscal autonomy affects intermunicipal cooperation. This variable is subject to many of the same constraints as functional responsibility. It refers to the degree to which local councils have financial autonomy and is typically measured in terms of the ratio of exclusively local taxes, fees, and charges to total local income. Again, comparisons tend to be made between countries rather than within systems. In this instance, Germany has a relatively high degree of local discretion at 35%<sup>47</sup> (Vetter and Kersting, 2003: 25). By this measure, Canada also has a relatively high degree of local discretion at 17% (Statistics Canada, 2004). However, while this indicator captures the degree to which revenues are local – and hence the extent to which municipalities are ‘free’ from the interference of upper levels of government through tied-aid etc. – it doesn’t reflect the diversity of local income streams. This is less of a problem than it would seem as there is little within system variation in types of income. This analysis examines the degree to which fiscal considerations have affected decisions to cooperate. Particularly salient may be the degree to which municipalities are dependent on one income source and the elasticity of that revenue stream. This will often impact the degree of intermunicipal competition in a region, which is certainly an important consideration when it comes to regional collaboration. Absolute cost is definitely a factor, but so are the trade offs – particularly when investments exhibit high degrees of asset specificity.

#### *Pre-existing regional governance structures*

Existing *regional governance structures* may play an important role in determining the likelihood and intensity of regional collaborations. Where there are other regional structures in place, this may increase willingness to participate in collaborations and hence the intensity of cooperation. Furthermore, these structures may provide resources and frameworks around which new collaborations can organize themselves. Interestingly, regional governance structures often do not cover the entire functional region – where

---

<sup>47</sup> This is right at the mean in a N=18 European countries (1997)

this occurs the presence of these structures can either be positive (as they may reduce the number of actors) or negative (where they can work against collaborative solutions). It is therefore important to evaluate the history of regional structures and the degrees to which they directly and indirectly affect collaboration at the broader regional level. This was evaluated both through archival research into the history of pre-existing associations in relevant areas and through the comments of interviewees. Where preliminary research indicated that an organization spawned or preceded the partnership in question, interviewees were asked to elaborate on the effect of these organizations or structures on present day partnerships.

#### *Informal mechanisms*

*Informal mechanisms* can also help overcome formal institutional barriers to cooperation to create more intense outcomes. These informal institutions will likely vary significantly from region to region, and will only be obvious on close examination of the political processes and dynamics of the region. Informal institutions are partly incorporated into the quantitative study through Wollmann's classification of mayoral strength. However, there are numerous other mechanisms that may play a key role in overcoming barriers to cooperation. The detailed cases elaborate on relevant informal institutions at the local level that contribute (or detract from) the intensity of intermunicipal cooperation. Because of the wide variety of informal mechanisms and the degree to which they typically function to alter the outcomes within formal institutions, these informal factors are analyzed as necessary within the relevant variables.

#### *Power asymmetry*

*Power asymmetry* is another institutional factor that may play a role in determining intensity of cooperation between actors in a region. Where the asymmetry in power between actors is great, cooperation may be more difficult as weaker partners are reluctant to cede autonomy to stronger partners. However, where power asymmetry is great, the stronger partners may be able to pressure weaker partners to cooperate, or the incentive for weaker actors to collaborate may be greater as their resources may not be

able to sustain service delivery levels alone. As such, this variable is currently indeterminate.

Asymmetry can be assessed in two different ways – first, in terms of geographical size, and secondly, in terms of economic strength.<sup>48</sup> Geographical asymmetry is reflected in terms of population size and dispersion. City-regions with one densely populated urban centre are considered monocentric regions. Here the dispersion between central and outlying city populations is great. Polycentric urban regions are those where there are multiple nodes of population density and significant economic activity. In these regions, the distribution of regional power is more equal, and there is often no clear regional ‘core’ or ‘leader’. Both population and economic strength are indicators that will likely track together – but in some cases these values may have different effects, or operate in different directions. Certainly, formal measures are important determinants of power differentials; however, often *perceptions* of asymmetry are more important than the actual differences. These perceptions are often fuelled by historical patterns of relationships and development. Therefore, in the case studies the impact of attitudes towards power asymmetries and regional differences is assessed in more detail.

### *Episodic Variables*

#### *Government involvement*

*Government involvement* is the final institutional variable considered by this study. For the purposes of this project, *government involvement* is defined as involvement, whether passive (offers of funding) or active (membership or binding legislation), by upper levels of government. Where there is evidence of *government involvement*, one would expect cooperation to be relatively more intense than where there is none.

In addition to *government involvement* there are two other contextual variables that may play important role in determining if cooperation emerges at all, and, if so, in what form. Among these variables are the *economic health* of the region, which can also be characterized as the internal threats to the region, and the *economic competitiveness* of

---

<sup>48</sup> Institutional strength has been covered previously by institutional homogeneity, which consists of the variables of functional responsibility and local discretion.

the region, which reveals the extent to which the region is under threat from external sources.

### *Internal threats*

The economic health of a region can be assessed in a number of different ways – one method is to look at the unemployment rate of the region as a whole, another is to examine the GDP of the region. Both of these measures get at the issue of local prosperity in slightly different ways. Employment growth reflects the degree to which residents are able to find work and therefore support themselves within the regional economy. Furthermore, these data reflect longer term trends in the region. The ratio of regional domestic product (per capita) to national GDP (per capita) is a measure of the productivity of the regional economy. Where either of these values is negative, this can be construed as regional economic weakness and would represent a case where there are considerable *internal* threats to future prosperity. In such cases the incentives for regional actors to cooperate in order to counteract these indicators may be more intense.<sup>49</sup>

### *External threats*

External threats are evaluated in terms of relative rankings of the region on measures such as regional GDP. Where rankings have improved or been stable, the level of external threat to prosperity is fairly low. However, where rankings are persistently low relative to competitor city-regions in the country (and in some cases, continentally or globally), this may represent a threat sufficient enough to prompt collaborative action.

Both of these variables evaluate the extent to which internal and external threats to regional prosperity prompted intermunicipal cooperation on these issues by probing the motives of a variety of regional participants. In addition to using statistical data to establish the economic health of the region, in each case interviewees were asked to identify the factors that led to the establishment of partnerships in the region. These responses did not deviate from the patterns suggested by preliminary research, though several other relevant ‘threats’/catalysts were identified using this method.

---

<sup>49</sup> The effect of this variable will likely vary depending on the issue at hand. While cooperation for regional marketing, or investment in regional transportation may be increased by poor economic performance, this economic environment may dissuade investment in culture.



### *Civic capital variables*

While many of the above variables are likely to have important effects on intermunicipal cooperation for regional economic development, this project theorizes that civic capital carries the most explanatory weight. The specific variables under consideration are leadership, local institutional presence, networks and opportunities, cross-appointments and individual evolution, and path dependency in cooperation. These variables attempt to probe the different dimensions and manifestations of civic capital within economic regions.

*Leadership* is one of the aspects of civic capital that many other approaches to regional social networks tend to overlook. While civic capital networks can exist without overt or coordinated leadership, there is almost always a civic entrepreneur, or leading group, that leverages potentially passive networks into action. Leadership is exceptionally difficult to quantify, and therefore can only really be effectively explored in the detailed cases. In these cases, I ask whether there are key leaders in the region who have played instrumental roles in building coalitions of support for collaboration. These leaders can come from any segment of society and are typically visible (or at least highly cited) initiators. Occasionally, there are several local leaders willing to mobilize coalitions but are frustrated with a lack of network connections. This is often the case where there is high cooperation in one area of activity but not in others – where bridging networks are particularly weak (or non-existent). Therefore, it is important to assess leadership in the context of the other elements that make up civic capital. Leaders were identified in two ways. In the process of selecting initial interviewees for the project, key regional leaders were identified through document (newspaper and academic paper) searches and contacted. Also, during interviews respondents were asked to identify the most prominent leaders and were told that they could identify individuals, organizations, or municipalities.

*Local organizational presence* is a second dimension of civic capital that actually can be quantified to a certain extent. This variable gets at the diversity and strength of the presence of a variety of organizations in the region. These organizations are typically groups of firms, chambers of commerce and industry, unions, local and regional

authorities, central government agencies, development agencies, innovation centers, etc. (Cooke and Morgan, 1993). Where there are a wide variety of such organizations there is the potential for actors to make connections that both bond and bridge. However, diversity is important. Regions with very active private sector organizations, with few other prominent types of groups are not considered to rank highly in terms of this dimension of civic capital. Furthermore, for the purpose of bridging forums, high levels of interconnection between these groups is also paramount (and measured by the following variable). Organizational presence can be measured in terms of the number of organizations involved in economic development and regional governance. An interesting way to operationalize this variable is to look at the number of regional organizations listed in the “Links” or “Partners” section of regional economic development websites. In the case studies, the actual number of relevant institutions in the region can be assessed for each issue, and some conclusions can be drawn about first tier (highly involved), second tier (partially involved), and third tier (sectorally involved) organizations and their impacts on intermunicipal cooperation. More specifically, organizations were identified as follows: tier-one associations are regional in scope and have broad (that is, not sectorally specific) agendas. Tier-two associations are regional or local in scope and serve a specific (single) sector, issue, or membership. Tier-three groups are local and narrowly focused networks. During interviews with organizations respondents were also asked to identify those other associations and organizations with whom they partnered most frequently. This revealed both relevant organizations within the region at all tiers as well as the links between organizations.

As mentioned previously, the links between organizations are of primary importance to regions with high levels of civic capital. The presence and character of networks of interaction and opportunities for interaction are critical to understanding the dynamics that underpin civic capital. Most simply, this variable is measured in terms of the number of formal partnerships in the region (Coulson and Ferrario, 2007: 11).<sup>50</sup> This

---

<sup>50</sup> It should be noted that Coulson and Ferrario have a slightly ‘thicker’ take on measuring some of these dimensions. What they term ‘institutional thickness’ actually unites a variety of the indicators discussed here. However, their analysis of economic development activities in Birmingham orders these variables in a slightly different way not entirely useful for this project. Part of the problem is that some of their independent variables of institutional thickness are, in fact, dependent variables for the purpose of this

can be assessed in terms of a survey of the partners involved in each of the three issue areas and the number of organizations/members (other than municipal governments and representatives) that appear in more than one list. This measure is exceptionally crude; it does however provide some insight into the ‘thickness’, bridging and degree of overlap between networks. In particular, the impact of stronger or weaker networks can be determined, as well as the influence of the issue at stake in determining ‘thickness’ of participation. Furthermore, the detailed case can reveal the actual opportunities for the creation of strong and issue-spanning networks. What are the institutional factors that prevent or encourage this kind of bridging? For example, do regional governance structures or informal mechanisms file groups into silos or are there many opportunities for cross-involvement?

While the cross-involvement and networking of organizations are important, so are the opportunities for key individuals to participate in a variety of forums. One of the most effective ways to bridge issues and create stronger regional networks is through individuals, often civic entrepreneurs (but not necessarily). Where key individuals participate in several diverse organizations, more comprehensive regional visions may emerge, and more coordinated strategies may be constructed by virtue of this cross-interaction. One of the most telling indicators of this type of involvement is the cross-appointment of key individuals – whether as individual members, organization directors, or board members. Therefore, this variable is analyzed in terms of instances of *cross-appointment* on the boards or management structures of the organizations in the three issue areas (if there are any) are counted. Because these cross-appointed individuals may typically be classified as civic entrepreneurs or local leaders there may be a slight overlap in analysis from the leadership category.

Another dimension of this variable is something I term *personal evolution*. This gets at the extent to which these key individuals have expanded or extended their participation and therefore possess a wide variety of experience. Leaders may be cross-appointed in certain sectors – for instance, on boards of organizations and committees related to the arts – but not beyond. However, the argument is that the greater the number

---

project. However, for those interested in a deep approach to qualifying the concept of institutional thickness, this paper is exceptionally well thought out and informative.

of potential civic leaders with experience that bridges issues, the more likely regional and comprehensive visions will develop and be promulgated through these organizations. This dimension can only be captured in profiling the experiences of specific local leaders (if any) through secondary sources (such as newspaper profiles and biographies) and in direct discussion.

Finally, the *historical experience* of associative behaviour and cooperation in a region are also relevant indicators of civic capital. In regions where there have been long standing traditions of civic engagement and interaction, civic capital on any given issue, and in general, will likely be stronger. While this statement can be seen to lend itself to tautology, again it is important to recall that engagement and interaction are not necessarily cooperation. Cooperation is here defined as formalized interaction between individuals with a collective goal. However, civic capital is not so specific and can emerge as an unintended consequence of self-serving interactions. Engagement, from this perspective, is a more diffuse dimension than cooperation and captures the degree of *regionalism* exhibited in historical interactions. In this context, the indicator of historical experience is meant to capture not the specific causes of cooperation but as a gauge of regional support for collaborative projects. Where support and engagement have tended to be high, this may indicate that support for future projects, and more intensive forms of interaction, may also be strong. From this perspective it functions both as a measure of the historical 'stores' of civic capital as well as an indicator of future patterns. Where there is more historical experience, the more likely future cooperation will be established and, more importantly, *sustained*.

### **Field Research Methods**

This list of variables and their corresponding indicators makes no claims to be exhaustive but captures, to the best of my knowledge and ability, the key factors that may influence the intensity of intermunicipal cooperation for regional economic development. This list has evolved over time and through careful consideration of the availability of data and sources of variation. In the four cases, systematic comparisons are made using the parameters outlined in the variables section. A particular effort is made to ensure that these cases are analysed in as clear and systematic approach as possible to ensure

comparability and to produce conclusions that are as valid as can be expected despite the fact that they will be, by virtue of the number of cases, relatively tentative. These findings are ultimately compared in the concluding chapter, which summarizes the main patterns and conclusions of the project.

### *Data*

The data for the case studies are obtained from a series of 74 detailed interviews with municipal, regional, and *Lander*/provincial government officials, chairs of local and regional organizations, and members of the boards of special purpose bodies, conducted in each city between the summer of 2005 and winter of 2007. The exact number of interviews varied from case to case with the minimum of 17. The number of interviews per case breaks down as follows: Toronto: 21; Waterloo: 18; Frankfurt: 18; Rhein-Neckar: 17. In the case of Frankfurt and the Rhein-Neckar regions, a total of 2 interviews were conducted in which questions regarding both regions were addressed. For the purposes of totaling interviews, these sessions were counted in *both* the Frankfurt and Rhein-Neckar regions. This was either because the official being interviewed had relevant experience in both regions or the entity the individual represented covered territory in both regions.

The individuals interviewed represented the following sectors: former and current government officials (local, regional and provincial): 41; representatives of regional associations (including chambers of commerce, cooperative associations etc.): 26; members of the private sector (generally prominent leaders or participants in local government panels or programs): 4; and academics and journalists: 3. These are further broken down by region in Table 3.4.

*Table 3.4: Distribution of interviews conducted by region and position of interview subject*

	Frankfurt	Rhein-Neckar	Toronto	Waterloo	Total:
government official	9	11	12	9	41
association	7	5	8	6	26
private sector	0	0	1	3	4
academic/journalist	2	1	0	0	3
Total:	18	17	21	18	

Interviews are an effective way to explore the various facets of a regional issue. Yin (2003: 89) finds interviews to be one of the most important sources of case study information, with interviews assuming the form of ‘guided conversations rather than structured queries’. They are useful to the degree that, in many cases, they can reveal dimensions of behaviour and perspectives that are not obvious or reported in the public domain. These are particularly the case with respect to the conventions and norms of governing as well as the dynamics of governance of various associations and government departments. As such, interviews provide valuable ‘insider’ insight into the political dynamics of a region. They are also useful as the individuals are typically very experienced in this area and can provide technical or practical information (regarding a specific issue area and how it is governed, for instance) not obvious from the outside. Although interviews can be valuable tools in this project, the findings that emerged from them were, *where possible*, triangulated with external sources (i.e. verified with other interviewees or against secondary sources) to ensure accuracy. Very opinionated or inflammatory statements are not used here except to provide emphasis. In these cases, the fact that the stated view diverged from the norm is explicitly noted.

#### *Interview subject selection*

Interviewees were selected in each case using a *modified* snowball method (see Penrod *et al.*, 2003 for a discussion of chain referrals or snowballing methodologies). A preliminary list of approximately 10 interviewees was constructed in each case by using internet searches, institutional publications/official documents, and secondary literatures to construct profiles of the relevant partnerships and related organizations in the region from which key organizational (and external) actors were identified. The purpose of the profiles was more than simply to identify suitable actors for interview, as they provided substantial contextual information and formed the background for the interviews themselves.

The initial candidates were selected from the leadership of the cooperative association or arrangement in each of the three areas in each case and political actors mentioned repeatedly in journalistic sources covering the emergence of and debate surrounding cooperation and regional governance. In some instances these individuals

were members of the board of directors or association management; in others, they were the political or bureaucratic representatives of municipalities that filled leadership and management positions within the collaboration (for instance, where cooperation was *ad hoc* these were typically economic development officials). This initial list of potential interview subjects was specifically designed to balance out a variety of factors. For instance, government officials were selected from a variety of municipalities of different sizes and included officials from a range of partisan backgrounds. The selection of associational actors was inherently less biased as there were typically fewer individuals to choose from (i.e. there was only one executive director of the cultural association) and there were a limited number of relevant associations to consult (typically those in the three areas, where they existed, Chambers of Commerce, and other associations in those areas where the region was characterized by associational fragmentation).

Subsequent interview subjects were identified through discussions conducted in these initial interviews. The process used to elicit this information was followed precisely in each case. During the interviews, I asked who else in the region I should attempt to contact regarding intermunicipal cooperation for regional economic development and most candidates were very happy to provide a list. In all cases I asked for names of both individuals who would have similar views on the issues and those who may have different (or even opposite) points of view. Again, in most cases interviewees were able to name several on each side, and I followed up accordingly. The snowball method can be very effective, particularly in regions where it can be more difficult to make contact with high ranking officials because of language and credentials issues (such as Germany). Having an introduction from a previous interviewee was most helpful in securing interviews with some of the more interesting, but more difficult to reach, local officials. Therefore, this method enabled a high rate of positive responses to interview requests (only one in Germany was initially agreed to but eventually cancelled due to health issues).

#### *Managing the potential for bias*

A potential drawback of this method is that there are some inherent biases. People may be more inclined to recommend others that they know and not necessarily individuals that

are best placed to answer the questions of the project. This was not my experience in the slightest, as several people recommended individuals with whom they had had no prior contact. There are also biases in terms of viewpoint, which I tried to address in requesting names of candidate with differing views. Of course, views on every issue are not always known – but for the most part those who were singled out as having slightly different perspectives did indeed provide a different angle on the issue.

I also tried to counteract other sources of bias, such as visibility and size factors. Where possible I asked for names of individuals representing municipalities and groups of various sizes and from a wide variety of sectors (government, private sector, provincial level officials, smaller municipalities, etc.) so as to avoid dealing strictly with the most vocal and visible actors. Ideally I would have been able to speak with more individual in each region. However, time and resource constraints prevented further exploration, particularly in the German cases. That said, I am confident that the number of interviews conducted was sufficient to provide the basis from which the conclusions of this project are drawn. This is because, despite my efforts to interview individuals from a wide variety of backgrounds, municipalities, and opinion pools I often got quite repetitive answers to many key questions. This overlap in responses across a wide variety of actors is indicative that I had at least determined the boundaries of the opinions and perspectives in these regions. Furthermore, I have sent my empirical chapters to several interviewees in each region for comment and have not encountered any serious resistance to my conclusions. Finally, where possible I have sent the chapters to scholars working in this field both in the regions in question and in the area of intermunicipal cooperation in general for review, again with no appreciable objections (though some insightful comments).

These interviews are supported by a wide variety of secondary sources, many of which were obtained in the field. These secondary sources include government documents such as working papers, academic publications, promotional material from a variety of associations and agencies, and local newspaper articles. Statistical data, where used, were obtained from a variety of sources but most frequently local chambers of commerce, national and regional statistical agencies, and local governments. Where these figures are used, the specific source and dates covered are cited clearly.



### *Contacting potential subjects*

Each of the interviewees was initially contacted by email or phone. During the initial contact, the purpose of the study and informed consent were explained. Individuals were told about the nature of the project, how information gained during the interview would be used, and the procedures in place to guarantee their anonymity. They were also told that they could withdraw from the study at any time. At the time of the actual interview, informed consent was again explained. The interviews themselves lasted between 30 to 90 minutes (average was in the realm of 75 minutes) depending on the individual and the number of cases under discussion (i.e. Frankfurt and Rhein-Neckar cases were sometimes dealt with simultaneously). These interviews were semi-structured, open ended, with questions taken from an interview guide I had previously compiled – though the guide was almost never followed verbatim. The basic version of this guide is attached in the Appendix. The types of questions of asked in the process of the interview was also elaborated in the previous section on the definition of variables. In some cases interviewees requested a copy of the questions prior to the interview and in each instance I complied by sending them the relevant document.

### **Analysis and Documentation**

The combination of secondary sources research and field work produced a vast amount of data for analysis. The thesis is systematically organized by variable. For each case the effect of that variable is analyzed using a combination of interview responses and secondary sources. As outlined above, secondary sources informed the selection of interviewees and contributed to the initial construction of regional political histories and organizational profiles. While the interview guide itself was quite general, this information helped structure follow up and elaborating questions in each case. Interview responses were triangulated with this initial data or verified with other sources. Despite triangulation where quotes are used, it should be noted that these are not read as fact, but as the personal opinion of the interview subject. However, quotes were not used unless a similar idea had been expressed by at least two other interviewees. While the interviews did produce considerable anecdotal evidence, its use in the thesis proper is limited. This

is because this type of data proved difficult to verify and also frequently contained personal information that could identify the speaker that was difficult to obscure or omit.

With respect to documenting the interviews, Yin (2003) identifies the decision to record interviews (or not) as a matter of personal preference. All but one interview was digitally recorded. The decision not to record one of the interviews was to accommodate the preferences of one of the interview subjects. In all cases, detailed notes were taken during the interview and summarized then consolidated with additional comments and notes at the earliest opportunity after the interview. Detailed notes included the digital time stamp of when each question was discussed. Following the interviews, key points in the interviews flagged in these notes were revisited and transcribed. In the case of interviews conducted in German, the transcriptions, my translations, and the tape of the interview were verified and corrected by a native German speaker also fluent in English.

Decisions about which parts of the interviews were relevant and useful to the story in each case, what to use, and what not to include were all my own. These are necessarily subjective decisions and represent my interpretation of the data accumulated. Through the methods described in this chapter – rigorous research design, data triangulation, and secondary research – this study was conducted to present the most objective interpretation possible. However, the project does not make any claim to omniscience and should be read with this in mind.

In the four chapters that follow, each city-region is evaluated and compared using the methods and criteria elaborated here. The findings of the project are summarized in the final chapter.

## Chapter 4: Frankfurt Rhein Main

### *A Region in Search of an Identity*

The Frankfurt Rhein Main region is located in the heart of Germany and is an economic core region of both the nation and the European Monetary Union. It is Germany's second largest city-region, contains almost 5% of the German population, and produces 8.5% of national GDP (IHK Forum Rhein Main, 2007). It is one of Germany's most globally connected and internationally visible regions. However, perhaps surprisingly to outsiders, the cities and inhabitants of the region scarcely see themselves in such coherent terms. Of all of Germany's statistical *Europäische Metropolregionen* (EMR), it is the agglomeration that is most difficult to define, characterized as it is by little internal cohesion and a weak regional identity (Blatter, 2005; Hoyler *et al.*, 2006). Given that the region, according to most definitions, spans the most economically competitive part of the Hessen and municipalities in two other *Länder*,<sup>51</sup> this lack of cohesion is hardly surprising. This legacy of fragmentation stems from the combination of the current institutional structure with the unique geographical and historical configuration of the region, and the strong local identities that this created. Given its significantly divided past, it is not surprising that the region developed atomistically as it did. What is striking, however, is that as economic, political, logistical and social forces have increasingly provided incentives for the region to grow together, these attitudes have not been overcome as quickly, and intermunicipal cooperation has remained relatively weak.

The economic and political polycentricity of the Frankfurt region has indeed posed challenges in the establishment of collaboration between communities, but there are some indications that this trend of fragmentation and parochialism may be waning. Bottom-up initiatives for regional policy coordination and foresight have emerged from a variety of sectors since the mid-1990s. The most prominent examples of voluntary cooperation for regional economic development, promotion, and planning include the *Regionalkoferenz Rhein-Main* (an association of regional mayors convened by Frankfurt

---

<sup>51</sup> The most common (though debated) definition of the Frankfurt region provided both by interviewees and the BBR in its statistical definition of the Frankfurt EMR, is from Mainz (Rheinland-Pfalz) in the west to Aschaffenburg (Bayern) in the East, and from Gießen in the north to Darmstadt in the south.

mayor Petra Roth in 2000), *Wirtschaftsinitiative FrankfurtRheinMain*<sup>52</sup> (a regional promotion association), and *Regionalwerkstatt Frankfurt/Rhein-Main* (the most recent regional foresight exercise).

Figure 4.1: Map of the Rhein-Main Region



Source: KulturRegion Rhein-Main, 2008

Each of these has attempted to bring together a variety of relevant actors to both foster a sense of regional identity and formulate action plans for regional policy and promotion. None of them, save arguably the *Wirtschaftsinitiative*, has been successful in *sustaining* long-term or meaningful cooperation, particularly at the political level. One local official described these bottom-up regional organizations as ‘sporadic,’ stating that:

Every so often one [a new regional organization/conference] will emerge, there is a lot of excitement and then nothing ends up happening. Within a year a new forum starts up, with all the same people but with a different

<sup>52</sup> A private sector economic development association formed in 1996 to promote the region was merged with a similar organization founded in 2002 (*Metropolitana*) of which the *Wirtschaftsinitiative* was a member.

name and it happens all over again (confidential interview, translated from German, October 2006).

The inability, to date, to achieve significant political traction in these voluntary forums may be related to the fact that these efforts have consistently been overshadowed by political debates about regional governance and the recent reform of a number of collaborative institutions.

The topic of regional governance reform has been, until quite recently, a matter of constant discussion in political and public circles for at least three decades. These debates began in earnest in the early 1970s in response to increasing political inertia in the existing planning association for the core of the Frankfurt region - the *Regionale Planungsgemeinschaft Untermain* (Regional Planning Association for the Lower Main Region, RPU) (see Freund, 2003). Several proposals emerged to replace the RPU, including a two-tier or regional city model, or the establishment of an urban county model. Instead, a new mandatory multipurpose association – the *Umlandverband Frankfurt* (UVF) – was adopted in 1975 by *Land* legislation. The joint authority took control of land-use planning and land acquisition; traffic planning; coordination on technical planning in public transportation, energy provision, water supply, sewage treatment and refuse disposal; landscape planning; and the construction and management of regional recreation facilities on behalf of 43 communities representing 1.5 million inhabitants of the Frankfurt region. Almost immediately, the drawbacks of the UVF became apparent and the debates began anew.<sup>53</sup> While the UVF was relatively successful in several areas of regional jurisdiction, agreements were difficult to secure in others. Some successful areas of coordination were eventually truncated from the planning authority to operate independently (for example, the regional transportation authority in 1995). Areas of unsuccessful coordination were eventually eliminated from UVF

---

<sup>53</sup> The performance of the UVF varied significantly by area of jurisdiction. The UVF was considered relatively advanced for its time in securing agreements and eventually enacting an extensive land-use plan. This plan also included significant allowances for regional environmental protection. The UVF had less success in influencing traffic and roadway development because other actors controlled the majority of assets and infrastructure in this area. Waste removal and water governance caused the most strain between actors, and the fallout from this struggle eventually contributed to discussions of institutional reform. As a result of these tensions, primarily between the city of Frankfurt and its neighbors many of UVFs functions were stripped away, eventually resulting in the dissolution of the association in 2001 (see Freund, 2003; UVF, 1994).

jurisdiction also, leading to the slow but eventual dissolution of the body in 2001. Again, despite the vocal opposition of the cities in the region and a variety of alternate proposals, the Hessische government invoked legislation to replace the UVF with a single purpose planning body – the *Planungsverband Ballungsraum Frankfurt/RheinMain*. The remaining competencies of the UVF are assigned by *Land* legislation to voluntary and similarly single-purpose intermunicipal associations, typically in the form of limited liability companies (GmbH).<sup>54</sup>

The introduction of the *Planungsverband* had a variety of effects on intermunicipal cooperation in general. On the political side, it changed the institutional landscape within which municipalities were situated and served to reinforce some critical divisions between actors in the region. From the perspective of associational governance, the imposition of this new legislation overshadowed and eventually stalled much of the progress that had been made in the voluntary regional initiatives established in the late 1990s. Finally, the legislation had a direct impact on intermunicipal cooperation by requiring the establishment of voluntary special purpose associations in a variety of areas including regional marketing and culture.<sup>55</sup>

One of the common critiques of all three waves of governance reform in the Rhein Main region is that the boundaries of the political institutions did not incorporate the entire economic agglomeration. The current planning region governed by the *Planungsverband* includes only 75 of the 445 communities in the statistically defined EMR, nearly double the number governed by the UVF that preceded it. While the extension of the planning region to cover the entire economic region may not have been desirable or feasible, the choice of boundaries exacerbated regional divisions and antagonisms. Polycentric regions are typically those that have multiple nodes, of comparable size and influence, of economic activity and settlement. While in the Rhein

---

<sup>54</sup> Mandated voluntary cooperation may seem a contradiction in terms. However, the terms of the *Ballungsraumgesetz* (regional legislation) dictate that the member municipalities of the *Ballungsraum* cooperate in the areas of regional marketing, waste, water treatment, regional parks, leisure, culture, and traffic management (BallrG §1). The actual form and institutional structure of this cooperation are left to the members to work out amongst themselves. The only stipulation is that, if within a given time frame cooperation has not emerged, a structure will be imposed by the *Land* government. To date cooperation has been established in most of these areas – the most recent and controversial has been in the area of culture.

<sup>55</sup> Regional transportation is governed by separate legislation passed in 1995 with the establishment of the RMV. This will be discussed in more detail in the following section.

Main region Frankfurt clearly dominates as the iconic and economically powerful central city, a good deal of political power is divided amongst the other competing nodes. Wiesbaden, the next largest city in the region, is the *Land* capital, and therefore enjoys a degree of influence on state legislation. Darmstadt is the seat of the *Regierungsprasidium*, the state-led regional planning authority for the southern part of Hessen. Mainz is the *Land* capital of Rheinland-Pfalz. This political fragmentation is not, in itself, necessarily damaging to the prospects of intermunicipal cooperation in the region. Certainly, as a result of their unique political status each of these municipalities may have a slightly stronger bargaining position relative to the strong central city than otherwise would be the case. However, what is most significant is that all three of these competing nodes are exempted from the *Planungsverband* and the legislation that was imposed to govern it. Rather than bring the most populous and powerful cities together, the boundaries of the planning region have reinforced already fragmentary political tensions. It has been suggested (Freund, 2003; confidential interviews Oct-Nov, 2006) that the *Land* government, wary of creating a strong regional government and potential rival in the south of Hessen, designed these new associations to perpetuate this environment of fragmentation.<sup>56</sup> However delicious the theory, there is no direct evidence that this was even a secondary intention of the legislation. It was the opposition of Wiesbaden and Darmstadt that led to their exclusion from the planning authority.

The political disruption caused by the debates leading up to and the implementation of the *Ballungsraumgesetz* also had an effect on the voluntary initiatives emerging from the private and municipal sectors. The effect of changing political structures meant that much of the political traction that had been gained for the regional project shifted focus to oppose, leverage, or compete against the new institutions. Certainly the introduction of new legislation did not lead directly to the failure (or perhaps, lack of success) of the voluntary initiatives in establishing stable and formal regional partnerships. But it may have played a role in temporarily undermining the political will to engage in broad-based discussions regarding the future of the region. A prime example of this is the state of the *Regionalkonferenz* initiated by the conservative

---

<sup>56</sup> This is an interesting parallel to the case of amalgamation in Toronto where newly imposed institutions did not expand the region – ostensibly to placate suburban voters, but potentially also to avoid the creation of a mega-region with political power to rival that of the province.

mayor of the City of Frankfurt in 2000. This meeting was established in parallel to negotiations about regional reform in the state legislature and was conceived as a rival political framework for intermunicipal cooperation. This forum was conceived as a regular meeting of directly elected mayors (and their equivalents) from communities of the EMR – therefore, its scope extended far beyond the boundaries of Frankfurt’s planning region. Its purpose was to stimulate discussion and consultation on common issues in the areas of economic development, culture, tourism, and transportation. While the initiative seemed a promising start to genuine and multi-issue intermunicipal cooperation, it was soon scaled back as yet another forum incapable of overcoming political dissent and competition between the member municipalities (Blatter, 2005; Falger, 2001). The conference was set up as a parallel, competing, and indeed more comprehensive, institution to the *Planungsverband* model of regional governance. But as political actors accepted the new institutional framework and began to work within it, the ground for opposition and incentives to continue attempting to cooperate on such a large scale have diminished.

The most significant impact of the *Ballungsraumgesetz* on intermunicipal cooperation in the Rhein Main region is the clause (BallrG, 2000: §1-3) that mandates the creation of voluntary special purpose bodies in several of the domains previously governed by the UVF. According to the legislation the form, scope, capacities, financing, and the distribution of costs and benefits of these associations are left to the membership to decide. All that was required was that some legal form of intermunicipal cooperation comprising the members of the *Ballungsraum* be established, within fourteen months, in the areas specified. Other than the fact that the legislation forces municipalities to cooperate with one another actually, it left quite a bit of leeway for actors in the region to choose how intensely to cooperate by leaving institutional forms unspecified.<sup>57</sup> Similarly, while the municipalities within the *Ballungsraum* have little choice but to work together, the legislation is permissive enough to allow these associations to solicit partnership with municipalities from the broader economic region as well. The result is that each special

---

<sup>57</sup> Had more of these open factors been legislated, this region would be a poor example of voluntary intermunicipal cooperation. However, since these issues were left to the member municipalities to negotiate and decide on their own, one can argue that, while the choice to cooperate was not strictly voluntary, the choice of partners, institutional format, etc. – *cooperative intensity* – was voluntarily and collectively decided.



purpose association in the region has a slightly different institutional structure, membership and scope.

It is against this institutional and historical backdrop that intermunicipal cooperation in the areas of regional marketing, culture, and transportation has evolved. The former two emerged relatively recently under the aegis of the *Ballungsraumgesetz*, while the regional transportation association developed parallel to, but independently from, the UVF. All three associations are closely controlled by local political interests, and are, therefore, examples of a relatively low intensity of regional cooperation. Cooperation in this region is heavily circumscribed by the institutional structures and historical and geographical divisions. Relatively low levels of civic capital are one explanation as to why more intense and broader regional cooperation has not yet emerged in Rhein Main. However, there are indications that, while still weak, civic capital is beginning to strengthen and may in fact emerge from more intense interaction between voluntary organizations. The following section details the structures, origins, and intensities of regional cooperation in each of the three areas. Then each instance of intermunicipal cooperation is assessed in terms of the independent variables discussed in the previous chapter.

### ***Cooperation and Intensity***

Each of the three cooperative associations under examination here has a slightly different institutional structure, membership, and cooperative intensity. Of the three, the regional marketing association is (only marginally) the most intense form.

- FrankfurtRheinMain GmbH – International Marketing of the Region

This international marketing alliance was founded in March 2005 as a partnership between 22 towns, districts, and communities within, and extending slightly beyond the boundaries of the *Ballungsraum*.<sup>58</sup> Members include the cities of Frankfurt am Main, Offenbach, Wiesbaden, and Darmstadt; the six counties that make up the *Ballungsraum*; Rheingau-Taunus and Limburg-Weilburg counties and their largest cities; and a number

---

<sup>58</sup> These 22 communities/counties represent all 75 municipalities within the *Ballungsraum* as well as extending to include Wiesbaden and the municipalities in Rheingau-Taunus Kreis (17) and Landkreis Limburg-Weilburg (19). This produces a participation coefficient of 113/445, or 0.25.

of associational partners including the Frankfurt economic development association, the *Planungsverband*, the regional forum of chambers of industry and commerce, the economic development association of the Starkenburg region, and the *Wirtschaftsinitiative FrankfurtRheinMain GmbH*, and *Hessenagentur GmbH*.

Each of the members is a shareholder in the firm and contributes a proportional share of the total annual budget.<sup>59</sup> The central city of Frankfurt am Main holds the most shares with 39.5%. The next largest shareholder is the *Land* marketing agency *Hessenagentur GmbH* with 10%. A small proportion of non-governmental associations are represented as shareholders and on the governing board of the organization that is otherwise entirely comprised of public sector actors. As a result, *FrankfurtRheinMain GmbH* is an example of an institutionalized public majority institutional structure, and cooperative intensity is therefore moderate.

The actions of partner municipalities, however, indicate a relatively weak cooperative commitment to the association. Many of the municipal actors still maintain their own economic development and marketing offices. As a result there is still a degree of competitiveness between municipalities within the region as to where potential leads generated by the regional association should be situated. One regional actor remarked:

They [the municipalities] understand that it would be better not to duplicate [regional associations] – but finally when it comes to opera, or other questions or a visit in Shanghai, they say, ok, even if you do it on [*sic*] the Frankfurt Rhein Main GmbH, we will also do it on our own [ ... ] although the city of Frankfurt has participation in the Frankfurt Rhein Main GmbH (at 40%) they do their own business (confidential interview, November 2006).

The duplication of promotional functions is not limited to the city of Frankfurt. Some of the smaller cities in the region that have been compelled by the legislation to cooperate for regional marketing also duplicate some functions. Several observers noted that several smaller municipal actors were quite wary of the collaboration. One interviewee argued that: “They [smaller cities/communities] were quite suspicious [..] and wondered, ‘will they [FRM GmbH] work for me?’” (confidential interview, January 2007). It is still very early in the life of this association and many of the actors involved

---

<sup>59</sup> The first budget in 2005 was €2.25 million with yearly increases to a high of €4 million in 2007.

in the process are withholding judgement regarding the success of the marketing association until some results have been produced.<sup>60</sup> Attitudes regarding the potential of the association varied throughout the region, but most actors – particularly economic development officials – were cautiously optimistic about prospects for the future despite the potential for central city/ edge city conflict that linger not far from the surface.

Despite some initial opposition to the partnership (FAZ 10.05.2005), there is some indication that the political will to engage in this collaboration is shifting in a positive direction. The city of Darmstadt only recently announced its intention to join the association by acquiring a 2% share (FAZ 21.05.2007: 51). However, six months later Darmstadt's membership has yet to be formally declared.<sup>61</sup> Regardless, it is a testament to the power of the regional marketing idea, as well as, arguably, the leadership of the association, that FrankfurtRheinMain GmbH has been able to engage new and formerly hostile partners in the collaboration. This is also perhaps an indication that cooperation may yet intensify as relations between municipalities stabilize under the new institutional structures. Taken together this association has a cooperative intensity as measured by the factors outlined in the previous chapter of 4.25.

- Kulturregion Frankfurt RheinMain GmbH

This association is the most recent attempt at collaboration in the area of regional culture. Like FrankfurtRheinMain GmbH, this association was created as the direct result of the *Ballungsraumgesetz* legislation. The aim of the organization is to create an intermunicipal network to promote the great variety of cultural events and offers in the region. The Kulturregion was one of the most difficult of the mandated organizations to establish, and, as a result, cooperation is relatively weak. However, as with regional marketing, there are some early indications that cooperation may intensify, at least in terms of the participation coefficient.

---

<sup>60</sup> At the time that most of these interviews were performed (Oct 06 – Feb 07), the firm had been in existence for a little over a year. Most of the first year was spent in strategizing target markets and producing promotional materials to support their activities abroad.

<sup>61</sup> The reason for this is not obvious. However, it may have something to do with negotiating how shares will be shifted between shareholders to accommodate expansion.

Currently, the organization consists of 22 members representing the municipalities of the *Ballungsraum*, plus the cities of Mainz and Darmstadt.<sup>62</sup> Significantly, Wiesbaden, the *Land* capital, is not a participant in this collaboration.<sup>63</sup> The board of this association consists entirely of public sector representatives. Therefore the combined structural and participation values return a cooperative intensity of 2.17.

The establishment of the Kulturregion was fraught with difficulties from the start, as a result of a conflict that erupted between the cities of the region and the *Land* government over the interpretation of the *Ballungsraumgesetz*. The first proposal for the form and scope of the Kulturregion emerged from the arts and culture working group of the *Regionalkonferenz*. The elected leaders from around the region agreed through Roth's forum that a well supported arts and cultural scene is vital to sustaining the vibrancy and attractiveness of the region. Eighteen cities and counties, led by the mayor of Bad Homburg, agreed to network their cultural institutions and to establish and fund regional cultural projects jointly. Prior to the emergence of this consensus in 2005, cultural cooperation had existed between many of the major cities in the region in a largely *ad hoc* and project-specific capacity. Several major projects, including the *Route der Industriekultur RheinMain* (Route of Rhein Main Industrial Culture) and *Garten RheinMain*, both linking notable historical and cultural sites across the region, were considered an enormous success.<sup>64</sup> The eventual establishment of the *Kulturregion GmbH*, which was meant to act as an umbrella organization for these projects, was built on the foundation of these early successes and included many of the same members. The new cultural collaboration was strongly led and supported by the political leaders and communities from both within and outside of the *Ballungsraum*. The expectation was that this cultural GmbH would fulfill the requirement set out by *Land* legislation to establish cooperation in this thematic area. However, even as municipal support for the project was growing, the Minister President of Hessen began to undermine the process.

---

<sup>62</sup> Or a participation coefficient of 0.17.

<sup>63</sup> The reasons for this omission are discussed in more detail below.

<sup>64</sup> These projects involved coordinating signage, printing promotional material, maintaining information on websites, and planning occasional regional events. In other words, the cost of coordination between municipalities was relatively low. However, it is significant, that these 'easy' projects led to a more formalized collaboration later on.

Roland Koch (CDU), Minister President of Hessen and architect of the *Ballungsraumgesetz*, argued that the *Kulturregion GmbH* did not go far enough in the fulfillment of the requirements of the legislation. According to Koch, the legislation states that cooperation was mandated on the construction, operation, maintenance, and support of cultural institutions of regional importance, but that this means more than merely financing regional projects (FAZ 17.05.2005). Koch then threatened to establish a mandatory association in which the surrounding municipalities (*Umland*) would be required to subsidize cultural institutions located in Frankfurt.<sup>65</sup> This move was followed by extremely vocal opposition from the municipalities, the opposition in the *Land* legislation, and very nearly caused a schism within Koch's own party (see FAZ 23.09.2005). Eventually, the *Kulturregion* was expanded to include all the members of the *Ballungsraum* but maintained its relatively benign role as a mechanism for policy, but not financial, coordination. In its current form, the partnership is very well supported by all the actors involved.

The case of cultural cooperation in the Rhein Main region is an example of the power of voluntary bodies to organize successfully and mobilize significant opposition against the policies of upper levels of government. From another perspective, this case also demonstrates how difficult regional financial coordination can be – especially in an institutional context where municipalities are accorded significant power of ‘self government’. Cooperation in this area emerged in a very weak form and was extremely resistant to attempts to deepen and intensify the partnership.

- *Rhein Main Verkehrsverbund (RMV)*

The *Rhein Main Verkehrsverbund (RMV)* is one of the longest running and most intense examples of regional cooperation in the Rhein Main area and the largest integrated

---

<sup>65</sup> One of the main reasons Koch wanted to establish this more encompassing and financial association in the realm of regional culture was as a way to finance Frankfurt's cultural institutions. The *Land* government funds institutions in all the other cities in the region except Frankfurt, which is left to finance all of its facilities through a share of profit taxes and entry fees. Koch's experts argued that, since two thirds of visitors to these facilities came from the surrounding areas or outside of the region, the costs should be more equitably distributed amongst the regional municipalities. The argument is that these institutions are regional ‘treasures’ and considerable assets to the economies of all the surrounding communities, and should therefore be supported by the region. The state government offered no money in this ‘equalization’ scheme.

transportation network in Europe. It emerged in the mid-1990s out of the preceding regional transportation authority, the *Frankfurter Verkehrsverbund* (FVV). This initial partnership was established in 1973 between the Federal Republic of Germany, the State of Hesse, and the City of Frankfurt and German Rail. In 1995 the RMV replaced the FVV as the regional transportation authority, greatly expanding the territorial scope of the service. Currently, the RMV provides transportation services to 289 cities and communities including several cities outside of the *Land Hessen* (RMV, 2008).

Like the preceding organization, long-term decision making in the RMV is dominated by a board entirely comprising public representatives. Unlike these other cases, however, the institutional structure of the regional transportation authority is governed by European Commission legislation that restricts board membership. This legislation requires a strict separation of clients (local authorities) and service providers (transportation companies). The result is an extremely decentralized and multi-tier institutional structure with decision making spread across three levels of management and a clear separation of planning, management, and operations. The political level consists of the state and local authorities, who make fundamental strategic decisions and set policy parameters. The management level of the RMV is responsible for network and service planning, marketing and public relations, procurement of transport services, supervision of performance, as well as accounting and financing. The provision of local public transport services is the responsibility of (communal) transport undertakings (at present 130) on a contractual basis. As a result, the RMV scores a cooperative intensity of 3.65 based on its structure and the number of participant municipalities.

Significantly, the RMV has an extensive network of partnerships with transportation systems beyond Hessian boundaries – mainly to coordinate services at key transit points. There has been very little political conflict in the establishment and extension of the RMV services. This lack of conflict may be related to the role of senior levels of government in regulating and in the early organization of infrastructure.

### ***Intermunicipal Cooperation in the Rhein Main Region***

A close examination of the three associations in the Rhein Main region reveals that each of the environmental factors has played a role in determining the intensity of cooperation.

However, of these factors regional governance, power asymmetry, and *government involvement* have all had significant effects. Interestingly, most of these variables have tended to have a negative impact on cooperation – either by exacerbating historical tensions or directly contributing to distrust within partnerships. This section evaluates the effects of each of the independent variables on cooperation in the region.

### *Density*

The Frankfurt region is relatively dense, with 445 local governments of various types (counties, towns, urban counties, independent cities, etc.). Where Olson (1965) would argue that region-wide cooperation in a group of this size is, *ceteris paribus*, unfeasible, limited cooperation has nevertheless emerged in all three areas. Practically speaking, cooperation has been possible because the number of actors in the region has been reduced by engaging county-level governments, rather than individual rural community governments, in negotiations. This delegated proxy means that, while a great number of communities participate in partnerships, their interests are aggregated such that fewer actors need to reach consensus for collective action. No interviewee cited the number of actors as a barrier to cooperation. So, Olson holds – to a degree.

It is significant, however, that in all three partnerships, some communities that are also represented by their county governments have chosen to participate independently – and to purchase the shares necessary to do so. Typically, these are the largest communities within otherwise rural counties. Predictably, the reasons given for this independent participation are that, on these issues, the county government does not represent the interests of the more urbanized communities (confidential interview, November 2006). Also, independent participants have tended to be communities that have been similarly engaged in other forums. The mayor of Bad Homburg (Hochtaunus county), for example, led the regional culture working group in the *Regionalkonferenz* and was instrumental in bringing together the members of the *Kulturregion GmbH*. It was therefore natural that this community would participate independently in the partnership.

On balance, while the region has a relatively high density of local governments, the impacts of this large group size have tended to be neutral as a result of the intervention of county governments. The consensus among local policy makers is that it

is the *character* rather than the absolute number of actors that has had a greater impact on the collaborative process. That is, the classification of actors as ‘city’, ‘suburban’ or ‘rural’<sup>66</sup> appeared to have more bearing on cooperation than the number of actors labelled as such.

Regardless of the intervention of county governments, the degree of participation in all but the transportation partnership represents only a small fraction of the statistical region. This is due in part to the scope of the legislation that mandated cooperation in marketing and culture – it was only imposed on the municipalities in the *Ballungsraum* (though others could join in) – and therefore the participation of cities outside of those boundaries has been limited. Another factor that explains the small participation coefficients is this issue of character of the communities. The relationship between the city of Frankfurt and the rest of the region has tended to be conflictual and competitive. The *Stadt/Umland* (city/region) divide remains politically significant, particularly on these two issues (marketing and culture) where smaller communities outside of the *Ballungsraum* are unlikely to benefit to a large degree from cooperation. But, again, this is much more an issue related to the character of these communities than to the density of the local governments in the area.

### *Regional Governance*

The history of regional governance in the Frankfurt region has definitely affected the intensity of cooperation in the three associations examined here. However, this has not occurred in the way initially hypothesized. Logically speaking, the existence of a regional tier of governance could encourage cooperation and greater intensity in partnerships in two ways: by reducing the number of actors (such that the regional level participates on behalf of its constituent municipalities), and by providing formal institutions through which member municipalities can communicate and negotiate, which may lead to more intense partnerships within that regional structure and encourage outside municipalities to join in. As it happens, neither of these has been a factor in the Rhein Main region. Rather, the opposite has been true. Regional governance has tended

---

<sup>66</sup> Or the City of Frankfurt vs. everyone else...



to be, if anything, a barrier to cooperation to the extent that it has tended to reinforce and formalize the divisions between city, suburban and rural communities.

This has been especially evident in the formation of the marketing and cultural associations. Neither initiative formally predates the establishment of the *Planungsverband* by state fiat in 2001.<sup>67</sup> In both cases, it has been difficult to secure the participation of municipalities beyond the boundaries of the *Ballungsraum*. One of issues identified by several suburban and rural communities that remains an important barrier to cooperation relates to the balance of power between city and suburb/rural community. Rural and less urbanized communities often fail to see the benefit of cooperation and are extremely wary that their interests will be subsumed by those of the central city/cities. With the expansion of regional governance under the *Ballungsraumgesetz*, this concern has intensified as the previously divided central cities have been united in the *Planungsverband* and can potentially better coordinate their efforts through its structures (confidential interview, October 2006).

This is an excellent example of how perceptions of power relations often affect the potential for cooperation more than the reality. For instance, while the *Planungsverband* does provide an institutional mechanism for political coordination in the *Ballungsraum*, the extent to which it has been effective is highly questionable. Part of this problem has to do with the design of the institutions in place. The *Ballungsraumgesetz* consists of three pillars of regional governance: the *Planungsverband* (planning association), the *Rat der Region* (regional council), and the *Zweckverbände* (special purpose bodies – including the regional marketing and cultural associations). The planning association consists of directly elected representatives from each community in the *Ballungsraum* and has the very limited mandate to coordinate planning in the region.<sup>68</sup> The regional council, by contrast, is made up of representative of the cities and urban counties and other communities in the region. These representatives are indirectly elected by their local parliaments and/or hold their posts by

---

<sup>67</sup> The only other regional cultural initiative that preceded the *Kulturregion Frankfurt RheinMain GmbH* was the *Kulturinitiative Rhein-Main* that united the cities of Frankfurt, Darmstadt, and Wiesbaden (the three largest in the region) to promote cultural events in these three cities. Darmstadt and Wiesbaden both initially declined to participate in the *Kulturregion Frankfurt RheinMain GmbH*.

<sup>68</sup> The balance of power within this association is unequal by design – the city of Frankfurt controls 12 of 93 votes, Offenbach has 4, etc. (see Freund, 2003: 127).

virtue of their position as mayor.<sup>69</sup> This council is a steering committee charged with determining the principles of managing common assignments for all local authorities (in the planning region) and handles extra-regional diplomacy and coordination.

While this structure may seem an effective one with which to construct a coordinated regional vision, it has proven to be highly conflictual and disconnected. Part of the problem stems from the fact that different parties have tended to hold majorities in the planning association and the regional council. As a result coordination has proven to be difficult. In addition, where the planning association gives proportionally more votes (and, by consequence, power) to the central city of Frankfurt, the balance between central urban, suburban, and rural municipalities in the regional council is far more evenly distributed. In this context, the *Umland* municipalities outnumber the central cities, which can cause further fragmentation within the council (Blatter, 2005; Falger, 2001).

Also significant is that the *Planungsverband* participates in partnerships separately from the municipal actors that constitute its members. This is partly a result of its limited mandate – it speaks only for planning issues – but also a function of the fact that municipal officials will not allow the body to speak for them in these forums. By consequence, the potential coordinative function of the regional council or of the planning council is of no bearing on the intensity of cooperation, and may in fact hinder efforts towards further integration since it provides such a poor example.

In the regional transportation authority, overarching governance structures similarly had little bearing on the construction and intensities of cooperation. While the UVF existed concurrently with the original FVV, they both developed independently. As with the FVV, the RMV has also been established quite independently from existing regional governance structures. Interestingly, the *Planungsverband* is not a partner in the transportation collaboration – land-use and regional transportation planning is developed separately. Also notable is that, while the UVF and regional council/planning association have faced a wide range of criticisms regarding their effectiveness, the FVV/RMV has been regarded as a highly successful and functional partnership. This suggests that the

---

<sup>69</sup> There are two representatives for each town that consists of an administrative district in its own right (*Kreisfreie Stadt*); two for each municipal unit with at least 50,000 inhabitants; three representatives per county district; mayors and heads of county councils are members due to their leadership position; and the chair is elected from within the membership.

political issues that plagued other regional planning structures have not affected the transportation association, and that, as a result, regional governance has not been a decisive influence in either direction in transportation.

### *Mayoral System*

The impact that the mayoral system has on intensities of cooperation for regional economic development will vary from context to context. Essentially, this variable explores the impact of strong leadership (or lack thereof) on the intensity of cooperation. From a theoretical point of view, this variable is indeterminate. Strong mayoral systems may empower the executive to join networks and follow through on collective agreements. However, a strong executive may also act to block regional cooperation. The Rhein Main case provides examples of both of these types of effects. In the cultural and marketing associations, the presence of strong mayors has blocked the participation of several key cities. Regional transportation, by contrast, has been largely depoliticized and, because it was originally joint initiative led by *Land* and national actors and legislation, there was little opportunity or incentive for local mayors to lead or oppose the partnership. Finally, the presence of strong mayoral leadership has made an impact on regional cooperation outside of these three cases. The case of the *Regionalkonferenz* is an example of how mayors have been able to come together to deal with common problems. However, although their efforts have resulted in some form of cooperation, the close involvement of mayors in this forum may also be preventing cooperation from becoming more intense from an institutional perspective.

The mayoral system in most of the Rhein Main region<sup>70</sup> provides for a constrained strong mayor. Wollman (2004) classifies Hessen as having a modified collegial system, whereby a directly elected mayor has been grafted onto the traditional magisterial statute. As a result, the mayor presides as the chair of an executive committee appointed by the council with membership proportional to the party strength in council. The terms of office vary for the mayor (six years) and the executive committee (eight years). Furthermore, the mayor can be overruled by a majority vote of the committee.

---

<sup>70</sup> Recall that the region spans several *Länder* each with slightly different mayoral systems (see Wollman, 2004). On balance, the Hessische mayoral system is the weakest as it embodies a strong collegial mayor system.

This can be particularly problematic as, because the mayor is directly elected, he or she may head an executive committee with a hostile majority.

One of the main reasons for the lack of involvement of Darmstadt (initially) and Wiesbaden in both the marketing and cultural associations was the opposition of their respective mayors. The specific reasons given for lack of participation by these two cities vary. For Darmstadt, the most common reasons given for non-participation in both cultural and marketing associations are a history of antagonistic relations, particularly with the city of Frankfurt, and the personality of the mayor (confidential interviews, November 2006). The view of some mayors outside of Frankfurt is that their primary purpose is to represent the interests of their constituents, and that partnership with the central city is antithetical to this goal (confidential interview, January 2007). For instance, there is a perception that any partnership with Frankfurt will end up with the central city dominating the rest of the participants. As one *Land* official noted:

This is one of the most important problems for Wiesbaden. Wiesbaden is a very strong city, it is the capital of Hessen, but in a union with Frankfurt Wiesbaden is very small – 250,000 inhabitants here and 660,000 in Frankfurt. Frankfurt has a very strong economy compared to Wiesbaden and they didn't want to give up the control to Frankfurt. Any town which is in the area of Frankfurt gets dominated by Frankfurt at the end. And Wiesbaden said that they would rather pay for themselves (confidential interview, February 2007).

So a perception that there would be a significant loss of control through collaboration with the central city is an important part of the story of intermunicipal cooperation in the region – particularly when it comes to cooperation between mayors.<sup>71</sup> Wiesbaden's government took a similar view – in this case its objections additionally revolved around the choice of the designations for these organizations. Wiesbaden refused to participate in an association with the name of Frankfurt prominently displayed in the title, preferring the more general Rhein Main label.<sup>72</sup> This parochialism can evidently be overcome as Darmstadt has become much more engaged in the Frankfurt Rhein Main region by

---

<sup>71</sup> This perception stems, as one official contended, from the fact that the city of Frankfurt has tended to be fairly aggressive towards its surrounding municipalities – partly through annexation and partly through other bullying tactics.

<sup>72</sup> This despite the fact that studies have shown that the brand recognition of “Rhein Main” outside of Germany falls far behind recognition of “Frankfurt” (Frankfurter Rundschau, 19.03.2004).

announcing its intention to join both the cultural and marketing associations. This change in policy follows a change of leadership (but not political party<sup>73</sup>) in the Darmstadt mayor's office. The new mayor, Walter Hoffman (SPD), has a fundamentally different approach to governing Darmstadt in the context of the Frankfurt region and is committed to regional engagement and action. Finally, it has been suggested that the orientation of mayors towards cooperative strategies is linked to election cycles. For instance, the mayors of Hanau and Offenbach both initially opposed participation in the *Kulturregion* but were also engaged in municipal elections at the time. Both subsequently became members after the elections were decided. This suggests that the mayor holds a good deal of power to determine the engagement strategies of the region and that, where parochial attitudes prevail, or where opposition is perceived as a source of political power, these powers can be a barrier to regional cooperation.

An instance where the powers of the mayors in the Rhein Main region have led to broad-based cooperation is in the *Regionalkonferenz*. This forum was organized by the mayor of Frankfurt, Petra Roth, and its membership consists of the political leaders of each of the municipalities and counties within the Rhein Main region. These leaders meet formally at least once a year to coordinate strategies on a variety of regional issues. Several initiatives, including the *Kulturregion Frankfurt RheinMain GmbH*, have emerged from this forum by virtue of the fact that the participants (political leaders) have the authority to enter into this type of partnership. From another perspective, however, the involvement of strong political actors in the partnerships that have emerged from the *Regionalkonferenz* may have also limited the actual institutional intensity of the associations. While cooperation in marketing and culture did intensify to a degree (from institutionalized informal to institutionalized public control), the mayors did resist further intensification of these partnerships. This is most evident in the effectiveness of mayoral opposition to the expansion of the mandate and membership of the *Kulturregion*.

### *Party Politics*

Other than mayoral strength, regional dynamics between political parties may also play a role in the intensity of cooperation. Agreements may be more likely to be reached

---

<sup>73</sup> All Darmstadt mayors since 1945 have come from the *Socialdemokratische Partei Deutschlands* (SPD).

between leaders from, or municipalities dominated by, the same political party.

Relationships between leaders or cities with different political majorities may be more conflictual. However, this hypothesis is not strongly supported by the evidence in the Rhein Main region where the lines of conflict tend to be territorial rather than partisan.

It would be misleading to say that partisan conflicts play no role in determining cooperative intensity of partnerships in the region – but in recent years this has been the exception, not the rule. For instance, the initial refusal of Hanau to participate in the *Kulturregion* emerged, in part, because its government suspected that the proposal came from the rival Christian Democratic Union (CDU) (confidential interview, January 2007). Hanau eventually relented and joined the partnership, but it is significant that its initial reticence seemingly stemmed from partisan concerns.

On balance, the consensus amongst local and regional officials is that while party politics can affect cooperation, its effects are more strongly felt in the negative direction than in the positive. One regional observer noted significantly that in the early 1990s all of the regional actors – the mayors of the big cities – came from the same party (SPD). Yet even in this context they were unable to come together to address regional concerns because they “couldn’t stand each other personally” (confidential interview, January 2007). This suggests that territorially based interests and identities, in addition to the personalities of leaders may, represent greater barriers to cooperation than the partisan dimension. Indeed, participating political leaders from different parties have had little difficulty working together to establish cooperation in all three areas. One regional actor noted specifically that more significant than party politics is interests: “if it’s a good idea and the benefits are obvious then leaders from different parties will cooperate. Interests can be brought together on specific themes, even if there is conflict in general between the parties” (confidential interview, translated from German, January 2007).<sup>74</sup> In fact, representation in both marketing and cultural associations is relatively evenly split between CDU and SPD representatives – although ultimately the balance of power in the

---

<sup>74</sup> In reference to the issue of partisanship and identity another actor commented: “You do it [cooperate] with knowledge, but you don’t do it with your heart – you need not do it with your heart” (confidential interview, translated from German, October 2006) referring to the necessity of cooperation despite political divisions.

marketing alliance falls to the CDU by virtue of the fact that it controls the plurality of shares.

### *Autonomy I: Functional Responsibility*

Functional responsibility refers to the number of political functions performed at the local level. Theoretically, the more areas of policy responsibility a municipality has the more likely it will be willing to cede control over one in order to focus on the others. Where there are few, these responsibilities may be jealously guarded. Despite the fact that German municipalities typically preside over a wide variety of areas of jurisdiction, evidence from the Rhein Main region suggests that, on some issues, there has been a reluctance to cede control completely to collaborative ventures. This may have more to do with the nature of the issue at hand – its perceived centrality to local governments.

The areas of political responsibility of German municipalities are governed by a combination of constitutional law (Basic Law) and *Land* legislation. The Basic Law states that “local authorities must be guaranteed the right to regulate on their own responsibility all the affairs of the local community within the limits set by law” (Basic Law, §28.2.2). *Land* statutes translate this principle into more slightly more concrete terms. The Hessen Local Government Act states: “Within their area, the local authorities are solely responsible for the entirety of public duties unless other laws specifically state the contrary” (translation of HGO, 2005: GVBI. IS. 142, §2). The wording of this legislation allows a certain degree of latitude on the part of local councils as to how they interpret just what constitutes a ‘municipal task’. As long as nothing in federal or state law that forbids it, it’s up to local councils to decide what the local government can and will do – what is essential and what is merely desirable (Lehmann-Grube and Dieckmann, 2000). The constitutional and legislative contexts have essentially entrenched the concept of local self-government (or *Selbverwaltung*) for German municipalities. As a result, many attempted state interventions and policies that affect local jurisdictions are vehemently opposed on the basis that they violate this principle. Both the establishment of the *Ballungsraumgesetz* and the proposed intensification of the *Kulturregion* were opposed on these grounds – the latter successfully. The *Ballungsraumgesetz* was actually challenged in the courts by 21 communities in a case

that lasted until 2004. The court found that the legislation, as it was written, required clarification to insulate it from further legal challenges. However, it upheld the goals of the legislation on the basis that, according to the constitution, cities are the exclusive jurisdiction of the *Länder* despite the parallel statutory independence of local governments (*Hessische Staatsgerichtshof*, 2004).

Broadly, German local governments are legally responsible for their own general administration and internal organization; law, order and public safety; schools<sup>75</sup>, education and culture; leisure and sport; social services and youth welfare; hospitals; urban development, building and housing; environmental protection; transportation<sup>76</sup>; and economic development. In each of these areas, municipal governments are also charged with delivering services on behalf of (or jointly with) the federal or *Land* government. The scope of these services varies by jurisdiction. But generally, German municipalities have a relatively high degree of functional responsibility. In this context, one would expect that this would make cooperation more likely and potentially more intense. Municipal governments may be more likely to want to offload responsibilities to collective organisms, and in the context of the ubiquitous cash crunch experienced by cities around the world, to pool resources to ensure effective policy delivery.

To a large degree this hypothesis holds – cooperation has indeed emerged from a desire to offset the costs of service delivery and increase efficiency by capturing economies of scale (see Hilligardt, 2005: 156). The cases of the FVV and RMV are an excellent example of this phenomenon. In both of these cases, capital investment concerns played a key role in bringing partners together. The costs of cultural policies were not very significantly altered by cooperation in the *Kulturregion*, but then cooperation also was not particularly intense in this forum. There are arguably cost savings for collaboration in regional marketing alliances for international promotion, and cooperation in this association is slightly more intense than on culture. However, ironically it is in this area where the most duplication of functions at the regional and local levels occurs in the Rhein Main case.

---

<sup>75</sup> The so-called ‘external’ school services – provision and maintenance of facilities, janitorial services etc. All other more curriculum oriented concerns are the responsibility of the *Länder*.

<sup>76</sup> This refers most often to traffic management and public transportation. but has recently been expanded to include all local rail-born public transportation.



The purpose of a regional marketing association is to pool resources so that the region can be promoted abroad without each municipality having to shoulder the full fiscal burden of travelling to trade shows, potential clients etc. This division of labour allows local economic development officials to concentrate on site development and marketing to potential clients already interested in the region. Therefore, the presence of marketing capacities at the local level is not necessarily an indication of duplication. However, in the Frankfurt region local economic development offices have, in fact, duplicated the functions of the regional marketing association. The City of Frankfurt is often cited as the worst offender: “when it comes to opera, or other questions or a visit in Shanghai, they say, ok, even if you do it on the *Frankfurt Rhein Main GmbH*, we will also do it on our own [...] although the city of Frankfurt has participation in the *Frankfurt Rhein Main GmbH* (at 39%) they do their own business” (confidential interview, November 2006). This duplication is perhaps an indication of a lack of confidence in the collective marketing venture, and consequently, the weak intensity of the partnership.

That there is an overlap in functions in terms of regional marketing may be related to the salience of the issue for the local governments in the region – rather than strictly a lack of confidence in collaboration. In their survey of European mayors, Magnier *et al.* (2006) found that the most important issue to just under two thirds of local leaders was the issue of business attraction and retention. Mobility infrastructure and service improvement were a distant second at 50%. So, while the city of Frankfurt’s reluctance to cede total control over marketing to the alliance may be a function of a lack of confidence or commitment, this may also be linked to the degree of importance that the issue holds for the political leadership of the city. This suggests that the effect of functional responsibility on intensity may vary by issue.

#### *Autonomy II: Local Discretion*

Local discretion, in the context of this project, refers to the variety of fiscal tools available to municipal governments. Where there is a wide variety of sources of local revenue, municipal governments may have more flexibility to participate in collaborative ventures. From another perspective, a wide variety of financing mechanisms may mitigate the need for municipalities to pool scarce resources and collaborate in the first

place. The Frankfurt Rhein Main case seems to suggest that it is the degree of *dependence* on one source of revenue, rather than the variety, that can provide a barrier to cooperation in a variety of fields – particularly where there is fierce competition between municipalities for business attraction.

German local governments typically have access to the same sources of finance. These consist of fees, tax yields, special grants and equalization transfers, and loans. The most significant of these in terms of own-source income are taxes, of which there are four main types: taxes on land, local business profit, income, and value-added. In Hessen the average weighting of revenues from each source breaks down as follows:

*Table 4.1: Municipal tax revenues in Hessen (in thousands €/share of total tax revenues) 2004-all municipalities*

Property tax:	667.2 (12.8%)
Profit tax (net):	2180.9 (42%)
Share of income tax:	2044.5 (39%)
Share of sales tax:	274 (5%)

Source: Statistisches Bundesamt, 2004.

The most significant of the taxes collected (and set) exclusively by local governments in Hessen is the profit tax (*Gewebesteuer*). This is a trade tax levied on business profits and will vary from community to community. The average level of *Hebesatz* (profit tax multiplier) in Germany is around 389%. In the Rhein Main region, the city of Frankfurt has the highest rate of business taxation with a rate (*Hebesatz*) of 460% as of January 2007. In a community contiguous to Frankfurt, Eschborn, the taxation rate is only 280%. This difference is very significant for two reasons. Firstly, and most obviously, the lower tax rate in the adjoining community puts pressures on businesses located in the city of Frankfurt to relocate to the lower-tax jurisdiction, and is also a disadvantage to the centre in terms of new business attraction. Secondly, but perhaps more significantly, the tax rate in the city of Frankfurt cannot be lowered much in order to remain competitive because it is extremely dependent on income from this source to fund city services. The reason for this stems from the demographic characteristics of the city of Frankfurt relative to its suburban ring. The central city is quite small, with just over 600,000 inhabitants. While this central node produces over 24.4% of regional GDP (Statistik Hessen, 2006) and provides a significant number of

jobs, most of the workers live in surrounding municipalities.<sup>77</sup> In a system where individuals are taxed where they reside, the surrounding municipalities benefit from lower capital costs and a greater share of income taxes. In Frankfurt, where the number of residents is low relative to costs, the business tax has become a crucial source of local income. Therefore, dependence on this source has caused a variety of conflicts with surrounding municipalities.

This conflict has been most evident in the realm of cultural policy. In this domain, three factors come into play: Frankfurt's reliance on profit taxes, the regional disparity in the funding of cultural institutions, and the disproportionate levels of use of these facilities by outsiders. Unique in the Hessen, Frankfurt must fund all of its cultural institutions from their own municipal tax base, rather than rely on funding transfers from the *Land* government. This combined with its reliance on the business tax means that, rather than being supported mainly on the basis of local incomes, cultural facilities constitute a drain on that funding mechanism. This is particularly the case because a majority of the region's major cultural attractions<sup>78</sup> are located in the city of Frankfurt. This is further compounded by the fact that over two-thirds of visitors to these institutions are from outside of the city – and a significant proportion of those are regular visitors from the surrounding region (FAZ 23.09.2005). The result is that, in the domain of culture, the city of Frankfurt bears a disproportionate burden of the costs levied on a tax base that is under siege from the competitive tax rates of surrounding municipalities whose attractiveness as a location benefits from their proximity to these cultural amenities. In essence, it was this disparity that Roland Koch's plan for a more expansive *Kulturregion* attempted to address.

Cooperation in the *Kulturregion* was possible only to the extent that the members largely ignored this issue of funding equalization in order to secure a partnership on other dimensions. However, the tensions caused by the disparity in fiscal resources and the dependence of Frankfurt on the profit tax have inevitably reinforced the historical division between city and suburb – and particularly between Frankfurt and its surrounding communities. While this hasn't affected the intensity of cooperation in any

---

<sup>77</sup> The next largest contributor to regional GDP is Wiesbaden with a distant 6% share.

<sup>78</sup> Including theatres, symphonies, the opera, and over 40 art galleries and museums.

of the three areas<sup>79</sup> under examination here *directly*, the question of fiscal discretion has coloured the broader relationship between municipalities in the region. As one official commented:

We have here this important lever – the [profit tax] the taxation of enterprises. And the local authorities have flexibility, on their own, to levy this tax on all the respective enterprises in their vicinity. Meaning, that we have a huge motor for intercommunal concurrence. So if you see the situation, you have the core city of Frankfurt, and you have Eschborn. It is a fairly small town, but it is bordering Frankfurt. But the location, with all of its centrality, like the airport, the motorway, the access to the waterway and the train. You can do all of that from Eschborn, equally good as, to name another area in Frankfurt. Of course [the location in Frankfurt is better] but Eschborn offers a lower level of taxation. Why is that? And Frankfurt can't lower this level of taxation because they have to pay for all of the infrastructure. So people from Eschborn, if they want to go to theatre or to museum or to the university they just get on a train and go downtown. And Eschborn is getting richer and richer, and they can lower their taxes. In fact they did that just a few weeks ago, they lowered it, and immediately [other towns started considering it]. And on the regional level, if you look at the potential for cooperation at the regional level, it is very bad here. Because at the regional level we are losing money. Frankfurt is getting weaker and weaker, and will have to close the cultural institutions that the region relies on. In the end, the problems of Frankfurt are problems of the whole region. And there are other aspects to that – like immigration, that don't affect the small towns like in the south, like in the places next to the airport. Most place, like Offenbach and Frankfurt offer place for migration. People come into the region or those places have to pay a lot of money in immigration costs. They are the immigration machine for the region, and we need to pay them for that, in my eyes. And that's a deep discussion. Basically, it is an issue of regional communality and we don't have that to a very high extent. In my eyes the major lever for this concurrence situation is this economical taxation (confidential interview, October 2006).

Most particularly, competition on this dimension has led to resentment between municipalities and undermines trust. However, it is interesting to note that this type of competition may have been fuelled by the past actions of the city of Frankfurt indicating

---

<sup>79</sup> Partly this is due to the fact that regional transportation is jointly financed by municipalities and the *Land*, and that the financial commitments to the marketing alliance are relatively small. In the latter case, some municipalities (i.e. Frankfurt) have agreed to pay more in order to secure greater control over the operation of the alliance.

that the resentment that stems from differential tax rates goes both ways. One actor commented:

There are some politicians in Frankfurt while they're here they want to [annex] the towns around them for the profit taxes. Frankfurt is sometimes very aggressive and dominating, and if they are a little bit more defensive the towns around Frankfurt would prefer to work with them [...] (confidential interview, February 2007).

It is difficult to envision genuine commitment of local governments to a regional agenda in such a context of competitive and detrimental behaviour on issue of finance.

### *Power Asymmetry*

There are several dimensions of power asymmetry that may affect the prospects for an intensity of intermunicipal cooperation. The influence of asymmetries in political influence and the impact of perceived asymmetries are critical in shaping regional power dynamics. Where disparities are great, more powerful members may be able to coerce weaker members into cooperation. Similarly, weaker members may have a greater incentive to cooperate to capture scale economies or in order to provide services that would otherwise be difficult to provide alone. As with the indicators of autonomy power asymmetry in this case is less of a direct barrier to cooperation or cooperative intensity than an indirect influence.

The effect of asymmetries in actual political power can be less important than the effect of local perceptions of differences in influence. The first is a function of the political and power relationship between the four largest cities in the region: Frankfurt, Wiesbaden, Darmstadt, and Mainz. These cities have long been major competing centres of political and economic power (Freytag *et al.*, 2006). This unique relationship is tightly linked to the historical development of the region – stretching as far back as the middle ages. Historically, the region was extremely fragmented in terms of power and identity. Frankfurt was unique in the region and enjoyed the status of a free city with the financial sovereignty and autonomy for its courts and administration since the 14<sup>th</sup> century.<sup>80</sup> At

---

<sup>80</sup> As a *Freie Reichstadt* Frankfurt was historically not part of the *Land* Hessen, but was *de facto* a *Land* in its own right. This autonomy manifested itself in a unique system of governance characterized by elections and dominated by the merchant elite, rather than nobility – among other unique local characteristics (see Gall, 1994).

the intersection of the Rhein and Main rivers the city developed into a centre of trans-regional trade, banking, fairs, and book printing with wide ‘international’ connections. It was also the ceremonial capital of the medieval region.

Though somewhat less important in status, the cities of Darmstadt, Mainz, and Wiesbaden<sup>81</sup> also enjoyed a high profile in the early urban history of the region – they all possessed their own territories as city-states and functioned as the seats of clerical or secular rulers. The result of this historical division of power in the region was the establishment and crystallization of strong local identities as well as a degree of competition between these urban centres (Krenzlin, 1961). During the Prussian period of annexation and the reorganization that followed WWII the formal governing status of the cities changed dramatically as they were subsumed under broader *Land* structures. Traditional and functional (economic) roles remained largely unchanged, though identities were further fragmented by the very different paths of industrialization of each of these centres. One local official described the situation as follows:

Until the 19<sup>th</sup> century the area was completely divided into little areas, *Freireichstadt*, and little principalities. For this reason, because the area was politically not one area in the 19<sup>th</sup> century the industrialization was completely different in these cities because they were part of different principalities and the *Grossherzog* in Darmstadt and the *Rat* in Wiesbaden or the Bishop in Mainz they had different goals for their cities – and the way and type of industries they wanted. And this is one of the reasons that this region is polycentric [...] there never was one special core of the area, it was always an artificial region [...] there is no identity of Rhein Main, but there are sub-identities. (confidential interview, January 2007).

These ingrained local identities are not limited to the larger cities in the region. A local official described the historical relationship between the towns and the central city in the region as follows:

I mean, my hometown, Bad Homburg, is more than 130 years ago a small own dukedom, that had their own taxation system, their own currency, a ferocious army of 40 soldiers. And if you would at that time, want to take a coach and go from Frankfurt to Bad Homburg you would cross three international borders. But because of this fragmentation, the normal,

---

<sup>81</sup> The relationship between Mainz and Wiesbaden is also quite interesting. From one perspective, they are one economic city-region truncated by a river. From another perspective, they are completely different – both religious centres Wiesbaden is Catholic and Mainz is Protestant. Religion, while not as significant as power divisions, is yet another level of division in the region.

magnetic functions of a settlement structure, the whole mechanics were altered in that region. Because it was like a ‘cordon sanitaire’ around lots of these towns that could develop without being influenced too much from bigger towns, larger towns in the vicinity. And that’s one of the reasons that you see the result here. And the second thing is that the big town, Frankfurt, was encouraging already the trade and the trade fairs – they have a long long history. They have a special status – they were called a “*Freie Reichstadt*”, meaning that they were, as a city, free. They were a free city only responsible towards the Emperor. They need not be a member of a state or dukedom or whatever. They were, as a city, in their own right, and in a very strong position indeed. And because of this special status, and the national and even international role of Frankfurt at that time, they had not too many relations with the rest of the region. With one difference, certainly with respect to the distribution of goods and food, etc. they needed that, certainly. But in the political structures etc, they were strong enough, and they didn’t look very much into that. And a very special situation came from that role of Frankfurt. Because of the role of trade and banking and financing they hesitated, and even detested having industry in their city borders. And only in the 20s of the last century, very very late, Frankfurt gained the essential industrial zones. But not by doing the zoning themselves, but by having an administrative reform where some towns in the vicinity became a part of Frankfurt. So they, sort of, inherited, annexed industrial land, and they didn’t do it on their own. You see a lot of that historical dimension. And this continued after the war because of the separation into different zones of occupation. [...] And so, altogether, it’s an interesting story to tell and is a product of our history. And now, ask about relations between the towns. I mean, quite a lot of those towns are self-confident towns. My hometown, Bad Homburg, certainly the people they still feel as if they have been their own state. They need not look too much at Frankfurt – they feel proud themselves (confidential interview, October 2006).

Politically, power has also been fragmented. Each of these four cities maintains some claim to political dominance in the region. While Frankfurt has been the undisputed economic and cultural centre of the region, beyond its historical status as a *Freie Reichstadt*, it has never been the seat of modern political power. Until 1945, Darmstadt was the *Land* capital. In 1946, this status was transferred to Wiesbaden, though Darmstadt remained the seat of the *Regierungspräsident* and the planning authority for southern Hessen. Similarly, Mainz became the capital of Rheinland-Pfalz in 1950. The current political division of power means that each of these four cities is relatively

influential in the *Land* government for different reasons. Only Frankfurt lacks formal political power.<sup>82</sup>

This marked lack of political asymmetry, at least between the four largest cities, has manifested itself in a number of ways. First, and most obviously, has been the exemption of all but Frankfurt from the binding *Ballungsraumgesetz*. Most observers agree that the current boundaries of the *Ballungsraum* are ineffective and should have been drawn to include the other major cities in the region. Many point to a perceived ‘special status’ for Wiesbaden and Darmstadt as the main reason that they escaped the legislation. As one official pointed out: “Wiesbaden has its own way of communicating with the *Land* governments” (confidential interview, translated from German, February 2007), indicating that the city may enjoy a certain elevated degree of influence in *Land* policy. However influential the other four cities are in their own rights, there is a nearly universal perception of those interviewed that any partnership with Frankfurt will result in complete domination of central over peripheral city interests. This stems in part from a perception of aggression on the part of Frankfurt politicians and an over-estimation of the impact of size and economic differences between partners.

While it would be difficult to argue that these identities and asymmetries have directly affected cooperation in all of the three policy areas, their influence can be felt in the tensions that have manifested themselves broadly across the region. The resistance of Wiesbaden (and previously, Darmstadt) to participating in the voluntary associations is an indication of this wariness. The conflicts between Frankfurt and its hinterland – populated with communities with equally strong identities, historical resentments towards this ‘centre,’ and perceptions of how their interests will be served in collaborations – are all partly a function of the historical development and fragmentation of power in the region (confidential interview, December 2006). Certainly, in modern times these divisions have been overcome on numerous occasions. But the impact of the past and the perceptions of power dynamics in the region should not be underestimated.

---

<sup>82</sup> One interesting historical note is that Frankfurt very nearly became the capital of Germany, instead of Bonn. The story goes that the decision had been made to locate the capital in Frankfurt but that this was reversed at the last minute by Chancellor Konrad Adenauer, a native of Bonn. It would have been interesting to see the effect on regional politics and identities had the capital been established in Rhein Main as planned.



### *Government involvement*

For the purposes of this study government involvement has been defined very simply as the involvement of more senior levels of government in influencing the partnership. According to this definition, there has been government involvement in all three policy areas. Lacking effective counterfactuals for this variable, it is difficult to assess precisely what impact government involvement has had in each of these three areas. However, if each is compared to the context prior to government intervention, it becomes clear that, absent government involvement, cooperation would likely have been much weaker, if it had emerged at all.

Government involvement for the *Kulturregion* and *Frankfurt Rhein Main International GmbH* came in the form of the *Ballungsraumgesetz*. While this legislation did require that cities within the *Ballungsraum* collaborate with one another on a variety of issues, cooperative intensity can still be measured to the extent that the form of the associations were left unspecified. Evaluating the associations that were established relative to what emerged voluntarily prior to this ‘coercive’ legislation, it is clear that government involvement, in these two cases, had a positive effect on cooperative intensity. No formal cooperation existed at all in the area of regional marketing beyond infrequent information sharing between economic development officials. The relatively limited scope of the association that was implemented indicates that not much will to cooperate voluntarily (beyond the coerced region) was extant. Two different voluntary groups existed in regional culture prior to the enactment of the *Ballungsraumgesetz* – the *Kulturinitiative Rhein Main*, and the cultural working group of the *Regionalkonferenz*. Both of these were relatively weak forms of cooperation. The former was a tripartite partnership between the three largest cities in Hessen with limited duties beyond arts promotion. The latter was part of the larger regional conference of mayors and consisted mainly of informal policy coordination and as a forum for discussion. It is likely that, absent government involvement from the *Land* government, cooperation on this dimension would have emerged in much the same form. Whether the participants would have been the same is debatable.

The realm of regional transportation is more difficult to evaluate. Until 1996, the federal government was responsible for organizing public rail transportation under the

Deutsch Bahn AG. Governance of railways was reorganized by legislation tabled in the early 1990s, which resulted in the transfer of responsibility for public rail transport to the *Länder*. As such, primary policy responsibility for much of regional transportation has rested with upper levels of government. This responsibility was almost always delegated downwards to be delivered at the local level with regional/*Land* oversight. As a result there is no 'prior' voluntary cooperation with which to compare the current partnership. However, the involvement of upper levels of government both in terms of funding and as members of the partnership themselves has likely had a positive impact on cooperation – particularly given the large capital costs associated with operating such an expansive system.

#### *Internal Threats*

The economic health of a region may contribute to the extent to which actors are willing to come together in regional partnerships. Where there is a perception of regional weakness or stagnation – such as unemployment, low growth rates, or lack of regional assets (such as capital) – local leaders may be more inclined to pool resources in order to address these issues. The Frankfurt region has a relatively strong economy and therefore does not face any seriously pressing internal threat to prosperity.

For instance, the region has sustained an average of 2% growth in population between 1997 and 2004 (IHK Monitoring, 2006: 5). During the same period, employment growth remained relatively constant at 1.6% and with a GDP growth just over the EMR average of 12.3% (IHK Monitoring, 2006: 8). These numbers certainly aren't earth shatteringly excellent, but do indicate that the Frankfurt region has sustained fairly consistent growth. There is a sense in the region that cooperation in a number of fields is beneficial, but to most actors the establishment of partnerships in order to deal with internal issues is not pressing. As a result, internal threats to regional prosperity have played little role in stimulating or intensifying cooperation in any of the three fields.

#### *External Threats*

The same trend holds true in terms of the impact of external threats. The Frankfurt region has likewise maintained fairly average performance relative to other city-regions in

Germany. For instance, on the measure of GDP per capita relative to other German EMRs, the Frankfurt region ranks a modest fifth. Despite this relatively successful ranking within Germany, some actors have suggested that competitive pressures are beginning to become serious. As one *Land* official noted:

The comparison now is [between the Frankfurt region and] other European countries and now some costs are too high in relation to them. So what we think about is how can we reduce it? One problem is the unemployment rate is too high compared to Slovenia and Romania and other countries in the East, so a lot of people are now unemployed – and cannot pay taxes and social security like before. This is another point of pressure on the public government to think about these issues – because the world changes around us and we have to think about how we can [compete] (confidential interview, translated from German, February 2007).

This is particularly a factor that has been discussed in the *Wirtschaftsinitiative* and in the regional workshop. That the private sector has become concerned with the status of Frankfurt's competitiveness is heartening to the extent that it may indicate an increasing engagement by private enterprises in issues of regional governance. This type of engagement can often provide the 'pressure' necessary for public actors to work together in the absence of sustained leadership in these areas. However, this realization that collaborative action may be necessary to maintain a competitive stance relative to other jurisdictions has yet to prompt serious and sustained collective action in either public or private sectors.

#### *Environmental Variables in Frankfurt Rhein Main*

The above analysis of the impact of environmental variables in Rhein Main reveals two relatively significant patterns. First, and as expected, not all of these variables play an equal role in moderating the intensity of partnerships. Some variables are more significant than others – particularly those that tend to intensify historical divisions in the region. For instance, mayoral power, regional governance structures, fiscal discretion (especially stemming from dependence on profit taxes), perceptions of power asymmetry and government involvement have all tended to mediate the intensity of cooperation in the region. There is also variation in the roles these variables play by issue. Generally speaking, cooperation in cultural and marketing domains has been affected similarly by

most variables. They diverge in the areas of local fiscal discretion and functional responsibility. Where a coordinated cultural policy required fiscal equalization to fund arts institutions, the will to cooperate evaporated. As a result, the intensity and scope of cooperation in culture were much lower than they could have been. In terms of functional responsibility, it is in the area of marketing that Frankfurt continues to duplicate the functions of the regional body at the local level – indicating a desire to maintain control over this area of jurisdiction despite its membership in this partnership. Regional transportation has been influenced in different ways. Although the leadership of the group is entirely public, the operation of long-term decision making has been largely depoliticized in this region. As a result, there has been little political conflict in terms of these institutional measures. In this case, government involvement has played the most important role in stimulating and sustaining cooperation – though it has also played a role in limiting the intensity of the partnership. This suggests both that the deeper the involvement of upper levels of government, the more likely cooperation will emerge at the regional level and that participation in these areas will tend to be broader. However, it is also worth noting that, because of this intense (historical) involvement of upper levels, it is difficult to discern whether or not, in the absence of this government involvement, cooperation would have remained as intense. Therefore, it can be difficult to accurately gauge the effects of the other environmental variables.

A second conclusion that emerges from this case is that, in general, the variables that have an effect on intermunicipal cooperation tend to operate in a negative direction rather than a positive one. Of the significant variables identified, only government involvement (and to a certain extent mayoral leadership) had a positive effect on intensity. This may be because the negative impacts may be more easily identified than positive ones – conflict is more evident than smooth cooperation. However, this pattern is also likely a function of the unique dynamics in the region and may not hold in the other cases.

In sum, there are a variety of environmental barriers to more intensive cooperation in the Rhein Main region. These barriers are certainly not insurmountable, and have been to a certain degree by existing partnerships. However, aside from the constraining variables that have hindered more intense cooperation, the region also has

relatively weak civic capital – and as a result, has had difficulty bringing actors together in more sustained and deep collaborations.

### *Civic Capital*

Clearly, geographical and institutional factors have played a key role in affecting the intensity and emergence of cooperation in the Frankfurt region. One of the theses of this dissertation is that intense regional cooperation is more likely to emerge in regions with higher levels of civic capital. In this sense, civic capital can overcome or enhance the environmental factors that determine the incentives for cooperation. According to the five measures of civic capital – leadership, organizational presence, organizational networks, personal evolution, and history of cooperation – the Frankfurt Rhein Main region has relatively weak civic capital. While there are many local and regional associations, the networks between them are relatively weak, and what regional leaders there are have only been able to (and only attempted to) establish weak coordination. There are, however, indications that civic capital is strengthening. The number of genuinely regional partnerships has increased over the past decade, and more recent collaborations appear to have more staying power than their previous incarnations. What the region continuously lacks is a base of strong, regionally oriented and broadly connected leaders to bring partners together in a broader variety of areas.

### *Leadership*

Charismatic local leaders can emerge to mobilize support and build collaboration between broad-based actors in the regional economy. These leaders are typically high profile and highly vocal proponents of a regional approach to common problems – though they need not necessarily speak from a political platform. Indeed, leaders that have emerged from the political realm in the Rhein Main region have typically favoured weaker forms of collaboration to more institutionalized forms. However, these political leaders, and others have played a key role in establishing a base from which future collaborations may yet emerge. One weakness in the Rhein Main region, aside from a dearth of genuinely regionally-oriented and active local leaders is that many individuals that have been, or may be, potential leaders have opted to exit the system and pursue

private aims. This has had interesting consequences, as these linchpin actors have been slow to be replaced.

One of the most common reasons given for weak cooperation, and indeed for weak regional identity, was the lack of regional leadership<sup>83</sup> (confidential interviews, October 2006 – February 2007). While there are undisputedly leaders that have emerged in certain sectors, real leadership on a regional level has thus far been limited to political actors. Petra Roth, mayor of Frankfurt and architect of the *Regionalkonferenz*, is one such leader. She managed to bring together political leaders from the entire region to establish dialogue on common issues within this forum. While this partnership has been sustained and has been relatively productive in provoking dialogue, it is nevertheless weak from the point of view of institutional intensity. It has also failed to resolve the issue of political dissent and competition between municipalities, opting instead to sustain discussion on contentious issues and, where action has been taken, to focus on lowest common denominator types of policies. An excellent example of this is the emergence of the *Kulturregion*, the main focus of which is the networking of institutions and promotional efforts. The highly contentious issue of funding for arts and culture, particularly of parity between the municipalities, was left off the table in order to ensure cooperation (confidential interview, October 2006). This is partly a function of the composition of primary actors in the partnership. The politicians have avoided and opposed politically (and fiscally) difficult propositions, preferring limited cooperation and coordination to none at all.

Another interesting dimension of political actors as leaders is that they have tended to emerge and organize support in opposition to policy (typically from the *Land*) rather than purely to create positive structures. The *Regionalkonferenz* was set up as a rival and an alternative to the *Planungsverband*. Other individuals with political vision for the region have also coalesced around alternative structures of regional governance. Among these, Gerhard Grandke (SPD), Jörg Jordan (SPD), Jürgen Banzer (CDU), and others came out as opponents of the *Planungsverband* and the accompanying legislation, and proponents of alternative forms of organization. These leaders led opposition movements and were the most vocal about the need for a regional vision. However, as it

---

<sup>83</sup> This was mentioned explicitly in 11 interviews.

became clear that the *Ballungsraumgesetz* would stand, support and action on these fronts subsided. Interestingly, each of these actors has since left local politics – the first two for the private sector, and the latter for a position as Minister of Justice with the *Land* government.

Some regional observers have argued that institutional structures, such as the *Ballungsraum*, have in part contributed to the lack of sustained regional leadership. Even within this narrow territory communication between the regional associations, the regional council and the planning association has tended to be very weak. Where the structure originally envisioned seamless coordination between these ‘pillars’, the reality has been that the branches have acted more as silos. This is partly a result of different political majorities controlling the planning association and the regional council and partly a function of the attitudes of the actors in the region. One observer commented:

You have individual district mayors, mayors who are in the position that they hold on chief advisory boards of more than one of the firms - they might be in the advisory board of the [regional marketing firm], of the traffic management, of the regional park. And only those political persons have the opportunity to make good leaders because they personally, can see synergy potential between the various institutions. And it’s like a privatization of leadership potential. And very often these leadership potentials, they are put to use for political gain or handing out positions to party loyal, things like that, and the potential debate about the agenda of the various institutions are very much in the background. So that’s a bad situation as well. So there are some inefficiencies in the legal structure of the *Ballungsraumgesetz* (confidential interview, October 2006).

This public official went on to detail how many of these key individuals who do hold multiple offices (i.e. chairs, as board members etc.) in the region are extremely difficult to replace:

And it’s a very personalized thing. I have access to information of some of these regional corporations as well as an understanding of what the regional problems are. And if they vote me out this year, this knowledge is broken. In the district of Taunus, the mayor of the Taunus district – Juergen Banzer – is becoming minister of Justice at the state government. He has excellent contacts and his network, his presence in all of these companies vanishes. And so does the synergy potentials of Mr Banzer are vanishing as well. The former mayor of the city of Offenbach, Gerhard Grandke, is becoming a member of the board of directors of one of our regional banks and is getting out of office. Same thing, it is very bad (confidential interview, October 2006)

This point is illustrated by Figure 4.2, which details all of the activities of *Landrat Banzer* (SPD, Hochtaunuskreis) before he left this local office. With his departure from the region for state level politics, all of the connections he had made and synergies he had developed between these associations are lost. While some may survive and some can be rebuilt, time is certainly a factor. As such, the Frankfurt region suffers from a dearth of regional leadership, a fragmentary system not terribly conducive to bridging and from the fact that many of the key actors in the position to potentially bridge these divides are political (and therefore, vulnerable to removal through elections).

[insert Fig 4.2 here – removed due to copyright]

While one typically thinks of leaders as individuals, leadership can be provided by associations. One exception to this trend is the *Wirtschaftsinitiative FrankfurtRheinMain e.V.* This is a business association with a mixed board of representatives drawn from the economy, cultural sector, and education that was established in 1996. Recently, it has emerged as a potentially crucial lead organization on regional issues. This association was initially established to promote the region for business and to build networks between establishments in the region. However, since 2000, the association has been relatively active in engaging its members in issues of regional governance. Since 2004, it has been running regional workshops to engage actors from all sectors in a discussion of issues such as regional institutions, regional image building and enhancement, regional economic development, and international competitiveness (Langhagen-Rohrbach and Fischer, 2005). Significantly, this was the very first time actors from such a wide variety of sectors had come together to discuss regional issues (FR, 29.01.2004). Despite the innovativeness and inclusiveness of the workshop, it has succumbed to the affliction of many other regional forums – that of early but unsustainable momentum. The regional workshop has failed to meet regularly after 2005. Nevertheless, the progress in encouraging corporate citizenship and the links established through the regional workshops suggest that there is an underlying will to participate in regional governance exercises that requires more sustained and persistent leadership to mobilize.



### *Organizational Presence*

Where individual leadership has tended to be weak some key organizations have emerged as potential unifying actors. Frankfurt has quite a diversity of associations and a moderate number. The contention of this project is that the larger the number of associations the more likely intermunicipal cooperation will emerge, and the more intense it will be. In the Frankfurt case, the emergence of sustained cooperation in regional associations has been somewhat slow but shows signs of improvement. And while various tiers of organization exist, only a very few have played significant roles in stimulating or supporting intermunicipal cooperation. Tier-one associations are regional in scope and have broad (that is, not sectorally specific) agendas. Tier-two associations are regional or local in scope and serve a specific (single) sector, issue, or membership. Tier-three groups are local and narrowly focused networks. The associations listed here are all formal organizations – broader informal networks are difficult to detect, to the extent that they exist.

Tier 1 (regional, multiple issues):

Wirtschaftsinitiative FrankfurtRheinMain

IHK Forum

Regionalkonferenz

Regionalwerkstatt

Tier 2 (regional, single issue):

Kulturregion FrankfurtRheinMain GmbH

Regionalpark GmbH

FrankfurtRheinMain GmbH International Marketing of the Region

RMV

Bike + business

M2 Medienmittwoch

Kulturinitiative RheinMain

Route der IndustrieKultur

Garten RheinMain

Business Angels FrankfurtRheinMain e.V.

Krankhauskonferenz

Materials Valley e.V.

Median Kompetenznetze (one of 35 competence networks)

Institute für Neue Media

ZENTEC Zentrum für Technologie, Existenzgründung & Cooperation GmbH

IMG Innovations-Management GmbH

Technologiestiftung Hessen GmbH

Tier 3 (local, single or multiple issues):

IHK (local)

Of the associations listed here only the tier-one associations have played any role at all in the three associations that have emerged in the region. The *Regionalkonferenz* was obviously the precursor to the *Kulturregion*. The *Wirtschaftsinitiative FrankfurtRheinMain e.V.*, ZENTEC, and the *IHK-Forum RheinMain* are all shareholders in the regional marketing association. So, while none of them was instrumental in its establishment, these associations arguably play an important role in supporting the regional agenda. And while the direct impact on these three specific areas of cooperation has been relatively minimal, the involvement of a variety of organizations in regional governance is encouraging. Also significant is that the number and longevity of tier-one associations has increased in the past decade. As a result, this may increase the frequency and intensity of intermunicipal cooperation in the future.

### *Organizational Networks*

While there are a number of organizations in the region – exhibiting ‘thickness’- there remain relatively few links between them. Looking exclusively at the three areas of economic development cooperation reveals few formal linkages. However, this is highly correlated with the institutional structure of these associations. Both the *Kulturregion* and the RMV are made up exclusively of municipal government representatives. The regional

marketing association has some limited participation from the other associations listed above. These are primarily commercial associations with similar goals – i.e regional promotion – and are among the few genuinely regional entities in Rhein Main.

Beyond the three organizations, there are also still relatively few connections, with one significant exception. The *Wirtschaftsinitiative FrankfurtRheinMain e.V.* has been touted as one of the most widely inclusive associations in the region (Eckardt and Lutzky, 2002). This is certainly the case as its board is composed of representatives from business, science, culture, and politics. However, representation from the *local* public sector is weak – the only ostensibly political actor is a representative from the promotion agency of the *Land*, HA Hessen Agentur. The broader membership of the organization is entirely made up of firms. This forum is exceptional in the region, as it is among the first to effectively bring together members of the private sector for common regional goals and to encourage business to think regionally and become engaged in governance. Despite its limited membership, this business initiative has managed to build linkages to a wide variety of regional actors and stimulate several regional projects. Among these was an association of public and private actors formed to prepare a bid for the 2012 Olympic Games and in the regional workshop (*Regionalwerkstatt FrankfurtRheinMain*). As a focal point for regional linkages, this is the most prominent network to date. And while the formal linkages between actors cultivated through these types of regional projects are few, these may stimulate further connections in the future. Indeed, despite the fact that the regional workshop has not proven to be resilient, there is merit in seeing the construction of regional identity as an ongoing *process* which the *Wirtschaftsinitiative's* effort have been critical in furthering.

From an individual point of view, there is a modest number of local actors that are involved in a wide variety of regional associations. The individuals with the most overlap in the three associations (and beyond) are listed in the following section. What is significant about this overlap and network formation is that most of these actors are political. While in principle it shouldn't matter from what segment of society potential bridging leaders come from, in fact, where the majority of 'bridges' are political this can be a disadvantage. This is due to the volatility of these positions to electoral changes and also because this set of actors – particularly if they are mainly municipal representatives –

have different priorities than actors from other areas. So, where many potential bridges are political the incentive for weaker institutionalization may be more pronounced as municipal representatives may vie to protect their turf. The experience with the *Kulturregion* provides ample evidence of this type of phenomenon.

### *Personal Evolution*

Where key individuals participate in a number of forums, the opportunities for bridging different networks may increase. Another factor is the associational background of lead actors in the region. Where there are many individuals with experience in a wide variety of associations and sectors, there is a greater chance that these will be able to grasp ‘big picture’ issues and have access to the networks to mobilize coalitions for action. In the Frankfurt region, this type of analysis is complicated by the fact that many of the key actors are political and come from a variety of different, but mainly government, backgrounds. However, the evolution of other actors in the region is much easier to trace. For the most part, these individuals have gone from a sectoral specialization to more general regional associations, often keeping active ties with their sector of origin. This suggests that there is a small pool of potential bridging leaders in the region. Finally, one dimension of personal evolution that is significant is that several key regional actors have ‘evolved’ out of the networks they were a part of. While a certain degree of turnover is to be expected, the loss of at least three ‘leading’ individuals in the past three years is perhaps significant.

Of the central actors identified above, several interesting cases stand out. For instance, Dr Wilhelm Bender began as current chair of the Frankfurt airport (FRAPORT). He has been very active in the transportation sector in rail, other ground, and air travel – even acting as chairman for the rail transport forum industry association. He is currently also serving as the chair of the IHK Forum FrankfurtRheinMain and as a board member of the regional marketing association. Martin Herkströter served as the mayor of the city of Eschborn for twelve years before transitioning to the head of the economic promotion agency of Hessen, *Hessen Agentur AG*. He is a member of both the board of the regional marketing association as well as the *Wirtschaftsinitiative*. Both of these two actors progressed from local/sectoral interests to regional associations while keeping their ties to

their previous networks. Significantly, both men were also identified by several interview subjects as relatively prominent regional actors (though not necessarily as leaders). Despite this, there are relatively few individuals such as these who have made this type of transition much beyond their sectoral silos.

For each of these actors that had evolved from local to regional level concerns, there are also those who have exited the region. Political actors including Banzer, Granke, and Jordan have left regional politics and governance to join the private sector. While a move to the private sector would not necessarily preclude these individuals from participating in regional governance and foresight, these three cases have definitively exited the process. So while there are a few actors that are making the transition and bridging silos, they're still relatively few and vulnerable (as with political actors) to removal from these networks. This suggests that the prospect for the emergence of a centralizing regional leader is less likely, though not impossible, in Rhein Main.

### *History of Cooperation*

A history of cooperation, both in the three areas of economic development and in general, should improve the likelihood of the emergence of higher intensity partnerships in the future. In the Frankfurt region, intermunicipal cooperation has tended to be characterized as weak and fragmentary (Langhagen-Rohrbach and Fischer, 2005). What little completely voluntary cooperation that has occurred between municipalities has tended to be on a small scale (i.e. service delivery, or on small projects requiring little capital expenditure) or less institutionalized. The associational evidence presented in this chapter suggests that more intense partnerships between municipalities, and with other actors, may emerge in the wake of increased participation in regional governance. However, the Frankfurt case also demonstrates how a history of cooperation does not necessarily guarantee the establishment of future partnerships – and therefore the importance of the presence of all the other dimension of civic capital.

Of the three areas of economic development examined here, only the *Kulturregion* was preceded by uncoerced cooperation in the form of the *Kulturinitiative*. This initiative united the three largest cities in southern Hessen – Frankfurt, Wiesbaden, and Darmstadt – in cultural collaboration. This partnership was similarly weakly

institutionalized but was significant to the extent that all three major cultural actors in the region were participants. When the issue of extending cultural collaboration emerged in the *Regionalkonferenz* it was assumed that these same partners would form the kernel of any future cooperation. In fact, the leader of the cultural working group, and later chair of the *Kulturregion*, Dr. Ursula Jungherr, went as far as to reveal her optimism that all three key actors would participate in the nascent association based on their previous partnership (FAZ, 17.05.2005). However, at the inception of the cultural association, neither Wiesbaden nor Darmstadt took part – and while the latter later came on board Wiesbaden continues its resistance to the partnership. The reasons for this lack of participation are discussed above. What is significant is that, while a history of cooperation in a specific issue area may indeed impact<sup>84</sup> the intensity of future collaborations, it is neither a necessary nor sufficient condition. This is not to say that history isn't important, but rather that alone it is not a sufficient explanation for the emergence or intensity of cooperation. Therefore, not only is it important to examine environmental variables, but it is also critical to consider all aspects of civic capital when searching for an explanation for cooperative intensity. Here I argue that, *certeris paribus*, where there is a history of cooperation in one area, a further intensification and/or expansion of the partnership is more likely. In Frankfurt, expansion and a degree of intensification occurred, but not in the pattern foreseen by participants.

### ***The Impact of Civic Capital and Intermunicipal Cooperation in Rhein Main***

The Frankfurt Rhein Main case demonstrates that a variety of primarily institutional factors have a profound effect on the character of intermunicipal cooperation. These effects vary by associational case/issue area, but perhaps not significantly enough to suggest that each issue is subject to completely different incentive structures. Cooperation in the Frankfurt region has been characterized as fragmented in general. While there appears to be a nascent regional will to collaborate, this has been made difficult by a institutional structures and historical contexts. Furthermore, the region also has relatively weak levels of civic capital. So while there is a relatively vibrant associational presence,

---

<sup>84</sup> This influence may be either positive or negative depending on the outcomes and characteristics of past partnerships.

the networks between individuals, associations, and sectors have tended to be weak. This deficiency has been compounded by a dearth of individual and organizational leadership on regional issues. As a result, the institutional barriers to intermunicipal cooperation have been difficult to overcome on a strictly voluntary basis and have tended to be limited in membership and institutional intensity.

The Frankfurt case, characterized as it is by mainly top-down and politically difficult intermunicipal cooperation, stands in stark relief to the experience of its neighbour to the south, the Rhein-Neckar region. Faced with much the same institutional structure and similar geographical circumstances, this region has developed radically differently on a bottom-up and cooperative model.

## Chapter 5: Rhein-Neckar

### *A Region Built from Below*

The Rhein-Neckar region is located in southwest Germany, just to the south of the Frankfurt Rhein Main region and at the confluence of the Rhein and Neckar rivers. It is a region of over 2.4 million inhabitants and produces a gross value added of €1.8 million (MRN, 2004). While it is the smallest EMR in Germany, it is still a very significant economic and industrial location, hosting over 100,000 companies, including market leaders such as BASF AG, SAP AG, and Heidelberger Druckmaschinen (MRN, 2004). Like Frankfurt, the Rhein-Neckar region also spans three different *Länder* – Baden Württemberg, Hessen, and Rheinland-Pfalz – and is similarly centred on several main cities: Mannheim, Ludwigshafen and Heidelberg.

Despite being as geographically fragmented as the Frankfurt region, the experience of regional governance and intermunicipal cooperation in the Rhein-Neckar stands in stark contrast. Where Frankfurt has been hampered by parochialism, a lack of coherent identity, imposed structures of regional governance, and a dearth of civic engagement, the Rhein-Neckar region was built from below by its communities and citizens. Since the early nineteenth century, cooperation between communities within the region has only intensified. This began with an appreciation that some common problems could only be solved through collective action<sup>85</sup> and gradually expanded to include *ad hoc* regional projects, and more institutionalized forms of cooperation, and culminated in 2005 in the establishment of a unique structure of regional governance.

It is tempting to attribute its current success in regional governance entirely to this long history of regional cooperation – certainly past partnerships have played a role – but it would be a mistake to therefore characterize the region as one lacking conflict or tension. Like the Rhein Main, the polycentric character and the problem of fragmented

---

<sup>85</sup> Inter-communal difficulties included issues such as environmental and development issues related to agriculture and industry along the Rhein and Neckar rivers (confidential interview, January 2007). The impact of the rivers in this region should not be underestimated – as a source of water, power, and transportation for farming, manufacturing and residential settlements, daily life has long been affected by the river. Particularly relevant to the municipalities along its banks were issues of flooding and transportation (and later pollution) which literally bridged the interests of communities on both left and right banks (Baden Württemberg and Rheinland-Pfalz). See Cioc (2002) for more detail on water management and, particularly, the importance of early international treaties in uniting riparian states and cities.



identities have contributed to conflicts between the three main cities, between the cities and peripheries that have rapidly become more urbanized and industrialized, and between *Länder* on issues of borders and jurisdictions. Whereas coordination on practical (i.e. on issues such as the flooding of the Rhein) and economic issues (development) has remained relatively constant, formal political coordination has historically been more difficult to achieve and sustain.

The region has certainly been no stranger to political and public debates about regional governance or territorial reorganization. The question of how to address both cross-border problems and synergies has preoccupied policy-makers since the late nineteenth century. However, no significant political action was taken on this front until after WWII, when regional reconstruction and development became the focal point of all government policy. Formal regional (political) cooperation is widely acknowledged to have started in 1951 with the establishment of the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* (KAG), an intermunicipal working group. This group was established largely under the leadership of one man, Hermann Heimerich (former mayor of Mannheim), against the wishes of the three *Länder*, and became the first cross-border regional association in Germany. Its membership included the cities of Heidelberg, Ludwigshafen, and Mannheim, as well as the counties of Ludwigshafen and Mannheim. Its mandate for intercommunal coordination was relatively expansive<sup>86</sup> - perhaps too large, according to some critics. However, as *Land* experts predicted, the association proved inadequate to deal effectively with regional problems and intermunicipal rivalries within the legal form of a GmbH (Schmitz, 2005). One of the biggest problems with the association, as with many voluntary groups, was the lack of binding power and political legitimacy with which to effectively establish policies in areas of controversy. The lack of involvement and (particularly legislative) support of the *Länder* was also seen as decisive in the eventual dissolution of association.

Notably, the failure of the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* did not dampen the enthusiasm of local actors, particularly those involved in the partnership, for regional coordination. The stubborn and protracted lobbying of the

---

<sup>86</sup> Areas of cooperation included planning, transportation (including ports), maintenance and provision of gas, water and electricity, land-use planning and zoning (industrial and residential), fire protection, and culture (Becker-Marx, 1999).

former members of the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* led to a treaty (1969) between the three *Länder* regarding cooperation for regional planning in the Rhein-Neckar. The following year a binding and legally empowered regional organization for coordinating planning was established in the form of the *Raumordnungsverband Rhein-Neckar (ROV)*.<sup>87</sup> This association was charged to establish and implement the regional plan and to undertake the necessary steps to achieve the regional planning goals established by a planning commission made up of *Länder* officials. Under these very broad and vague guidelines, the association participated in the conception and initiation of a number of key projects, including the extension of the S-Bahn system (commuter trains), the organization of waste management, and the establishment of the regional foresight and promotion association *Rhein-Neckar Dreiecke e.V.* (Rhein-Neckar Triangle), among many others.<sup>88</sup> The mission statement of the organization reveals its deep commitment to regional planning and coordination. The principle of “planning as if there were no borders” was the guiding strategy of the *Raumordnungsverband Rhein-Neckar* and is a priority that was passed on to its successor organizations.

However, the structure of the system was exceptionally complex and included no fewer than three levels of planning associations organized under the centralized planning commission. As such, the *Raumordnungsverband Rhein-Neckar* was actually more of an administrative union of existing administrative planning regions – Unterer Neckar, Bergstrasse, and Rheinpfalz. Furthermore, because the competencies of the association were not clearly enumerated, it became difficult to determine which level and administration had jurisdiction on each issue. At the same time, the mandate of the organization was deemed too narrow to coordinate a growing number of regional issues and projects. This realization led to the expansion of *Raumordnungsverband Rhein-*

---

<sup>87</sup> This association comprised the cities of Ludwigshafen, Mannheim, Heidelberg, Frankenthal, Speyer, Neustadt, and Worms, as well as the counties of Bergstrasse, Rhein-Neckar, Ludwigshafen, and Bad Dürkheim. This area contained 1.9 million inhabitants (ROV, 1997).

<sup>88</sup> *Rhein-Neckar Dreiecke e.V.*, established in 1989, was one of three independent associations co-founded by the ROV and overseen by a collective agency comprised of representatives from the three subordinate planning associations. It brought together three IHK representing the left and right bank municipalities, the IHK Rhein-Neckar in Mannheim, and actors from all sectors of society, including education, the private sector, and planning communities. This association is discussed in much more detail in the following sections.

*Neckar* competencies in 1998 to encompass the coordination and foundation of regional development and land-use concepts, and to govern activities in the areas of economic development, regional marketing, integrated transportation planning, waste management, regional recreation infrastructure/programs, ICT/promotion in tourism, culture, and sport. This clarification and expansion of the *Raumordnungsverband Rhein-Neckar* mandate in turn led to the establishment of a variety of different multi-actor intermunicipal networks (health telematics, a municipal train station association, regional parks, among others) and a regional marketing association. Despite the positive impact of the expansion of *Raumordnungsverband Rhein-Neckar* competencies, many actors were still unhappy with the way the association was organized and funded, and calls for a more thorough structural reform multiplied.

What resulted from these appeals for reform is one of the most innovative and unique systems of regional governance in Europe today. The *Metropolregion RheinNeckar* (MRN) was established in 2005 and resulted not only from rethinking the unwieldy political structure of the *Raumordnungsverband Rhein-Neckar*, but also a new approach to *who* should be involved in governing, and how regional activities should be funded. This new structure integrates political, private, education/knowledge, and not-for-profit actors formally into the governing process. It is also largely funded from non-governmental sources and allows for leadership and proposals for regional projects to come from any of the participating sectors of society. The *Metropolregion RheinNeckar* is among the most widely inclusive formal regional governance structures and has come to be regarded as an example of ‘best practices’ to other European Metropolitan regions (Priebes, 2006). In short, this model is likely as close to the principle of associational governance as is possible in a genuinely regional governance structure.

Even more interesting than the innovative structure of the regional partnership is how it came to be established. Where many of the ‘best practice’ regions in Germany<sup>89</sup> have been imposed by *Land* legislation, this regional structure was largely constructed from below and was only ratified by a tripartite treaty between participating *Länder*. In this case, the impetus for regional reform came from a combination of two separate but parallel campaigns. The first was an initially public-sector-led movement for Rhein-

---

<sup>89</sup> Hannover and Stuttgart are typically held up as successful models of regional governance.

Neckar region to be recognized as the *Europäische Metropolregion* (EMR). Although the EMR designation is broadly similar (from a statistical point of view) to the Canadian definition of a CMA, it carries far more than statistical significance. There are currently only twelve EMRs in Germany, of which the Rhein-Neckar is the most recent and the smallest. Being designated an EMR puts a region ‘on the map’, so to speak, as one of the largest, most productive and important German regions. The increased visibility and prestige were precisely the prize the leaders of the EMR movement – the director and chair of the *Raumordnungsverband Rhein-Neckar*, supported by the regional assembly – were after. Over 50 mayors from the major cities in the region signed a declaration of support for the EMR initiative. This movement emerged in late November 2004, and the EMR status was granted (concurrently with that of Bonn) in 2005. While initial impetus was provided by the leadership of the *Raumordnungsverband Rhein-Neckar*, the movement soon gained wider appeal as it became clear that a variety of regional agendas were overlapping.

As early as 2000, the leadership of the *Raumordnungsverband Rhein-Neckar*, *IHK-Wirtschaftsforum* (regional Chamber of Commerce and Industry), the *Rhein-Neckar Dreiecke e.V.*, and the regional marketing association were meeting regularly in what they called the Dialogue of the Rhein-Neckar Triangle (*Regionalgespräch Rhein-Neckar-Dreieck*). The goal of this dialogue was just that, to bring together representatives of all sectors of society, and from each of the leading associations, to discuss regional development issues. It was through this forum that the concept of radical regional governance reform was raised and debated in a series of expert reports. The vision eventually constructed from this dialogue argued that what was needed was a strengthening of regional institutions<sup>90</sup> and a broader scope for public-private partnerships in regional projects, coordinated by a central oversight committee. With strong regional leadership in these areas, combined with broad-based private-sector support, the region would have a higher national and international profile and prove itself as an EMR – as a motor of enterprises, economy, and social and cultural development coordinated across major *Land* boundaries (Schmitz, 2005).

---

<sup>90</sup> Especially in science/technology and education.

The charismatic leader of this initiative was Eggert Voscherau, Chairman of BASF and of the regional IHK. In 2004, Voscherau outlined the vision developed by this initiative to a meeting of the presidents of the three *Länder* and over a hundred other regional representatives. Significantly, this meeting concluded with a collective declaration by the *Land* leaders acknowledging the importance of wide participation in regional governance (including representatives of the private sector, science/education, not-for-profit, and political actors) and indicating their support for a revision of the 1969 treaty to reinforce and extend shared responsibility for the governance of the cross-border economic region. The revised treaty was signed the following year, and the *Raumordnungsverband Rhein-Neckar*, and the entire unwieldy structure that comprised it, was replaced with the *Verband Region Rhein-Neckar* (VRN, Federation of the Rhein-Neckar region) on January 1<sup>st</sup>, 2006.

Figure 5.1: Organization of Governance in the Metropolregion Rhein-Neckar



Source: Metropolregion Rhein-Neckar, 2008

Briefly, regional governance for economic development under the new governance structure consists of four highly networked nodes – three forums at the strategic planning level and one organization at the implementations/operations level. Political legitimacy for the structure is provided by the *Verband Region Rhein-Neckar* (VRN). This a regional assembly made up of 96 members – county representatives, city councillors, and mayors of the member municipalities. Its function is the administration and implementation of the regional plan(s), as well as political oversight/coordination of other projects related to planning and regional development. The second node on the strategic planning level is the economic development association, *Zukunft Metropolregion Rhein-Neckar* (ZMRN), which plays a steering and foresight role within the structure. It puts together proposals for projects for approval by the *Verband* in areas including sport and recreation, art and culture, health, science and research, regional identity/promotion, education, and environment. The *Zukunft Metropolregion Rhein-Neckar* is composed of over 200 members from political, education/research/science, private sector, and civil society/not for profit etc. – and is governed by a board composed of an equal number of political and ‘other’ representatives. In several cases, the appointees of this board are cross-appointed elsewhere in the structure – for example, the co-chair is the mayor of Ludwigshafen and also a member of the *Verband Region Rhein-Neckar*; the head of the regional IHK is similarly also included. The third strategic node of the structure are the three IHK, which, despite being represented in some of the other associations, participate as a group in contributing recommendations and initiatives to the *Zukunft Metropolregion Rhein-Neckar*, the *Verband Region Rhein-Neckar* and the regional marketing alliance, *Metropolregion Rhein-Neckar GmbH* (MRN GmbH). This final node is charged with regional marketing and also acts as the mouthpiece for the metropolitan region.

This structure is unique to the extent that it is highly networked and integrated, includes actors from every sector in the region in formulating overarching regional strategies in economic development, and has a novel financing structure. Significantly, the private sector provides the majority of the funding for regional projects undertaken by the network.<sup>91</sup> The cities are under financial pressure, but certain projects are in

---

<sup>91</sup> The VRN and IHK combined contribute €400,000, the cities contribute €600,000 combined, BASF contributes €800,000 per year to the organization.

everyone's interests (transport links, education etc.) and if the *Verband Region Rhein-Neckar* approves the project, a majority of the financing is often provided by the members of the private sector. These 'who pays for what' decisions are decided in the *Zukunft Metropolregion Rhein-Neckar* board and *Verband Region Rhein-Neckar* assembly. Members of any of these 'nodes' are free to propose projects of their own as long as they can find partners and funding and, if public money is involved, get approval from the *Verband Region Rhein-Neckar*. While it is still very early for this system of regional coordination, most observers are optimistic that it is both an effective and sustainable model of regional governance.

This dynamic history of governance evolution provides the fabric from which intercommunal cooperation in the three areas of regional economic development have evolved. The Rhein-Neckar region provides an interesting contrast to Rhein Main as it shares many of the same environmental contexts, yet has been able to overcome the parochialism (*Kirchturmdenken*) that can accompany this type of fragmentation and construct regional governance from the bottom up. The difference between these two regions lies most strikingly in levels of civic capital. Where Rhein-Neckar is characterized by high levels of civic engagement and a historical abundance of leadership, these attributes in the Rhein Main tend to be underdeveloped. The following section details the evolution and characteristics of intermunicipal cooperation in regional marketing, culture, and transportation. A discussion of the impact of environmental variables and civic capital on the intensity of cooperation in the region follows.

### ***Cooperation and Intensities***

All three of the intermunicipal partnerships in these domains of economic development are considered very intense and are highly interconnected by virtue of their embeddedness in new structures of regional governance. In this case, cooperative intensity is both a product of institutional design and, unlike Rhein-Main, broad participation.

- Metropolregion Rhein-Neckar GmbH (MRN GmbH)

The current regional marketing association was founded in 2006 as an independent branch of the newly established *Verband Region Rhein-Neckar* and is the legal successor of the *Regionalmarketing Rhein-Neckar Dreieck GmbH*. This latter organization was founded in 2000 as an initiative of the *Raumordnungsverband Rhein-Neckar* in partnership with the *Rhein-Neckar Dreiecke e.V.*<sup>92</sup> following the legislative extension and clarification of its functions. The intensity of this initial partnership was relatively low to the extent that only the three major municipalities were directly represented in the membership. The broader region, and private sector, participated indirectly through the involvement of the *Raumordnungsverband Rhein-Neckar* and the various IHKs. The partnership was initially governed by a board made up from representatives from each of the shareholders (institutionalized public control). Three years into the partnership, the funding and governance structures were re-evaluated, and the shares of the three corner cities of the triangle were transferred to the *Raumordnungsverband Rhein-Neckar*.

The *Metropolregion RheinNeckar GmbH* organization significantly expanded both the membership and the mandate of the previous partnership. In addition to being the international marketing and branding association for the region, it has also been described as the spokes-organization for the Metropolregion Rhein-Neckar (confidential interview, February 2007). In this capacity, it is also the organization that links the *Metropolregion RheinNeckar* region with other networks and partnerships such as the regional biotechnology competence network (BIOREGIO). Finally, it is also the source, and implementor, of a variety of regional projects related to economic development and regional promotion. Such projects include the organization of annual career fairs and entrepreneurship networking meetings, an initiative to collectively provide childcare in partnership with the private sector, the establishment of real estate expositions, as well as often playing a lead/partnership role in the implementation of projects originating in other nodes of the *Metropolregion RheinNeckar* governance structure.

The *Metropolregion RheinNeckar GmbH* expands on the model of its predecessor and embeds the partnership within the governance network of the *Verband Region Rhein-Neckar*. The structure and membership of the GmbH is fairly unique to the extent that it

---

<sup>92</sup> The development partnership established in 1989 between the three largest cities, the left, right bank, and regional IHKs and the RNV.



operates without the direct influence of the member municipalities. It operates as an independent company under the loose oversight of the regional assembly and foresight/steering committee of the regional governance network. The direct linkage to these assemblies is embodied in the management of the firm, which is co-led by the manager of the regional assembly and the manager of the steering committee.

Because the interests of the municipalities are only indirectly represented, and they have no seat on the board, this partnership can be seen as the most intense institutional form of intermunicipal cooperation. Furthermore, a majority of the funding for the organization is provided through private sources – the two largest private contributors being BASF and the various regional IHKs. Finally, because the organization is embedded in the wider collaborative institutions of regional governance and represents the entire Rhein-Neckar region, the participation coefficient is 1.0. As a result the *Metropolregion RheinNeckar GmbH* has an extremely high score on cooperative intensity with a total value of 8.0.

- Zukunft Metropolregion Rhein-Neckar e.V. (ZMRN)

There is no ‘stand alone’ cooperation in the Rhein-Neckar region in the area of culture. However, this is one of the areas that municipalities and communities have committed to coordinate through the *Metropolregion RheinNeckar* regional governance structure. The *Zukunft Metropolregion Rhein-Neckar* coordinates policies and projects in eight areas of economic development: science and research, training and education, health, arts and culture, sports, (extra-)regional diplomacy, regional identity building, and regional research/information. These groups of issues are dealt with in a series of internal groups. These include internal assemblies of actors in each of the four major sectors: political, economic, education/research, and culture.

As elaborated above, the *Zukunft Metropolregion Rhein-Neckar* functions as a steering committee charged with visioning, foresight, and proposals for regional projects. Its growing membership consists of over 200 firms, institutions, and associations from the region, but it is officially governed by a board of directors made up of 16 members – half representing municipalities, counties, and *Länder* and the other half consisting of

member of the private sector and other regional institutions.<sup>93</sup> These members of this board are elected/appointed from among the membership and serve two year terms. As with the *Metropolregion RheinNeckar GmbH*, *Zukunft Metropolregion Rhein-Neckar* also represents the interests of the entire Rhein-Neckar region, and therefore returns a participation coefficient of 1.0. From an institutional point of view the partnership can be classified as an institutionalized shared decision structure (5.0). Taking these two factors together the *Zukunft Metropolregion Rhein-Neckar* cooperation on regional cultural issues is relatively intense at 6.0.

Cooperation on the issue of regional culture has indeed intensified through the establishment of the *Zukunft Metropolregion Rhein-Neckar*, despite the fact there is no current stand-alone partnership for arts and culture. Cultural cooperation in Rhein-Neckar has typically been *ad hoc* and based around specific projects: cultural festivals, exhibitions, and conventions. However, very few of these projects took on a truly regional dimension. The establishment of the *Rhein-Neckar Dreiecke e.V.* in 1989 brought more sustained attention to the issue of regional culture and prompted a series of meetings on the status of arts, culture and regional infrastructure - all linked into regional foresight and image-building exercises. The *Zukunft Metropolregion Rhein-Neckar* provides a formal forum through which municipalities in the region, in partnership with private actors, can coordinate and implement cultural policies and projects.

- Verkehrsverbund Rhein-Neckar GmbH (VRN GmbH)

Founded in 1989, the *Verkehrsverbund Rhein-Neckar GmbH* is the regional transportation authority for the Rhein-Neckar region. However, a degree of intermunicipal and inter-*Länder* cooperation on regional transport – particularly rail – has existed since the end of WWII due to the tight connections between the fragmented nodes of the economic region. The first attempt at formal coordination occurred through the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* and its first regional development

---

<sup>93</sup> Significantly, there is no *formal* provision for this balance of public and private interests. The constitution of the association allows members to come from any sector, but does not specify the proportion of each required. As such, the institutional character, and rating, of the *Zukunft Metropolregion Rhein-Neckar* can fluctuate over time. That said, it is likely that this balance will be sustained by convention.

plan. The first real sustained collaboration between local transportation agencies occurred in the early 1970s as the region, then under the planning command of the *Raumordnungsverband Rhein-Neckar*, attempted to establish a network of inter-city regional transit (S-Bahn). In 1973, the first formal special-purpose regional transportation authority was established to run these services by the cities of Mannheim, Ludwigshafen, and Heidelberg, their transit departments, the German rail company, and the German postal services in the form of the *Nahverkehrsgemeinschaft* (NVG). The intervening years saw the development of a genuinely regional rail transportation system and planning, widely held to be extremely successful (Patschke, 1989).

However, in the late 1970s, it became clear that an expansion of the system would be required to support future growth. The system was therefore expanded to include eight more cities and reorganized under a transportation commission called the *Nahverkehrsgemeinschaft Rhein-Neckar* (NRN). As the region continued to grow, more structural reorganizations were required – first through the combination of a variety of peripheral transportation authorities and the NRN under the administrative union of the *Zweckverband Verkehrsverbund Rhein-Neckar* (ZRN), which was linked into the regional assembly of the *Raumordnungsverband Rhein-Neckar* (1984). Finally, the entire group of regional transportation authorities and stakeholders was consolidated in 1989 under the current authority – the *Verkehrsverbund Rhein Neckar* (VRN GmbH<sup>94</sup>). This structure has naturally expanded to include more actors over the years, but its governing institutions have remained largely unchanged throughout the further evolution of economic development governance in the Rhein-Neckar region.

According to the measures employed by this study, intermunicipal cooperation on transportation, taking the VRN GmbH as the only intercommunal actor, is the weakest of the three issue areas examined. This is because, as was the case in the Rhein-Main region, German federal law requires that planning in regional transportation be governed exclusively by public authorities. In conforming to these regulations, the VRN GmbH has a similar multi-tiered structure as the RMV in the Frankfurt region. However, there are still some differences between the organization of regional transportation governance in

---

<sup>94</sup> This is not to be confused with the VRN – *Verband Region Rhein-Neckar*. The transportation authority is hereafter always indicated by VRN GmbH.

Rhein-Neckar as compared to Rhein-Main. For instance, by virtue of the governance structure in Rhein-Neckar, local transportation authorities have a greater degree of input into the long-term management of the transport authority. The structure of transportation governance in the Rhein-Neckar region consists of three main actors: a greatly expanded ZRN, which unites political representatives from all participating communities, cities, and states; the VRN GmbH, of which the ZRN is the only shareholder; and, parallel to the VRN GmbH, the *Unternehmensgesellschaft Verkehrsverbund Rhein-Neckar GmbH* (URN). The URN is the collective association of local transportation firms linked into the VRN GmbH network. At the operational level, its main function is the day-to-day functioning of the system through its local partner firms, and it is also solely responsible for establishing the tariff structures and distributing revenues to its members. Unlike the RMV system, in which the political/planning level dominates the operational level in the hierarchical management structure, the VRN GmbH and the URN have *equal rights* under their shared constitution, and must work together to shape, grow, and promote public transportation in the region (VRN GmbH, 2007). Certainly, the political/planning level is the only tier that wields legitimate political power to determine regulations and standards of service, but for the long-term development and operation of the system, both political and private sector service deliverers must cooperate.

This relatively unique structure makes the intensity of cooperation difficult to evaluate. If the VRN GmbH is evaluated alone, it is a clear case of institutionalized public control (3.0). However, if the role of the URN is taken into account, this case strays closer to the institutionalized public majority (4.0), or even the institutionalized shared decisions (5.0) structure. For the purposes of this project, the VRN GmbH/URN partnership is designated a case of institutionalized public majority (4.0). This is because, despite the fact that they share equal rights under their collective constitution, the ZRN still maintains control over regulating and planning regional transportation. Therefore, the contribution of the URN is recognized as a minority position in the decision-making structure of the combined transport authority.

In terms of participation, like the other two areas of intermunicipal cooperation, the VRN GmbH is also quite intense. Indeed, the VRN GmbH delivers transportation services far beyond the boundaries of the *Verband Region Rhein-Neckar* planning region.

The ZRN membership consists of 24 independent cities, counties and *Länder* representing 411 communities. The Rhein-Neckar region consists of 282 communities – therefore, the participation coefficient for the VRN GmbH is 1.46. This delivers a combined cooperative intensity of 5.46.

All three of the cases studied here display relatively high degrees of cooperative intensity. Significantly, these cases also demonstrate a degree of innovativeness in institutional design, relatively long histories of interlocal collaboration, and close connections to a variety of regional networks. The following section examines the effect of the environmental variables on the establishment, historical development and current intensity of cooperation in the Rhein-Neckar region.

### ***Intermunicipal Cooperation in the Rhein-Neckar Region***

Despite the fact that a slightly different combination of *Länder* are involved in the Rhein-Neckar region, the institutional and geographical context is remarkably similar to that of the Rhein-Main. Both are densely populated, polycentric, and historically fragmented urban regions. However, much more intense and consistent cooperation has emerged in the Rhein-Neckar. This section explores the effects of the various environmental variables and demonstrates that, while institutions, regional structural, and exogenous variables matter, the effects that they have on intermunicipal collaboration vary from context to context. This lends credence to the suggestion that there may be some other factor that can provide a more consistent answer to the question of why intermunicipal cooperation emerges more frequently and intensely in some jurisdictions versus others.

#### *Density*

Does size matter? Does density? The Rhein-Neckar region has about a third of the population of Frankfurt Rhein-Main, and just over half the number of communities. From the perspective of population distribution, the two regions are roughly similar. However, judging from the absolute number of actors that may potentially be involved in regional governance across these two statistically and economically defined regions, the Rhein-Neckar is much less dense. The *Verband Region Rhein-Neckar* represents 282

communities, whereas the Frankfurt Rhein-Main region consists of 445. Perhaps quite significantly, unlike Rhein-Main participation rates of communities in the three areas of collaborative economic development meet or exceed 100%. Were this merely a function of the smaller number of potential participants, one would expect that cooperation in the Rhein-Main region should reliably include at least 200 communities. However, this is clearly not the case.

As in Rhein-Main, the number of communities participating in regional governance initiatives has been less of an issue than anticipated because smaller communities are represented through their district or county governments. In this case, 282 communities are, in actual fact, represented by eight independent cities and seven county governments. This is, arguably, a more manageable group of interests. However, as in Rhein-Main, the character of these actors has tended to matter more than actual numbers. Despite the fact that intermunicipal cooperation in the region has been relatively strong, Rhein-Neckar is not immune to conflicts between urban, suburban, and rural areas over collaborative policies. Nor have the largest cities always had coinciding interests. This suggests, again, that the character of the actors may have more of an impact on cooperation than the actual number of interests at play.

Another dimension of density not addressed in the initial theoretical discussion is the density of types of actors. Where in Rhein-Main very few private sector, educational/science/research institutions, or not-for-profits were directly involved in the governing process, the very opposite holds true in this case. For instance, the membership of the *Zukunft Metropolregion Rhein-Neckar* is over two hundred firms, associations, and organizations. Of course, these interests are aggregated through the board of directors; however, this large number of participants may potentially pose a problem in decision-making within this assembly. While this was not cited as an issue by any of the members interviewed, as membership increases and more complex issues are addressed, this density of actors and interests may become problematic.

### *Regional Governance*

It is impossible to separate modern intermunicipal cooperation in any of the three issue areas explored here from the broader evolution of regional governance in Rhein-Neckar.

Though two of the three associations exist relatively independently from the political governing structure of the *Verband Region Rhein-Neckar*, each initiative owes its existence to the institutions of collaborative regional planning that preceded them. But, while history matters, so to speak, it is worth noting that early forms of cooperation on issues such as transportation and regional marketing and promotion were themselves important precursors to the current regional governance structure. The result is that historical intermunicipal cooperation for economic development issues both shaped regional governance structures, and has been shaped by them.

This is most evident in the case of regional marketing. In this instance, the first formalized collaboration between municipalities emerged in 1989 in partnership with the private sector through the *Rhein-Neckar Dreieck e.V.* (RND). This association united the three largest cities, the local and regional IHK, and other members of the private, education/research, cultural etc. sectors. A decade later, the *Regionalmarketing Rhein-Neckar Dreieck GmbH* was established with the participation and support of the *Raumordnungsverband Rhein-Neckar*. While, at this point, the *Raumordnungsverband Rhein-Neckar* had long been established, until 1998 its functions had been more or less limited to planning. The *Rhein-Neckar Dreiecke e.V.* partnership emerged to fill the gaps in regional policy and to attempt to provide a forum in which more complicated and broader regional issues could be discussed. One of the central missions of the *Rhein-Neckar Dreiecke e.V.* was to foster a collective identity and to construct a coherent vision around which the region might evolve and prosper. Critical to this goal, was the promotion and marketing of Rhein-Neckar, an aim around which much of the initial support for the *Rhein-Neckar Dreiecke e.V.* was rallied (Schmitz, 1994). From this perspective, cooperation on regional marketing was an important catalyst for the creation of the *Rhein-Neckar Dreiecke e.V.*. This association, in turn, further institutionalized cooperation in marketing by establishing an independent GmbH. Finally, the *Rhein-Neckar Dreiecke e.V.* (and its individual members) provided much of the impetus for both the EMR campaign and spearheaded the movement to reorganize the Rhein-Neckar governance structure. It laid the groundwork for the current *Zukunft Metropolregion Rhein-Neckar* and *Metropolregion RheinNeckar GmbH*. Clearly, the cooperative associations in marketing and promotion in Rhein-Neckar have had a dynamic

relationship with regional governance in which it is difficult to determine which had the greater impact on the other.

In the other areas of cooperation the influence of regional governance has been much clearer. Regional culture was definitely an early focus of *Rhein-Neckar Dreiecke e.V.* attention. However, it was never quite the catalyzing issue that regional marketing became. Culture was certainly related to image-building and promotion projects undertaken by the *Rhein-Neckar Dreiecke e.V.* and its partners but never evolved into a stand-alone GmbH in quite the same way as in marketing, or in the area of cultural coordination in the Rhein-Main region. That cultural collaboration continues to take place within the *Zukunft Metropolregion Rhein-Neckar* is not necessarily an indication of weakness of cooperative will in this area; rather it is more likely that the forum has proven adequate for cultural projects to date. Because the *Metropolregion RheinNeckar GmbH* also plays a policy implementing role within the governing structure, a separate GmbH for the operational level of arts and cultural policies is not currently necessary (confidential interview, February 2007). Quite clearly though, previous collaboration in other areas of economic development governance has positively influenced the emergence and intensification of cooperation on culture.<sup>95</sup>

Cooperation on public transportation has developed in much the same way as on regional marketing – on a parallel but independent course to the institutionalization of regional planning. Indeed, regional transportation was one of the issue areas cited, where it was considered useful for cooperation to develop outside of the established governance structures. For instance, the treaty of 1969 did not include coordinated transportation planning as one of the competencies of the *Raumordnungsverband Rhein-Neckar*. Furthermore, it was difficult to reach agreements on coordinating issues such as transportation within the *Raumordnungsverband Rhein-Neckar*, because the political administrative level responsible in this area varied, depending on the *Land* and the planning jurisdiction. In such a case, Schmitz (1994) argues that establishing a separate authority, along the lines of the VRN GmbH, may enable contentious issues to be dealt

---

<sup>95</sup> One potentially limiting factor in this arrangement on arts is that, unlike collaborations in marketing and transportation that exist largely independently of the Verband structure, the potential to expand the scope of participants, and to add new municipal actors may be diminished. That said, there is no restriction on new municipalities joining the membership of the *Zukunft Metropolregion Rhein-Neckar* (though there is definitely a limit on the Verband).



with outside of, but in coordination with, the regional planning structure. As conflict subsided, he envisioned a closer relationship between the *Raumordnungsverband Rhein-Neckar* and the VRN GmbH. The role of the *Raumordnungsverband Rhein-Neckar*, despite the fact that its mandate was historically limited, was to provide political legitimacy and to muster the political will in support of further regional endeavours (Schmitz, 1994: 50).

Clearly the prior existence of regional governance structures, even in a related area, has had a positive effect on intermunicipal cooperation in the Rhein-Neckar region. This is an interesting contrast to the Rhein-Main case, where regional governance structures have tended to reinforce historical fragmentation between the four largest cities, and between urban and rural areas. This fragmentation results most significantly from the exclusion of all major cities except Frankfurt from regional planning associations. In Rhein-Neckar, all formal planning partnerships and informal associations since the end of WWII have included, at minimum, the three largest cities in the region – Mannheim, Ludwigshafen, and Heidelberg – despite the fact that a significant distance separates them. This suggests that perhaps it is not the presence or absence of regional structures that affects the emergence and intensification of cooperation over time, but the extent to which they are inclusively designed.

### *Mayoral System*

The Rhein-Main case proved that the powers of the mayor to engage in or resist participation in collaborative ventures can have both positive and negative impacts on intermunicipal cooperation. To the extent that mayors are able to take the initiative and commit their communities to regional partnerships, what matters more is the personality and politics of the mayors involved. In the Rhein-Neckar region, mayors are considered executives, according to Wollman (2004).<sup>96</sup> This means that they have a high degree of influence over local policies and are enabled to set policy and can enter into partnerships unilaterally on behalf of their communities.

---

<sup>96</sup> The exception here being mayors from Hessen who are still considered modified collegial. This is less of an issue in this region as all of the core cities are in either BW or RP, and therefore come from the traditional southern German executive mayor tradition.

In Rhein-Neckar, mayors have tended to use their influence to further the interests of regional collaboration rather than to block them. Not only have urban mayors been instrumental in facilitating early partnerships between municipalities, they have been actively engaged in negotiating the terms of partnership (and therefore have influenced institutional design), and in spearheading regional initiatives (confidential interviews, December 2006-February 2007).

One regional actor argued that: “the support and leadership of local mayors has been critical to the regional agenda” (confidential interview, translated from German, February 2007). Several local leaders cited the strong mayoral support for the creation of *Raumordnungsverband Rhein-Neckar* as instrumental to the evolution and expansion of regional cooperation in other areas. Another actor commented that “the difference between the failure of regional cooperation in the Rhein-Main region and success in Rhein-Neckar is perhaps more a difference between [...] willing and hindered political leadership”, referring to the strength and consistency of mayoral support across partnerships (confidential interview, translated from German, January 2007).

While mayors have tended to be extremely supportive, they have also been very engaged in both the negotiations leading to partnerships and the institutional evolution and design of these associations. For instance, in 2003 there were some changes to the administrative structure and membership of the *Rhein-Neckar Dreieck eV*. Most notable of these changes was the reorganization of shares to allow the *Raumordnungsverband Rhein-Neckar* to represent the municipal actors, and take over the majority of public funding for the *Rhein-Neckar Dreiecke e.V.*. The reorganization was mainly meant to streamline cash flows and alleviate some of the financial burden shared by the municipalities. However, the share reorganization left some question as to whether the individual interests of the largest municipalities would be adequately represented within the forum (confidential interview, January 2007). After some negotiation, it was agreed that the mayors of the now five largest communities, would retain separate representation despite the fact that their cities would no longer hold any shares in the *Rhein-Neckar Dreiecke e.V.*. This is both an indication of the degree to which these mayors valued their voice(s) within the association and their power to shape the institutional design of these partnerships.

While Rhein-Main has its share of colourful personalities and mayors, far fewer local political leaders have invested deeply in the regional agenda in that region. Rhein-Neckar, by contrast, has had many innovative, engaged, and very regionally active mayors throughout its history. Several notable mayors have played key roles in stimulating regional partnerships. Perhaps the most famous of these figures was Herman Heimerich who served as the mayor of Mannheim from 1928-1933 and 1949-1955. In both of his tenures in local political office,<sup>97</sup> Heimerich worked tirelessly on a quest to unite the political region of the Rhein-Neckar. He was directly responsible for the establishment of the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* (1951), the precursor to the *Raumordnungsverband Rhein-Neckar* that was founded two decades later, among other regional triumphs. He is fondly remembered as the “motor and mentor of the Metropolregion Rhein-Neckar” (Hoffend, 2005). Several other political leaders have followed in Heimerich’s footsteps in both championing the regional cause and engaging deeply with regional institutions. The current mayor of Ludwigshafen, Frau Ursula Lohse (CDU) is one such actor. The specific actions of these leaders are discussed in more detail in the section on leadership and civic capital.

The two German cases have demonstrated that mayoral power is an important element of intermunicipal cooperation for regional economic development – in both regions mayors are relatively free and empowered to engage in regional cooperation, or, as the case may be, to resist it. However, these cases have also demonstrated that, as an *indicator* of intermunicipal cooperation divorced from context, the powers of the mayor are not particularly predictive. This suggests that, to the extent that mayors are relatively autonomous leaders, their politics and personalities matter more than the specific powers they can wield.

### *Party Politics*

As in the Rhein-Main case, the experience of the Rhein-Neckar region demonstrates that, while party conflict is not unheard of, it is less of a barrier to intermunicipal cooperation than other, more localized, factors. In the Frankfurt region, the confluence of key local

---

<sup>97</sup> Heimerich’s political career spanned many decades and political positions. He is perhaps best remembered for his post-war stint as mayor of Mannheim. His astonishing career is best memorialized by Hoffend (2005).

leaders (mayors) from the same political party was not enough to secure agreement on regional issues. However, neither did local leadership from different parties prevent regional collective action from emerging. This suggests that, in this case, party conflicts and party confluences played little significant role in either helping or hindering intermunicipal cooperation for regional economic development in any of the three areas. This experience is also mirrored in the Rhein-Neckar case.

Each of the three key junctures of regional collaborative development in the Rhein-Neckar was presided over by political leaders in the three central cities – Mannheim, Ludwigshafen, and Heidelberg – with different political affiliations. The 1951 foundation of the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* was ushered in by Heimerich (Mannheim, SPD), Hoffmann (Ludwigshafen, SPD), and Swart (Heidelberg, Independent), with the participation of district representatives from all three major parties. While the fact that the ‘twin’ cities of Mannheim and Ludwigshafen were both led by mayors from the same party may have eased the initial agreement slightly, the histories of this ground breaking organization are unanimous in citing the leadership and charisma of Heimerich as the primary catalyst in the establishment of this partnership. None of the secondary sources chronicles conflict between the members as stemming from partisan sources, though there were certainly minor disagreements in the lead-up to and after the initiation of the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH*.

Similarly, the establishment of the *Raumordnungsverband Rhein-Neckar* in 1970 was supervised by leaders from the SPD, Zundel in Heidelberg, and Ludwig in Ludwigshafen, and an independent, Reschke, in Mannheim. Finally, the EMR initiative and the establishment of the *Zukunft Metropolregion Rhein-Neckar* were also led by mayors from different political backgrounds – Weber (Heidelberg, SPD), Lohse (Ludwigshafen, CDU), and Widder (Mannheim, SPD). That cooperation emerged from the bottom up in these three instances, in the context of different political leadership, demonstrates that simple partisan alignments are not sufficient on their own to block collaborative impetus. This is not enough to rule out the potentially positive impact of confluences – after all, in each case there were at least two leaders from the same party at the table. However, given that the Frankfurt experience demonstrates that alignment is also not sufficient to create partnerships, one can tentatively conclude that, on its own,

party politics is not an effective predictor of intermunicipal cooperation either way. Therefore, where agreements on regional cooperation have proven difficult to reach, it is more likely that more localized factors, perhaps unrelated to party agendas, are at the heart of the conflict.

Another potential factor regarding intermunicipal cooperation and party politics in Rhein-Neckar is that, relatively early on, formal institutions existed through which regional conflicts could be mediated. The establishment of the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* marked the creation of the very first cross-border organ of intermunicipal cooperation in Germany. However, despite its limited mandate, it functioned as a forum through which conflicts could be aired and addressed. Certainly, the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* and its successors were not perfect mechanisms with which to resolve partisan differences (or, indeed, those stemming from other sources) – but by providing a forum and an outlet, dialogue remained possible, if limited. While no interviewee cited these institutions as critical for resolving partisan differences, nor did any subject identify partisanship as a significant source of regional conflict. But all mentioned the mediating influence of even the limited early associations as critical to maintaining cooperative attitudes in the region.

#### *Autonomy 1: Functional Responsibility*

Rhein-Neckar provides an interesting contrast to the Rhein-Main region in the domain of functional responsibility. The Rhein-Neckar region is governed by the same federal legislation, and very similar *Land* legislation, as the majority of the Frankfurt region. Therefore, cities and communities in the three *Länder* have much the same division of functional responsibilities as discussed in the previous chapter. Theoretically, where cities have lower degrees of functional responsibility, they may be more reticent to delegate areas of jurisdiction to regional partnerships to the extent that they might prefer to retain as much control as possible over the policy areas they can influence. However, as demonstrated in the discussion of the institutional context in Germany in the preceding chapter, German cities typically have relatively high levels of functional responsibility. In fact, German cities deliver a wide degree of services and perform quite a varied array of functions – both constitutionally outlined and delegated. Therefore, cooperative intensity

is not likely to be much affected by functional responsibility in these cases. However, as the Frankfurt region demonstrated, this does not always hold true. In Frankfurt, regional marketing functions were duplicated at the local level, indicating both a lack of confidence in the existing regional association and, perhaps, the perceived political importance of the marketing function to local prosperity. So, where intermunicipal cooperation for regional marketing in the Frankfurt region can be characterized as wary and competitive, in the Rhein-Neckar region cooperation in all three areas is considered very complementary and based on innovative partnerships.

As the Rhein-Main case demonstrated, of the three areas of cooperation, regional marketing is often perceived as the most politically salient to local political leaders. This finding is also echoed by Magnier *et al's* (2006) study of mayoral priorities. In most instances where regional marketing alliances exist, local promotional activities are not completely delegated to the regional level. Generally, cooperation occurs in regional branding, regional promotional material, international strategies, but local economic development offices remain active, and competitive with one another, in local site promotion and in courting firms that have been attracted to the area by regional efforts. In the Rhein-Neckar, however, cooperation and coordination in regional marketing go far beyond a simple division of labour. Most notably, the cities of the Rhein-Neckar metropolregion, represented by the *Metropolregion RheinNeckar GmbH*, have also collaborated on site promotion and marketing activities. The most significant manifestation of this is the collective real estate portal that lists commercial and industrial buildings, green and brownfields zoned for development, and other available industrial properties and infrastructure. When asked why the cities of the Rhein-Neckar cooperate at this level one regional leader remarked:

We want to make it as open and easy as possible for companies to learn about the region and find exactly the kind of property they need to do business here. This way [firms] can compare sites in every location and choose which suits them best. If there are several appropriate sites in different cities then there is competition, sure. But normally everyone understands that even if one city loses, the region always wins (confidential interview, translated from German, January 2007).

Despite this high degree of collaboration on site promotion, it is notable that there is still, and always will be, a degree of competition between municipalities to attract firms and investment. As one observer noted:

For the three largest cities, and for the majority of the communities [in the region], competition is not a foreign concept. Competition isn't a big deal in areas where regional benefit is not apparent, or where mutual interdependence is not an issue. (confidential interview, translated from German, January 2007).

However, for the most part the cities and communities of the Rhein-Neckar region are not competitive in the three areas of regional economic development under investigation here. As the above example shows, in the case of regional marketing, the level of commitment to collaborative regional solutions is much more intense than in the Rhein-Main context, despite their very similar institutional contexts.

#### *Autonomy 2: Local Discretion*

As in the Frankfurt case, municipalities in Rhein-Neckar are also quite dependent on the *Gewerbesteuer* to finance local activities. As such, there is naturally a degree of competition between these communities on taxation rates and business attraction. However, this dependence on the profit tax, and its competitive ramifications, are less pronounced in the Rhein-Neckar region for two related reasons. First, as a result of the design of collaborative governance structures in the region, there has tended to be more financial participation on the part of the *Länder*, and therefore less fiscal pressure on municipalities. Secondly, the participation of the private sector has also provided significant financial support to regional projects. This private commitment has been recently increased and formalized with the restructuring of regional governance under the Metropolregion Rhein-Neckar. Therefore, where the financial burden of cooperation is reduced, so too are many of the competitive pressures that have caused conflict in other cases.

The state of local finances and sources of income in the Rhein-Neckar region are quite comparable to the Rhein-Main context. The main sources of revenue for communities in Baden-Württemberg break down as follows:

*Table 5.1: Municipal tax revenues in Baden-Württemberg (in 100 thousands €/share of local tax revenues) 2008.*

Property tax:	722 (9%)
Profit tax (net):	4,440 (55%)
Share of income tax:	3,567 (42%)
Share of sales tax:	330 (4%)
Other:	289 (3%)

Source: Statistische Bundesamt Baden-Württemberg, 2008.

As in the Frankfurt region, each municipality is entitled to set profit tax rates. As such, rates tend to vary significantly from community to community. Within the Rhein-Neckar region, however, there is a remarkable consistency in profit tax rates. Both Mannheim and Heidelberg have comparable rates of 415% and 400% respectively. Ludwigshafen, has a slightly lower rate of 360% (2007). However, this is generally consistent with lower average business tax rates in Rheinland-Pfalz.

Though no interviewees directly suggested that the lack of extreme variation had anything to do with regional cooperation, seven expressed the general sense that municipalities in general tended to avoid undercutting each other too deeply on the profit tax. Like other communities in Germany, cities in the Rhein-Neckar have been subject to similar fiscal pressures and cash shortages. However, due to the stable structure of financing regional projects and the involvement of both the *Länder* and the private sector, these pressures are less pronounced than in other regions.

Since the establishment of the *Raumordnungsverband Rhein-Neckar*, both the *Länder* and the municipalities have faced relatively stable financial arrangements on issues of regional planning and development. This has particularly been the case in the areas of regional marketing and transportation. Initially, the regional alliance responsible for marketing, the *Rhein-Neckar Dreiecke e.V.*, was financed jointly by its shareholders – the three main municipalities, members of the private sector, and the participating counties.<sup>98</sup> Public financing for this initiative was eventually transferred to the *Raumordnungsverband Rhein-Neckar* in order to streamline municipal contributions. Though in this case the *Länder* were not originally funding partners, it is significant that

---

<sup>98</sup> This organization was financed by the shareholders and had an annual budget of between €350,000 and €400,000.



the initial funding arrangement included quite a significant contribution from the private sector – this alleviated much of the pressure on municipalities who would ordinarily have supported these activities alone. In transportation, the *Länder* played a key role in financing the RNV GmbH and therefore also shared part of the burden with the participating cities and partners. The degree of stability and cost reduction that the inclusion of private and *Land* partners provided reduced the degree to which regional projects were funded off the limited profit tax base, thus reducing, to a certain extent, extreme competition on tax rates.

As regional governance institutions evolved, the stability of financing arrangements – at least from a municipal point of view – increased. With the extension of the mandate of the *Raumordnungsverband Rhein-Neckar* and then the establishment of an even broader-mandated *Metropolregion Rhein-Neckar*, more regional projects became funded under an annual transfer from the municipalities, and less as stand-alone projects. This further reduced the uncertainty of financing regional endeavours. Furthermore, under the new governance structure, the role of the private sector in financing regional projects has been formalized. For instance, private sector funding provides the majority of financing to both the *Metropolregion RheinNeckar GmbH* and regional cultural projects. As private partners have been drawn into the governing processes, they are more apt to propose and/or finance projects through the *Zukunft Metropolregion Rhein-Neckar*, further alleviating the public burden.

While this system of finance is unique and potentially quite effective, there are some significant drawbacks. BASF is currently the largest private financier of these organizations; however, the firm has no formal commitment to continue providing financial support. Should this support be reduced or eliminated, the *Metropolregion RheinNeckar* structure and its constituent organizations would face a cash crunch that could only be alleviated through the emergence of alternative private finance, an increase in the contributions of the *Länder*, or an increase in municipal outlays. The latter two options are perhaps politically and practically difficult to imagine. Therefore, while in the short-term these structures have conspired to provide stability and reduce fiscal pressures on participants, the long-term outlook is far from clear.

### *Power Asymmetry*

Disparities in autonomy, population, productivity, and perceptions of power relations in a region can all contribute to the intensity of intermunicipal cooperation. The Rhein-Neckar region, like the Frankfurt region, is highly fragmented. However, actual and perceived power relations, particularly between the three major cities, are not as pronounced in this case.

In the Frankfurt case, many of the perceptions of power asymmetry stemmed from historical patterns of development and fragmentation. Paradoxically, the Frankfurt region is a case where formal political power is fragmented and economic power relatively concentrated. While the Rhein-Neckar has a similar geographical and identity fragmentation, what the region lacks is a central city. Thus, while the Rhein-Main region is better known as the *Frankfurt* city-region as a result of its economic and international standing, the Rhein-Neckar region has no such centre. This is because of a relatively clear economic division of labour between cities, the fact that none of the major cities in the region is a *Land* capital, and because throughout the long history of regional cooperation no one city has consistently dominated the agenda.<sup>99</sup> As no one city plays the formal role of 'centre,' there appears to be less antagonism between the major players based on perceptions of power and identity.

The fact that there has been comparatively less antagonism between the major cities in the region does not necessarily mean that there has been no conflict along power lines. Historically, there has been conflict between the cities of Mannheim and Ludwigshafen, and the region is not immune to the familiar city/suburban/rural interest-based tensions. Finally, to the extent that international recognition accords a degree of power, the city of Heidelberg has proportionally more influence from a marketing point of view.

The relationship between the cities of Mannheim and Ludwigshafen is not unlike that of Mainz and Wiesbaden in the Rhein-Main region. These can both be characterized as single city-regions truncated by the Rhein river, and consequently, by *Land* boundaries. However, in contrast, neither city in the Rhein-Neckar region was ever a

---

<sup>99</sup> This in contrast to the Rhein-Main, which contains two *Land* capitals, and the city of Frankfurt, which has constantly dominated the region by virtue of its international profile, economic importance, and relative independence.

*Land* capital, and the initial relationship between Mannheim and Ludwigshafen was extremely competitive. Ludwigshafen is a very young city relative to other communities in the region. It was established in 1853 and was expressly conceived to compete against Mannheim<sup>100</sup> (Becker-Marx, 1999). However, despite the initially competitive orientation of the two cities, their industrial development trajectories ultimately diverged such that each established a slightly different role in the regional economy. Mannheim remained industrially important, as Ludwigshafen developed an initially more residential and service role, with some industrial concentration, particularly in chemical production. Mannheim maintained dominance in mechanical engineering and machining, and developed a prominent university and research base. Despite the fact that these two cities lie in different *Länder*, and on different sides of the river, they are now functionally one cross-border city-region. Had these two cities in fact developed into one political entity, this agglomeration would likely have functioned as the central node of the Rhein-Neckar region. However, due to the persistent political fragmentation, neither city, nor the city-region, has any claim to political dominance in the region. This is further compounded by the international stature of the Heidelberg region.

The Mannheim-Ludwigshafen city-region developed extremely rapidly following WWII with each urban agglomeration spreading deeper into its periphery. This development caused some tensions between the urban, urbanizing, and rural communities, particularly around the Mannheim and Ludwigshafen kernel. This was particularly the case as each city expanded primarily through amalgamation and incorporation of surrounding towns into its own political entity. However, despite this inevitable, and indeed ubiquitous, tension the division between city and rural areas never caused the degree of conflict or mistrust that emerged in the Rhein-Main region.

A final dimension of power relates to the concept of identity and international recognition. In this respect the story of the Rhein-Neckar region parallels that of the Waterloo region in Canada. In both cases, the economic power of the region is centred on three municipalities, one of which is much more internationally known than the other

---

<sup>100</sup> Interestingly, at this point the left side of the Rhein was a part of Bavaria, a legacy of the Congress of Vienna. The choice of Ludwigshafen as a Bavarian stronghold on the Rhein was seen as payback for the outcome of the congress. The site was also selected so that the new city could benefit from the infrastructure and services of Mannheim, despite the fact that it was designed as a direct industrial competitor (particularly in chemical, analin and soda production) (Becker-Marx, 1999).

two. In the Rhein-Neckar case the city of Heidelberg is almost instantly globally recognized while Mannheim, Ludwigshafen, Worms, Speyer, and Frankenthal are not well-known outside of southern Germany. This has been a problem in both naming and branding the region. As one official remarked:

If you go to the US and ask people if they know Heidelberg you get a huge positive response, but no one knows anything about Mannheim or Ludwigshafen. This has been a real problem in marketing the region because no one knows where 'Rhein-Neckar' is! (confidential interview, February 2007, translated from German).

Indeed, this disparity in recognition has caused tensions in the actual naming of the region. While calling it the Heidelberg region would perhaps be more effective from an international marketing point of view, neither Mannheim nor Ludwigshafen would accept that moniker. As such, since the 1960s the region has been referred to, as a compromise, by the name of the confluence of rivers that divide it, rather than by its most internationally prominent member.

While there are different dimensions of power asymmetry in the Rhein-Neckar region, this has neither been an incentive for nor a barrier to the establishment and intensity of intermunicipal cooperation. Certainly, historical development and perceptions of power related to identity have caused tensions. But these factors have not played a significant role in the development of intermunicipal cooperation in any of the three areas of economic development.

#### *Government involvement*

The Rhein-Neckar region is a case where the *Länder* governments have played critical, though not altogether *coercive* roles in establishing and contributing to the intensity of regional partnerships. Where the *Metropolregion RheinNeckar* and the *Raumordnungsverband Rhein-Neckar* that preceded it were both established through *Land* legislation, the state governments were not, in fact, the source of the initiative. In both instances, the enabling legislation was the result of local pressure, and the role of the *Land* representatives was limited to signing the initiative into law. The influence of the *Länder* in intermunicipal cooperation in the region varies significantly by area of economic development. Arguably, there is the least degree of government involvement in

the areas of regional marketing and culture, and the most in transportation. However, this pattern of influence in transportation only holds because of the financing arrangement and has little to do with governance.

The evolution of regional marketing cooperation in Rhein-Neckar has occurred completely independently from any upper level intervention. And although the structure of the *Metropolregion RheinNeckar* is governed by *Land* legislation, the establishment of the *Zukunft Metropolregion Rhein-Neckar e.V* and *Metropolregion RheinNeckar GmbH* is not. Nor did the preceding organization, the *Rhein-Neckar Dreiecke e.V.*, include any funding or representation from the relevant *Länder*. Similarly, cultural cooperation was coordinated through the *Rhein-Neckar Dreiecke e.V.* and, currently, through the *Zukunft Metropolregion Rhein-Neckar*. Therefore, there is no *direct* intervention from upper levels of government in cultural cooperation either.<sup>101</sup>

The *Länder* contribute to the financing of the VRN GmbH through transfers from the *Verband Region Rhein-Neckar* and to the individual transit authorities. The *Länder* are also represented in the governance of the VRN GmbH through their membership in the governing board of the *Zweckverband (ZVRN)*. While *Land* involvement in the governance and financing of the VRN GmbH is certainly relevant, it is important to note that the initial impetus for cooperation in the realm of regional transportation emerged locally, and was not a direct function of upper level legislation, partnership or intervention. Certainly, these contributions have made cooperation in the association easier and more sustainable – given the capital outlays required to maintain such a system. However, the VRN GmbH has been, and remains, a very decentralized system governed more from below than hierarchically.

As such, it is clear that, *Land* involvement has tended to have a positive impact on intermunicipal cooperation, but it has not been decisive in any case. Indeed, in all but the case of transportation, government involvement has not been a factor.

---

<sup>101</sup> Both marketing and cultural projects are often funded in part by the MRN – which receives part of *its* funding as a transfer from the *Länder*. Therefore, indirectly both of these areas receive cash from upper levels, however there is no direct intervention in either governance or how that money is spent unless the upper level government is an outside partner on a specific joint project.

### *Internal Threats*

Internal threats to prosperity, such as high unemployment or low growth rates can be important contextual catalysts to regional cooperation. Where the region faces such internal challenges to competitiveness, local actors may be more willing to work together to face common problems. To a certain extent, this has been a factor in the Rhein-Neckar case. However, impetus for collective action has been in part stimulated in this region not by low growth rates or high unemployment, but by a dearth of human capital. In a region saturated with high tech, innovative firms, and vast research infrastructure, the difficulty in attracting talent has been identified as a key issue to be addressed through collaborative projects.

On most measures of internal stability, the Rhein-Neckar region performs quite well. The Rhein-Neckar region has sustained an average population growth between 1997 and 2004 of 1.5% (IKM Monitoring, 2006:5). While this level of performance doesn't place the region in the top five EMRs in Germany – it is ranked 7<sup>th</sup> out of the 15 regions – it is still positive growth. During the same period, employment growth remained constant, with an average of -0.1% (IKM Monitoring, 2006:8). Although this score is negative, it indicates a very slight loss of employment over the period in question – enough to be a concern to local businesses and policy makers, but not enough of a negative trend to act as a catalyst to regional cooperation.

It is clear that, with the long history of regional association and intermunicipal collaboration in Rhein-Neckar, no one contemporary threat has caused cooperation to emerge where there had been none before. However, the emergence of some internal threats may have *intensified* cooperation to the extent that regional and private interests have overlapped. Both the *Rhein-Neckar Dreiecke e.V.* and subsequent *Zukunft Initiative Rhein-Neckar Dreieck* were principally led by private sector actors. These initiatives were both stimulated as members of the private sector began to take an interest in regional governance, partially in order to better their own business positions. One internal problem that began to stimulate debate between firms within these associations and the IHKs beginning in the 1990s was the difficulty in finding enough talented employees to sustain high tech business in the region. This was a particularly critical weakness to

BASF and other large scale high-tech firms and partly explains the recent high level of regional engagement of members of this sector. One regional observer noted:

BASF especially needed to be attractive to young workers and to attract labour. As a result the importance of the region to them increases and quality of life issues become more important (confidential interview, translated from German, February 2007).

This internal pressure was also felt by other firms, and as a result increasing the attractiveness of the region to young and talented labour became a key point in the “Vision 2015” document that formed the basis for the eventual bid for EMR status (IHK Wirtschaftsforum Rhein-Neckar Dreieck, 2003). While clearly self-interest played a role in the involvement of these private actors in regional cooperation – particularly in marketing and culture – and, as a result, in the intensification of partnerships, it would be a mistake to say that this was the only motivation. Large international firms such as BASF and SAP could potentially relocate to more talent-rich regions. One local official pointed out: “BASF and the other global companies don’t need the Rhein-Neckar region” (confidential interview, translated from German, February 2007). However, they have collectively decided to address these issues through regional cooperation. In this chapter, I argue that the basis for this decision to stay and engage is related to the relatively large stock of civic capital in the Rhein-Neckar region.

### *External Threats*

The impact of external threats is similar to the story of internal threats in the Rhein-Neckar region. Relative to other EMRs in Germany, Rhein-Neckar performs relatively well. Of the 16 EMRs Rhein-Neckar ranks 7<sup>th</sup> in terms of *Bruttoinlandsprodukt* (comparable to GDP) per capita (Priebis and Tun, 2006). However, while competition with other German regions is certainly an external consideration that has affected the intensity of intermunicipal cooperation in areas of regional economic development, the external threat to the Rhein-Neckar is to a large degree much closer to home.

In many ways, this region has been one constantly under siege by virtue of its location between two historically powerful economic megaliths – Stuttgart and Frankfurt. Throughout much of its history, communities in the region have been torn between economic orientation towards one or the other of these two centres (Becker-Marx, 1999:

15). Although the region has traditionally been fairly well-defined and cohesive, and even economically significant relative to its size, it has tended to be overshadowed by the two larger regions that flank it. A good deal of associational activity in the Rhein-Neckar region has been aimed at carving out a unique identity relative to its neighbours and in establishing its stature as a powerful region in itself and not just an economic hinterland. Again, this dimension has been most relevant in the areas of marketing and regional culture – both of which are closely tied to regional identity and branding. Both the *Rhein-Neckar Dreiecke e.V.* and its successor *Zukunft Metropolregion Rhein-Neckar* emerged from this imperative. The issue of identity building and orientation is one explanation for the traditionally strong involvement of the private sector, and for high levels of regional engagement in general. Having put itself on the map with EMR status, the Rhein-Neckar retains strong ties with both the Frankfurt and Stuttgart regions, without which most actors acknowledge the region would not be as strong.<sup>102</sup>

Other factors that have presented significant external threats acknowledged by local actors to have been decisive in stimulating more intense cooperation on regional governance include the economic pressures and uncertainty of European integration, the opening of Eastern European markets, and increased competition from the organization of EMRs (Schmitz, 2005). These pressures had an important role in the *raison d'être* and establishment of key regional organizations such as the *Rhein-Neckar Dreiecke e.V.*. Many of these concerns are also cited in the “Vision 2015” statements as crucial reasons to come together as a region to compete more effectively on the international (and interregional) stage.

### *Environmental Variables in the Rhein-Neckar Region*

For a region so proximate to the Rhein-Main area and with many formal institutional similarities, the extent to which the Rhein-Neckar experience has differed is striking. Almost every variable works differently in this region than in the Rhein-Main region. The exceptions to this pattern are in terms of size and threats. Otherwise, the experience of

---

<sup>102</sup> In particular, the Frankfurt International Airport is very significant to the success of the Rhein-Neckar region and the businesses located there. Interestingly, although every interviewee initially used the standard EMR definition of the Frankfurt region, many subsequently added that they considered parts of the Rhein-Neckar region to be within the Frankfurt ‘sphere of influence’.



intermunicipal cooperation in the Rhein-Neckar shares very little in common with that of the Frankfurt region. This is significant in that it suggests that, while environmental variables can play an important role in shaping the intensities and emergence of intermunicipal cooperation they cannot alone account for these apparent differences. This dissertation contends that a more powerful explanation for the success of the Rhein-Neckar under similar environmental conditions as its sister region to the North lies in the differences in civic capital.

### *Civic Capital*

Some of the difference in the experience of the Rhein-Main and Rhein-Neckar regions can be partially explained by environmental variables. But the most compelling difference between the two is in their levels and impacts of civic capital. Most demonstrative of this trend is that, where cooperation in the Rhein-Main region has been imposed from above (with only a modest degree of voluntary intermunicipal cooperation), in the Rhein-Neckar region, it has emerged almost exclusively from below. This local initiative is the product of civic engagement, of regional networks, and visionary leadership – in short, it is the product of civic capital.

Perhaps the most important conclusion that can be drawn from a comparison of these two German regions on this dimension is the importance of the presence of all facets of civic capital. The Rhein-Main region has associations, and even a number of leaders. However, cooperation in the region remains largely siloed, as networks and connections have been difficult to build and sustain. The Rhein-Neckar region, by contrast, has been relatively successful in linking region associations and sustaining long-term leadership on regional goals. This ‘thickness’ of civic capital has been an incredible asset to the Rhein-Neckar region and was instrumental in the establishment (and will be in the maintenance) of the current governance structures.

### *Leadership*

In my interviews with public officials and the leadership of key associations, subjects were always asked to identify the most important leaders in the region and to elaborate a bit on their roles in region governance. In the Rhein-Main region this question was

relatively quickly addressed – there were no leaders, or, if one was mentioned, there was very little overlap in answers. In the Rhein-Neckar region every single interviewee not only very easily identified key regional leaders, but consistently named the same individuals. While there has been no shortage of leadership on regional issues in Rhein-Neckar, three individuals in particular stand out: Hermann Heimerich, Eggert Voscherau, and Eva Lohse. Each of these individuals has been instrumental in the establishment of intermunicipal cooperation in Rhein-Neckar, and with effectively advancing a genuinely regional agenda. These leaders, particularly Heimerich and Voscherau, have played a critical role in establishing the identity of Rhein-Neckar and marshalling support for the regional program.

To understand the current form of the Rhein-Neckar region is impossible without mentioning one of its very first regional activists – Hermann Heimerich, who served as mayor of Mannheim twice, from 1928-1933 and then again from 1949-1955. When Heimerich first took office in 1928, he faced the daunting task of governing a dreary and declining industrial city with very little cultural vibrancy or identity. His first allegiance was always to the welfare of the city of Mannheim, but Heimerich argued that industrial renewal and urban regeneration would be impossible without the broad-based cooperation of the various economic, cultural, and research actors. In his local renewal agenda, Heimerich was extremely successful at bringing together this wide variety of actors in a similarly wide variety of projects. He spearheaded the cultural renaissance of the city, engaged local industry in identity-building projects, and reinvigorated economic links with other communities in the region through sponsorship of a diverse array of infrastructure projects. Heimerich is widely credited with ‘rescuing’ the city of Mannheim from industrial decline and stagnation during this period (Hoffend, 2005).

Much of Heimerich’s success in urban renewal stemmed from his ability to bring together broad coalitions of local actors. However, because of the unique position of the city as one half of a truncated city-region, Heimerich also sought to engage actors from industry, cultural institutions, political actors and education from Ludwigshafen in the creation of one city-region united across the Rhein. When it became clear that a reorganization of *Land* boundaries to officially politically unite the two cities was highly

unlikely<sup>103</sup>, Heimerich began to pursue more informal political unification. In 1929, he brought all three major cities in the region together for a regional conference on communal reform. That year Heimerich also proposed the creation of a Mannheim-Ludwigshafen administrative union. However, this proposal gained little traction across the Rhein or in the *Land* parliament.

Following WWII Heimerich returned to power with new ideas for regional reform. He maintained that the cities in Rhein-Neckar would be stronger and better situated economically if they were united within one political entity. Initially, his efforts concentrated on the creation of a new province encompassing a swath of territory from Saarlautern in the East to Tauberbischofs in the West (currently deep in Bavarian territory). These boundaries roughly parallel the German part of the historical Kurpfalz region originally centred on Mannheim. This campaign, too, was unsuccessful for a number of reasons, though in no small part because of the reticence of occupying US and French officials to reorganize boundaries to unite their zones of influence. As a result, when the *Länder* were reorganized in 1946, the original division of territory down the centre of the Rhein was retained and Heimerich's dreams of territorial unification officially quashed. This did not, however, diminish Heimerich's activism for a formal re-establishment, in some limited form, of the Kurpfalz region, or insistence on the importance of informal intercommunal cooperation for regional development. These efforts finally bore fruit in 1951 with the establishment of the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* and the formal beginning of intermunicipal cooperation in the Rhein-Neckar region.

While many viewed Heimerich's Kurpfalz campaign as politically futile, it did serve as a vehicle for mobilization around the *idea* of a Rhein-Neckar region. In marshalling support for this proposal, Heimerich also united actors from a variety of sectors, creating important networks and dialogues. While it would be another fifty four years before the region Heimerich envisioned was formally established, his early work at bridging key sectoral and territorial divides laid the necessary foundations upon which later cooperation would flourish (Hoffend, 2005).

---

<sup>103</sup> There were many proposals for territorial reform debated during this period, including the creation of a state around the Frankfurt and Mannheim/Ludwigshafen axis. Needless to say, none of these gained much support and most boundary-altering plans were abandoned by the 1930s.

Heimerich was the quintessential regionally engaged political leader. However, many of the important figures in the development of cooperation in the Rhein-Neckar region emerged from other sectors of society – making the region a veritable showcase of civic entrepreneurship. Of the key figures from the private sector, no one stands out more than Eggert Voscherau, chair of BASF, leader of the Rhein-Neckar IHK, and architect/proponent of all the regional forums and initiatives to emerge from the private sector. Like Heimerich, one of Voscherau’s most valuable achievements was bringing together actors from many different sectors to address regional issues. He was critical in bringing together the members of the *Rhein-Neckar Dreieck e.V.* (1989) and orchestrated the *Initiative Zukunft Rhein-Neckar Dreieck*<sup>104</sup> (2004). Voscherau was also deeply involved in the EMR proposal as well as in the debates surrounding the design of the Metropolregion Rhein-Neckar governance structures. Ultimately, he even served as the first chair of the *Zukunft Metropolregion Rhein-Neckar e.V.* (ZMRN e.V.). With his involvement in all of these associations and initiatives Voscherau was a critical enabler for broad-based intermunicipal cooperation – particularly in the domains of marketing and culture.<sup>105</sup>

This role was facilitated both by Voscherau’s position as the chair of the region’s largest and most innovative firms – and his consequent ability to lead by example with financial contributions from the firms’ significant pool of resources – and as the leader of the regional IHK. Because, by law, all German firms must belong to an IHK, the chairman of one of these associations wields considerable public influence as a legitimate spokesperson for local/regional businesses. Furthermore, the legal requirement for membership means that the IHK represents firms from all sectors of the economy – from large multinationals to small and medium-sized enterprises. This provided a wide pool of enterprises and sectors from which Voscherau could draw private support for his regional agenda and the public initiatives that he, in turn, supported.

---

<sup>104</sup> The *Zukunft Rhein-Neckar Dreieck* was initially an association of sixteen firms (later expanded to over 200), and sixteen local partners including representatives from cultural and educational institutions, and politicians. This group initiated several expert reports on regional governance and orchestrated the ‘Vision 2015’ report that underpinned the bid for EMR status.

<sup>105</sup> The *Zukunft Initiative*, and the *Rhein-Neckar Dreiecke e.V.* that spawned it, also included initiatives for regional transportation – though these typically took the form of advocacy/lobbying/mobilizing support for specific projects than concerted policy action.

Not only is Voscherau widely respected as a successful business man and regional leader, he is also purported to be extremely charismatic. His ability to marshal broad support was certainly aided by this personal quality. His impassioned speeches about regional cooperation and prosperity, particularly around the time of the regional conferences on institutional reform in 2005, are the stuff of legends. Although Voscherau has withdrawn as leader of the *Zukunft Metropolregion Rhein-Neckar e.V.*, he remains very much involved in the activities of the region and very visible within regional forums.

Currently, the most prolific spokeswoman for the Rhein-Neckar region is Dr. Eva Lohse, the mayor of Ludwigshafen. In addition to being the mayor, she is one of four directors of the *Zukunft Metropolregion Rhein-Neckar*, the president of the *Verband Region Rhein-Neckar*, and is the sponsor of a number of regional initiatives and a board member of several arts and cultural associations. By virtue of her wide engagement, Lohse has become a very effective bridging actor, equally capable and as well-situated as Voscherau. Lohse has effectively taken up the political leadership of the Rhein-Neckar region, in addition to her mayoral duties.

These three leaders, one past, the other two current are just the most frequently mentioned of many distinguished regional actors in Rhein-Neckar. Each has a diverse background and through charisma and position, has been able to influence the regional agenda in support of collaborative solutions. In addition, each of these leaders has enjoyed success in these regional agendas by bridging sectoral and other boundaries to create broad coalitions of support for, and participation in, collective action.

### *Organizational Presence*

As the Rhein-Main case suggests, the presence of regional leaders is often not enough to stimulate or sustain intermunicipal cooperation for regional economic development. Such leaders often emerge from associations that form around specific regional issues, but they also depend on these associations for their resources, support, and networks. A region with few associations is unlikely to have strong civic capital. The Rhein-Neckar region has a relatively thick set of local and regional associations and a long tradition of associational activity. The list below outlines some of the key regional and local

associations in Rhein-Neckar. They are classified according to their scale and scope (single or multiple issues) for the purpose of comparison with other cases and to highlight the relative distribution in each category.

Tier 1 (regional, broad mandate)<sup>106</sup>

Zukunft Metropolregion Rhein Neckar e.V. (ZMRN e.V.)

Metropolregion Rhein-Neckar GmbH (MRN GmbH)

IHK Wirtschaftsforum Rhein-Neckar

Tier 2 (regional, single issue)

Rhein-Neckar Verkehrsverbund (VRN GmbH)

Arbeitsgruppe Kulturvision 2015

BioRegion Rhein-Neckar Dreieck e.V.

Gesundheitsnetz Rhein-Neckar-Dreieck e.V.

EnergieEffizienzAgentur Rhein-Neckar GmbH

Initiative "Jugend und Wissenschaft"

Kompetenzzentrum Medizintechnik Rhein-Neckar-Dreieck e.V.

Kompetenzzentrum Moderne Produktionssysteme

Netzwerk Nanotechnologie

Netzwerk evangelische und katholische Kirche MRN

Netzwerk regionaler Wirtschaftsvereinigungen und Institutionen Rhein-Neckar (NWI)

Sportregion Rhein-Neckar e.V.

Umweltkompetenzzentrum Rhein-Neckar e.V. - Technologiepark-UmweltPark (UKOM)

Internationales Filmfestival Mannheim-Heidelberg

Tier 3 (local)

IHK

Arbeitsgemeinschaft für berufliche Fortbildung Mannheim Stadt und Land

---

<sup>106</sup> It should be noted that the list of tier one and two networks does not include *sub-networks*. For instance, MRN GmbH is the central node for a number of cluster networks and other regional initiatives, and therefore serves as the hub of a sectoral/regional association. In this case, these sub-associations are not counted as separate entities because they are administered by other formal networks listed here – though the central association is consequently classified as tier one, rather than tier two.

Berufsakademie Mannheim  
 Congress Centrum Mannheim  
 Deutscher Kinderschutzbund Ludwigshafen  
 Freunde und Förderer des Nationaltheaters Mannheim e.V.  
 Gasversorgung Süddeutschland GmbH GVS, Stuttgart  
 Handwerkskammer Mannheim Rhein-Neckar-Odenwald  
 Mannheimer Kongress- und Touristik GmbH  
 Stadtpark Mannheim GmbH (Luisenpark und Herzogenriedpark)  
 Tourist Service Mannheim  
 Tierheim und Tierschutzverein Mannheim  
 THEATERGEMEINDE für das National theater Mannheim e.V.  
 Zukunftsforum Ludwigshafen 2020  
 Werkstatt Innenstadt  
 LUdwigshafener STadtführungen LUST e.V  
 WirtschaftsEntwicklungsGesellschaft mbH  
 Rheinufer Süd Entwicklungsgesellschaft mbH

Interestingly, the Rhein-Neckar region has a comparable number of associations at almost every tier of engagement. The major difference is in the degree to which these associations are all tied in with one another, which is discussed in the following section on associational networking. What is significant here is that the comparable numbers of associations, the comparable ‘thickness’ of associational activity, in the Rhein-Main and Rhein-Neckar suggests that more than just absolute numbers matter.

Another relevant dimension is on the scale and effectiveness of the regional institutions. Where the majority of tier-three associations in Rhein-Main are private sector led and only moderately effective in coordinating regional agendas – that is, they are more talking shops than forums for action – in the Rhein-Neckar all three of the tier three organizations are highly institutionalized, well-funded and supported, and committed to producing regional policy in the realm of economic development. Because they enjoy a degree of political legitimacy, and support, they have proven more effective in addressing regional issues.

Finally, one of the factors that this list does not very effectively convey is the evolution of these associations. The precursor organizations and initiatives – formal and informal – are not evident in this selection of contemporary groups. For instance, the three third tier organizations have elaborate evolutionary backgrounds and numerous spin-offs discussed in detail above. This is certainly not the case in the Rhein-Main region where to the extent that precursor organizations exist they have tended to die out and be reborn as new groups rather than *evolve* from one state to another.

### *Organizational Networks*

This concept of group evolution, spin-off, and splintering is highly related to the degree to which organizations are connected to one another via formal or informal networks. In Rhein-Main these types of associations have tended to be only loosely connected – in only a few cases are there formal connections or overlaps in board membership or participation. In Rhein-Neckar, by contrast, the connections between many of these organizations are quite formal and tend to be closely connected and engaged as a result.

Organizational linkages are very strong. Not only are all of the tier-two associations listed affiliated directly with either the *Verband Region Rhein-Neckar*, *Zukunft Metropolregion Rhein-Neckar e.V.* or the *Metropolregion RheinNeckar GmbH*, they are *all* represented within the *Zukunft Metropolregion Rhein-Neckar* as voting members.<sup>107</sup> This deep interconnection between associations in the region allows for a wide variety of voices to be heard within these different regional forums. Furthermore, it fosters an awareness of regional issues within each one of these associations. This, in turn, ensures communication between actors, fosters an awareness of other regional initiatives, and therefore reduces policy overlap. Finally, because the *Zukunft Metropolregion Rhein-Neckar* provides a forum within which regional issues are discussed with actors from a wide variety of sectors – including private, not-for-profit, and educational fields – it also fosters connections *between* these actors that can create synergies beyond issues related to regional economic development.

---

<sup>107</sup> None of these associations is currently represented on the board of directors. However, because of the voting structures, it is possible for any one of the associational representatives to take a position in this steering committee in the future.



However, the *Zukunft Metropolregion Rhein-Neckar e.V.* is a relatively new phenomenon. It is a concrete manifestation of civic capital in Rhein-Neckar to the extent that it is the formalization of existing networks. That said, a more effective demonstration of the impact of civic capital on cooperative intensity requires an evaluation of the stocks of civic capital and the importance of inter-organization connections to the evolution of current governance structures. The Rhein-Neckar region is clearly one in which inter-organizational networks have increased considerably over time. From the earliest bilateral agreements in single issue areas – for instance, on local transportation links between Mannheim and Ludwigshafen established in the 1930s – regional cooperation and networks in almost all areas have intensified. This can be demonstrated through the gradual expansion of the mandate of the more general purpose planning associations that emerged starting in 1951.

Through each evolutionary stage of regional planning – *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH* (1951), *Raumordnungsverband Rhein-Neckar* (1969), the *Raumordnungsverband Rhein-Neckar* expansion (1998), and finally, the *Metropolregion RheinNeckar* structure (2005) – the central association gained more areas of jurisdiction over regional collective action. The development of the Rhein-Neckar region occurred exclusively from below. This type of mandate extension indicates pre-existing networks and associations that emerged on the basis of a single issues (or narrow group of issues) with connections to the general planning association and then gave it legitimacy by ultimately agreeing to become a part of the association. This is most clearly the case in the instance of the *Rhein-Neckar Dreiecke e.V.*, which initially operated as an independent association, but then became the kernel of both the *Zukunft Metropolregion Rhein-Neckar* and the *Metropolregion RheinNeckar GmbH*.

The evolution of the regional transportation association is also indicative of this kind of pattern. In this case, local transportation firms emerged independently and united in clusters of bi- and multi-lateral coordination agreements. In some cases, these agreements formalized into associations. Ultimately, these firms and associations combined into what is now the URN GmbH. The establishment of the URN GmbH, driven independently by local transport firms, is another example of how small-scale connections have combined to form regional networks quite distinctive from formal

government structures. Certainly, these firms also had a close association with the *Raumordnungsverband Rhein-Neckar*, and now the *Verband Rhein-Neckar* (VRN) that succeeded it. They are also associated with tourist bureaus, schools and partner with cultural institutions to promote public transportation and other local and regional initiatives. Thus, the domain of public transportation is another case where initially very small networks emerged within a single issue area, only to multiply independently to the point where a regional transit association was created. This pattern is mirrored in myriad other associations and areas.

In addition to strong interorganizational links, there are also significant overlaps in terms of personal connections between regional organizations in the Rhein-Neckar region. These are particularly pronounced between the different nodes of the *Metropolregion RheinNeckar* governance structure. For instance, there is significant overlap in the membership and direction of the three nodes – the board of directors of the *Zukunft Metropolregion Rhein-Neckar* includes the chair of the *Verband Region Rhein-Neckar* (Eva Lohse) and the chair of the regional IHK (Gerhard Vogel). In terms of membership, almost all the members of the regional IHK are voting members of the *Zukunft Metropolregion Rhein-Neckar*. The leadership of the *Metropolregion RheinNeckar GmbH* is made up of a team of two: Stefan Dallinger, the administrative director of the *Verband Region Rhein-Neckar*, and Wolf-Rainer Lowack, president of the *Zukunft Metropolregion Rhein-Neckar*. Each one of these individuals is involved with a variety of other initiatives including cluster sub-networks and other boards. Again, this snapshot of regional interconnections provides a modern perspective on the strength of personal networks. However, similarly close personal overlaps occurred prior to the establishment of the *Metropolregion RheinNeckar* governance structure. The signatories and partners to the *Zukunft Initiative Rhein-Neckar* demonstrate the extent to which civic capital networks existed prior to the establishment of the current formal regional governance structures. Many of the members of this initiative went on to become founding board members for the *Zukunft Metropolregion Rhein-Neckar* and *Metropolregion RheinNeckar GmbH*. Similarly, strong ties have also existed between the regional transportation association and other local and regional bodies through both the

governing board (ZRN) – composed of mayors and senior leadership of the member municipalities and counties – and the board of the URN GmbH.

### *Personal Evolution*

Surprisingly, the evolution of key leaders through a variety of regional forums has played a surprisingly small role in intermunicipal cooperation in the Rhein-Neckar region. Recall that the greater array of contacts key leaders have to different spheres and networks may help increase their ability to bring together disparate groups and frame issues regionally. In this case, unifying leaders have actually tended to remain fairly rooted in their sectoral origins. Of the three most prominent leaders considered only Oberbürgermeisterin Lohse has evolved significantly from a politician, to member of a variety of non-political organizations, to patron of regional association. Lohse began her career as state bureaucrat before moving into local politics. She has expanded her scope of activities to include membership in and leadership of a number of different organizations including several schools, art galleries, the regional philharmonic orchestra, and other primarily cultural institutions in addition to her regional commitments. Despite the fact that her participation in a broad variety of organizations has increased, Lohse has done so from a solidly political base.

Similarly, Heimerich remained a regional leader from a variety of posts in the political realm. His personal evolution never strayed from this domain. However, he did hold a number of different positions at a variety of different levels of administration. In addition to his two stints as mayor, he held the position of director of finance in Berlin, and as the president of the provincial government of Mittelrhein-Saar. Interestingly, even when he was employed in other branches of government, Heimerich was still very active in advocating regional reform and intermunicipal cooperation in the Rhein-Neckar, and *Land* boundary reform for regions in the rest of Germany.

Voscherau has remained relatively siloed in the private sector. He has been employed by BASF in a variety of capacities since 1961. In 2003 he was named chair of

the BASF board of directors. His many external activities<sup>108</sup> have been largely limited to board appointments in the private sector. That said, it is undeniable that Voscherau has engaged a wide variety of actors from this position of power in the private sector through his work in the *Rhein-Neckar Dreiecke e.V.* and *Zukunft Metropolregion Rhein-Neckar*.

In their personal trajectories, it is clear that these latter two leaders evolved extensive contacts within their own spheres of influence – political and economic respectively. Their ability to marshal broad coalitions to engage regional issues was partly a function of the strength and charisma of their leadership, and partly of their ability to work their established networks to forge new connections. As central nodes in these broader networks, the need for formal bridging through participation in other forums diminished – the networks came to *them*, so to speak, through their own initiatives. In each case, these leaders brought a sort of legitimacy and weight to their mission by virtue of their formal positions. Heimerich could act and organize with the force of political legitimacy. Voscherau, by contrast, through his leadership of the IHK spoke legitimately with the voice of the entire private sector, and controlled the additional benefit of being able to contribute their collective assets to regional efforts. As such, these two were able to act as magnets for their own (though widely shared) regional agendas.

The concept of personal evolution in the context of civic capital holds that the broader the scope of individual experience, the more likely that individuals will be able to see the regional *problematique* from a variety of points of view. With this experience, they may be more likely to emerge to coordinate activities and mandates and advocate cooperation between silos. However, in the Rhein-Neckar region, two critically important leaders adopted the regional agenda and an associational strategy without having had broad experience in multiple silos. This leaves open the question of precisely what motivated their commitment to the regional idea and to broadly collaborative solutions. Unfortunately, a detailed exploration of these motivations is beyond the scope of this project. However, this case does highlight the fact that personal evolution is only one

---

<sup>108</sup> Since 2000: board member or director of Deutschen Industrie V.a.G, BASF Schwarzheide GmbH, Talanx AG, BASF Antwerpen N.V, Deutsch Bahn, Nord Stream AG, and CropEnergies AG (Sudzucker Group).

potential source of the regional and cooperative vision that must underpin regional civic capital networks.

### *History of Cooperation*

Clearly the strong history of intermunicipal cooperation in the Rhein-Neckar region has played a critical role in underpinning current forms of governance. By almost any measure – and most significantly by the measures of intensity employed by this study – regional governance and cooperation have only intensified since they first emerged formally in 1951. In every iteration of regional governance structures, the partners have urged the expansion of regional mandates (particularly in the *Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH - Raumordnungsverband Rhein-Neckar - Metropolregion RheinNeckar* evolution) and membership. And in each case, the private sector (and other non-political actors) has become more engaged both in terms of participation and financial contribution.

Certainly this case demonstrates the power of a history of intermunicipal cooperation in influencing current patterns and intensities. However, it is overly tempting to attribute all of the success of the Rhein-Neckar region to this historical interaction. What is clear from the Rhein-Main case is that, absent the other dimensions of civic capital, a history of collaboration does not necessarily guarantee that cooperative solutions will prevail later on. It is important to recall that historical patterns of cooperation are themselves a product of the different environmental variables and the presence or absence of civic capital at specific periods of time. Furthermore, degrees of regional civic capital can fluctuate over time as leadership disappears or networks disintegrate, or vice versa. Therefore, it is critical to consider the impact of history in relation to the other components of civic capital. In Rhein-Neckar, because the other factors have tended to be strong, civic capital in general has intensified with regional cooperation.

### ***The Impact of Civic Capital in the Rhein-Neckar Region***

The Rhein-Neckar region stands in stark contrast to the Rhein-Main region on a number of dimensions of intermunicipal cooperation. Where cooperation in the Rhein-Main

region is a relatively recent phenomenon, collaboration on all three dimensions of regional economic development has a long history in the Rhien-Neckar despite the persistence of fairly similar institutional environments. And all this success has obtained in the context of an even more complex geographical environment of a polycentric region spread much more evenly across three *Länder*.

Some environmental variables, including size and threats, appear to have played important roles in the establishment of intermunicipal cooperation in the three main areas. However, the most prominent differences between the two regions are on measures of civic capital. In particular, the Rhein-Neckar region has had a rich history of strong leadership, associational activity – that is, the inclusion of a wide variety of actors in cross-border governance – and strong inter-organizational networks. It is the combination of leadership and networks that have brokered successful cooperation on these dimensions of regional development, despite the presence of remarkably similar institutional conditions that, in the Rhein-Main region, led to conflict.

## Chapter 6: Toronto

### *Strong City, Weak Region*

The Toronto region shares many characteristics in common with the Frankfurt region in Germany, despite their radically different institutional contexts. From size and economic function and history of contentious governance reform to fragmented regional coordination, these two regions provide interesting parallels. The comparison of these two cases further strengthens the contention that environmental variables can only go so far in explaining the emergence and intensity of cooperative outcomes. This section outlines the experience of regional cooperation in Toronto – a case that highlights the importance of all five dimensions of civic capital

The Toronto city-region is the largest conurbation in Canada. Depending on which measure you use, the region comprises a population of over 5.1 million inhabitants (Toronto CMA, 2006 census) to over 8.1 million (Greater Golden Horseshoe, 2006 census). This study defines the region in terms of the Greater Toronto Area (GTA)<sup>109</sup>, the provincially defined planning area of 5.5 million (Statistics Canada, 2007).<sup>110</sup> The multitude of ways in which the Toronto region can be defined has led to some questions as to which scale regional cooperation could, and should, occur. While most actors define the region in terms of the boundaries of the GTA, there are countless variations on this scale. For instance, some argue the region comprises the GTA “+Hamilton”, or the GTA “+Hamilton and Oshawa”. This underlying confusion about scale illustrates the degree to which the Toronto region lacks a coherent identity despite its economic, and arguably political, pre-eminence in Canada.

Toronto is the 5<sup>th</sup> largest region in North America and generates over 20% of Canada’s GDP. Home to over 15% of businesses in Canada and 40% of head offices, the Toronto region is also considered the nation’s financial capital (GTMA, 2007). Despite a clear strength in financial and business services, the regional economy is extremely diverse with robust manufacturing, ICT/biotech, and creative sectors.

---

<sup>109</sup> The GTA includes the City of Toronto plus the regional municipalities of York, Halton, Peel, and Durham.

<sup>110</sup> The GTA definition was selected as this was how 96% of subjects within the region defined “the Toronto Region” when asked in confidential interviews (July – December, 2007).

Like Frankfurt, the Toronto region is no stranger to debates over issues of governance. However, where in Frankfurt these debates, and their eventual legislative solution, affected intermunicipal cooperation primarily by reinforcing historical antagonisms, this effect has not been as pronounced in the Toronto region. Rather, governance reforms have both reinforced traditional city-suburban tensions and created an enhanced position of power for the central City of Toronto – a position from which it has been active in campaigning for institutional reforms, perhaps at the expense of broader regional agendas.

As with the Frankfurt region, most of Toronto's governance reforms have been imposed by the provincial government. In another parallel between the two regions, the imposed structures in Toronto have never encompassed the entire economic region. Provincial legislation has tended to focus on what is now the City of Toronto. As a result, it is impossible to understand the status of intermunicipal cooperation in the Toronto region without reference to the history of provincial policy. Through two major eras of reform, provincial actions shaped the region – most significantly by locking in municipal boundaries and, consequently, shaping the political incentive structures faced by local actors.

The Municipality of Metropolitan Toronto (Metro) was established by the Ontario provincial government in 1953 and widely regarded as a model of successful urban organization (Friskin, 2001). Metro united the central city and twelve surrounding (then) suburban municipalities in a two-tier governing structure. Under this arrangement, all of the cities retained their local governments, and regional issues were uploaded to a Metro Council composed of representatives from each of the local councils. The initial reorganization occurred as a response to problems of coordination that emerged in several areas of service delivery – particularly in transportation, water, sanitation/sewage treatment. The shifting costs of regional service delivery and social welfare issues tied to rapid population growth also contributed to the reorientation of governance in the Toronto region.<sup>111</sup>

---

<sup>111</sup> At this point (the late early 1950s) Metro was regarded as a regional government and therefore is referred to here as 'the region'. Subsequent reorganizations consolidated this 'regional' structure into the central kernel of a much larger economic area. As a result, the definition of what constitutes the Toronto region has changed significantly over time. These shifts are elaborated throughout.



Responsibilities were allocated to the upper and lower tiers on the basis of economies of scale and according to an assessment of which issues were of a regional nature. The Metro Council was responsible for areas such as major roads, public transportation, property assessments and, later, police services. In some areas, jurisdiction was shared between upper and lower tiers. For instance, the Metro Council was responsible for regional water distribution and sewage disposal, while the tasks of water supply and sewage collection fell to the local councils (McAllister, 2004). Planning was also a shared responsibility – the appointed Metropolitan Toronto Planning Board produced an official plan (subject to provincial approval) for an area three times the size of Metro in order to give the Council a degree of control over ‘fringe areas’. Under this arrangement, local governments also produced official plans but were required to conform to the official plan produced by Metro.<sup>112</sup> This system of variable scales also demonstrates the degree of flexibility that the Metro structure had at its inception. However, while these new institutions were logically coherent, the system soon faced a variety of challenges.

This wave of government restructuring was initially viewed as a success to the extent that basic service requirements were more easily coordinated and standards met and maintained. However, the structure ultimately succumbed to conflict and ‘chronic in-fighting’ between the two levels of local government (Horak, 2008). Before the Metro structure was dissolved in 1998, it sustained two significant waves of internal reform. In addition to incremental adjustments to the division of local/Metro/provincial responsibilities, changes were made to the number of municipalities involved in the structure, and in forms of local representation on the Metro Council.

The 1967 reform consolidated the thirteen municipalities under the Metro structure into six. This move was initially motivated by the rising costs of service delivery in the context of rapid population growth in suburban municipalities and to reduce inequalities between low and high assessment municipal units. Metro, however,

---

<sup>112</sup> More than a decade after its establishment, Metro had not adopted an official plan. Part of the problem was the refusal of local councils to accept the legality of such a document and the proliferation of intractable differences between Metro and provincial planning goals and local goals on a number of core issues. The Metro Council proceeded planning piecemeal with a series of ‘unofficial’ official plans. This key conflict and its sources, however, presages subsequent adjustments to the governing structure of Metro, the modern shape of government in the central city of Toronto, and the resulting character of regional governance

was not the only government structure that underwent reform during this period. The regions surrounding Metro were reorganized along a similar two-tier model, and the original boundaries of Metro remained static despite the recommendations of the Royal Commission on Metropolitan Toronto (1965) that they be expanded significantly to accommodate future development. This move effectively locked in the current boundaries of what is now the central city of Toronto. The decision ultimately shaped the relationship between Toronto and the surrounding municipalities and established an incentive structure for local decisions makers that often favoured fragmentary over regional solutions.

A second wave of reform addressed a more solidly political concern – that of intergovernmental relations within the Metro structure. In 1988, the Metro council was restructured to include 34 directly elected members with only the six mayors representing local interests on the council. The Chair of Metro was then chosen by the councillors from among their number. The direct election of Metro councillors was aimed at reducing conflict between urban and suburban municipalities on issues such as property tax reform, social housing, solid waste disposal, and regional transportation. The logic went that, where councillors represented wards rather than municipalities, more traction could be gained on these divisive issues at the Metro level. However, while this move made sense in theory, in practice it did little to dampen the growing tensions between local and Metro governments or to contribute to progress on regional issues. One 1994 report found that despite reforms there was still more a tendency for conflict rather than compromise in the Metro politics of the day (Stevenson and Gilbert, 1994).

This era of fractious intergovernmental relations ended in 1998 with the amalgamation of the seven municipalities of Metropolitan Toronto into one ‘megacity’ government. To this day, this decision by the provincial government is seen as both puzzling and controversial. Puzzling to the extent that, despite the existence of numerous alternatives recommended by the series of expert’s panels and task forces that had been convened since the 1965 Royal Commission, the Harris government proceeded with the legislation on the basis of a set of relatively flimsy arguments (Sancton, 2006). Amalgamation was also extremely controversial as it was imposed against considerable

opposition from both municipalities<sup>113</sup> and civil society. The arguments ventured in support of amalgamation range from the practical to the conspiratorial. Sancton (2006) lists three – the imperative of globalization and the importance of creating a strong city of Toronto to anchor the regional economy, political pressure from business groups opposed to high property taxation on commercial sites, and the degree to which amalgamation supported provincial government agendas. The province itself contended that amalgamation would bring an end to years of waste and duplication in the provision of municipal services and costly competition between Metro municipalities. The Ministry of Municipal Affairs and Housing claimed that amalgamation would lead to a cost savings of \$363 million a year (MMAH, 1996).

Frisken (2007) argues that the case of Toronto amalgamation is an excellent example of how “economic and political motives can interact to produce outcomes for urban governance that were neither prescribed nor foreseen when policy discussions began” (241). This is true to the degree that amalgamation was part of a broader provincial agenda that involved local service realignment (LSR) and other primarily social services reforms, a neo-liberal imperative for cost savings, and fiscal restructuring. Therefore, the municipal reforms that led to amalgamation for the city of Toronto can be seen to be as much about reducing the size and cost of the provincial bureaucracy, and making it easier to control, as it was about making municipalities more financially viable and efficient (Frisken, 2007: 246).

As with the establishment of the *Planungsverband* in the Frankfurt region, there was also some speculation regarding the political motives of pursuing amalgamation as opposed to other regional governance solutions that might more effectively incorporate the economic region. Frisken (2007) points out that the Ontario government had “a clear, if unspoken, interest in allowing the region to remain politically fragmented in order to protect its own jurisdictional supremacy and its political importance in Canada” (237).

In this case, the Ontario government may be wary of creating a government structure for the Toronto region because of the high concentration of population and wealth in the region. For instance, the GTA contains 45% of the population of the

---

<sup>113</sup> Interestingly, most municipalities were in favor of some form of municipal reform. For the most part the municipalities in Metro preferred the dissolution of the Metro tier and a return to pluralist rule with relatively little regional coordination.

province and the Greater Golden Horseshoe 66%. A democratically elected leader from either Toronto region would potentially legitimately represent a comparable (or greater) population than the premier of the province, particularly where urban and rural voting patterns diverge significantly. The potential for power struggles and conflicts has definitely created an incentive for the province to retain established municipal and regional boundaries (confidential interviews August – December, 2007). The desire to prevent a political rival to the provincial government from emerging in the Toronto region is not new. As early as the mid-1970s, one observer remarked “once Toronto’s federation reached two million and was clearly headed for eight million in the next century, if it ever did begin to plan, then Ontario would either be run by metropolitan Toronto or by the province, but not both” (Pearson, 1975). As was the case with Frankfurt, the Toronto region is so large in terms of population and political and economic clout that a genuinely regional structure would indeed constitute a threat to provincial political supremacy. However, while this consideration may have played a role in the decision to maintain the 1953 boundaries of the restructured, government this was certainly also reinforced by the political difficulty of bringing the suburban ‘905’ region<sup>114</sup> surrounding the city into a federated or other form of regional governance.

A formal regional government was not established in 1998 during this last wave of municipal restructuring, but the province did create an organ to coordinate services throughout the GTA region. The Greater Toronto Services Board (GTSB) is the nearest thing to regional governance that the Toronto region has experienced since the earliest days of Metro.<sup>115</sup> The GTSB was a council of 24 municipalities contained in four regional governments and is perhaps most accurately characterized as a supra-regional authority. It was originally conceived as a broad regional coordinating body for services and planning, but was established with jurisdiction over only regional transportation (the GO Transit commuter rails system). The board was also empowered to adopt planning and infrastructure strategies, but only if a two-thirds majority of its members agreed to the initiative.

---

<sup>114</sup> The suburban belt surrounding the amalgamated city of Toronto is known as the ‘905 region’ after its telephone area code. This is in contrast to the ‘416’, or City of Toronto, area.

<sup>115</sup> While Metro is often referred to as a form of regional government, it never fully encompassed the economic region. By 1991 it made up only 54% of what the provincial government had defined as the Greater Toronto region (Sancton, 1994).

Securing agreement on even these limited issues proved extremely difficult. Part of the difficulty was that the board had no direct revenue raising capability and therefore required consensus on funding decisions from its membership to embark on regional projects. With such limited powers, functions, and resources, some argue that the board was crippled from its inception (confidential interviews, February - August 2007). The GTSB was ultimately dissolved in 2001 when the province resumed responsibility for GO Transit. Whether or not this experiment in regional governance was destined to fail because of institutional design the difficulties, its experiences are telling and highlight the persistent tensions between 416 and 905 (and beyond) regions on issues such as planning, waste disposal, and development.

As a powerful economic region, the Toronto area has constantly struggled with issues of governance and coordination. Because of the difficulties associated with creating a formal regional government structure, flexible intermunicipal cooperation provides a powerful alternative to institutional reform. Not only would such partnerships address existing and emerging regional issues, they may also provide the critical mass and legitimacy to empower the region relative to upper levels of government. This would be an asset not just in terms of resisting future policy impositions (or by making them more politically costly to the province) thereby buttressing autonomy, but may also afford the region a chance to positively influence provincial policies as a meaningful player in the process. Flexible, even single purpose, cooperation may help to dispel some of the tensions between urban, suburban, and rural municipalities by allowing for progress in areas where agreements can be reached. However, to this point, cooperation in the three realms of economic development (and, indeed, in other areas) has been relatively weak.

In the realm of voluntary intermunicipal cooperation generally, the Toronto case is one in which regional partnerships for the purpose of economic development have tended to be limited to loose coordination, stimulated by a small group of regionally-minded individuals. On the whole, the number and impact of regional partnerships have been slowly increasing. However, it is notable that the most visible and potentially influential leaders (particularly political leaders) have focused their charisma and attention almost exclusively on local issues (Horak, 2008). The initiatives that have

emerged have tended to remain informal and have often proven difficult to sustain. This difficulty in establishing meaningful partnerships has often been related to the persistent, however inconsistent, presence of the provincial government in coordinating regional affairs. This provincial role is, coincidentally, one of the polarizing issues that have confronted local leaders and has had the effect of concentrating attention on local jurisdictions, often at the expense of a broader collaborative and regional agenda.

The Toronto case mirrors many of the same issues that characterize cooperation in the Frankfurt region. Environmental variables such as local fiscal discretion, regional governance structures, and government involvement have intensified city-suburban tensions and reduced the incentive for local leaders to think and act regionally. It is also a case where regional civic capital, while apparently intensifying, has been relatively weak.

### *Cooperation and Intensities*

Cooperation in the Toronto region has a low intensity relative to that in the other cases in this study in all three areas of economic development. It has been historically strongest in the case of regional marketing. However, attitudes vary about the effectiveness of the association in its current form. Cooperation on transportation has also been relatively weak.

- **The Greater Toronto Marketing Alliance (GTMA)**

The Toronto regional marketing association was established in 1997 as a public-private partnership between 29 municipalities and regional governments in the Toronto region. The initiative emerged out of discussions in the mid-1990s between staff members of the provincial Office of the Greater Toronto Area (OGTA), municipal mayors in the Greater Toronto Mayors and Chairs Group (GTMC), local economic development officials, and members of the Toronto Board of Trade (TBT) and local Chambers of Commerce.

The GTMA was conceived to promote the GTA internationally and to act as a central regional portal for site selection information, and advice on provincial and Canadian regulation, and to help establish international partnerships. As a public-private partnership, the alliance is managed by a board of directors composed of an equal number of public and private sector members. It can therefore be classified as an institutionalized

shared decision association (institutional intensity value of 5). It is jointly funded by public and private contributions, although the bulk of its comparatively small budget (approximately \$1 million per year) is sourced from participating municipal governments. Taking participation and institutional design into consideration the GTMA scores 6.0 in terms of cooperative intensity.<sup>116</sup>

While, formally, participation in and support for the GTMA appears fairly strong, attitudes about the effectiveness of the association are mixed. As one observer remarked: “The GTMA has the right mandate, but people question what it is delivering” (confidential interview, August 2007). Another stated that “no one in Toronto thought that the GTMA would make a difference. It’s about getting along and maintaining appearances” (confidential interview, September 2007).

This concern about the long-term effectiveness of the association stems not from conflict over strategy within the board of directors, but from two interrelated factors. First, the GTMA has relatively few resources when compared to the regional marketing apparatuses of competitor cities. For instance, the city of Chicago’s marketing alliance (World Business Chicago) controls a budget of over US\$2 million annually. FrankfurtRheinMain GmbH has a current budget of over €4 million per year. In addition to having fewer resources to work with, the GTMA has little long-term certainty in terms of its funding stream. It relies on the membership contributions of GTA municipalities, however these memberships must be renewed every fiscal year. As a result there is no guarantee that the same number of municipalities will recommit funds to the association for the following year. A byproduct of this funding structure is that GTMA staff spend a good deal of time appearing before local councils to justify the city’s past investments and lobby for continued support. One local official summed up the general attitude towards the GTMA as follows:

The GTMA was born to fail because it was done on the cheap. It needs to develop a presence, but its accountabilities exceed their ability to achieve them. They need more staff [...] and funding at an appropriate level (confidential interview, August 2007).

Taken together, these factors tend to blunt regional enthusiasm for the GTMA. However, it is worth noting that, without exception, each interviewee expressed that a

---

<sup>116</sup> This is derived from a score of 5 for institutional design, and 1.0 for participation.

regional marketing association for the GTA was necessary and an endeavour worth supporting despite some disappointment over its actual execution.

- Cultural Cooperation

There is very little intermunicipal cooperation in the realm of culture in the Toronto region. What little coordination does exist is extremely weak and is limited to information exchange between cultural development officials within the region. These relationships are typically bilateral, infrequent and *ad hoc*. Interestingly, most of these relationships are not mediated directly within the region, but incidentally through external networks such as the Creative Cities Network or the Ontario Municipal Cultural Planning Partnership. Cultural officials from within the Toronto region are more likely to communicate through these broader networks and events than locally. Cooperation on culture, therefore scores 2.0.<sup>117</sup>

There are several explanations for this outcome. The first is that there are few reasons to coordinate culture beyond local boundaries in this region. This is a function of the concentration of arts and cultural institutions in the central city, a user-pays funding structure that relieves municipalities from a good deal of pressure to finance operating costs (in contrast to the Frankfurt region), and the relationship of municipalities with the provincial government. For the most part the province provides additional grants and funding to cultural facilities financed off the property tax base. As a result, rather than turning to neighbouring municipalities to support cultural projects, municipalities in the region have typically approached the province first. Another factor that explains the lack of cooperation on culture is that the orientation of the City of Toronto department of culture has typically been towards other cities of comparable size and not towards the region. This orientation is largely a factor of the size and scope of the central City of Toronto. Amalgamation united most of the main cultural institutions of the ‘region’ previously encompassed by Metro under one municipal government. As a result, Toronto cultural officials have sought solutions, inspiration, and affinity with other large cities and not neighbouring municipalities.

---

<sup>117</sup> 1.0 for the *ad hoc* project based form and 1.0 to indicate that this cooperation happens bilaterally and multilaterally and on different scales across the GTA. It is generous because this type of cooperation is difficult to track for all municipalities and varies significantly from one city to another.



While this orientation partly explains the lack of leadership on regional culture from the central city, this does not entirely account for the lack of initiative from surrounding municipalities (for instance, along the lines of the Route of Industrial Culture in the Frankfurt region). Nor does the argument that there is no *potential* for regional collaboration hold much credence. Why, for instance, did substantial cultural projects emerge in the Frankfurt and Rhein-Neckar regions, and not in the Toronto case? Leadership is clearly a factor, but so too is the lack of a real regional agenda around which municipalities could mobilize. Given this context the lack of activity in cultural collaboration is hardly surprising.

- Toronto Transit Commission (TTC) & Metrolinx

Unlike in the Frankfurt and Rhien-Neckar cases, transportation in the Toronto region has only recently become organized at the regional scale by a government body. In this case, with the involvement of the provincial government in regional transportation, local public transportation firms have tended to remain bound by their political jurisdictions and linked only through loose coordination on routes and transfer points. This organizational context is further complicated by the fact that light commuter rail (the GO Transit system) has shifted back and forth between local and provincial jurisdiction and has, as a result, operated independently of local transport authorities.

Until 2007, transportation in the Toronto region was fragmented and limited to coordination between the various local transit authorities to link routes and coordinate schedules. This cooperation was institutionalized, though was not, until very recently, formalized within a separate regional body. The largest local transit authority, the Toronto Transit Commission (TTC) is the kernel of the broader regional network and operates 153 routes within the boundaries of the city of Toronto (TTC, 2006). This network is linked to five regional transportation authorities (Brampton Transit, Durham Region Transit, Mississauga Transit, VIVA/York Region Transit, and GO Transit). Each of these transit authorities<sup>118</sup> was established by an act of the regional municipality following regional restructuring in 1998 as the amalgamation of the various local transit firms. The TTC itself, has existed within its current boundaries since it was placed under

---

<sup>118</sup> With the exception of GO Transit.

the jurisdiction of Metro in 1953. Until 2007, cooperation on regional transit could therefore be characterized as an example of the institutionalized informal type with a score of 2.72.<sup>119</sup>

However, in 2007, the landscape of regional transportation cooperation in the Toronto region changed dramatically with the establishment by the provincial government of the Greater Toronto Transportation Authority (GTTA), currently known as Metrolinx. This body was created under the *Greater Toronto Transportation Act, 2006* to address the transportation challenges in the Greater Toronto (GTA) and Hamilton region. This initiative emerged from consultations surrounding provincial planning exercises, including the *Places to Grow* and *Greenbelt* strategies – both of which identified regional transportation and planning as priorities for sustainable growth in Southern Ontario. The mandate of the organization set out by the provincial legislation states that the corporation is responsible for providing leadership in the coordination, financing, planning, and development of a multimodal transportation network that conforms to the policies outlined in *Places to Grow*. Metrolinx was also conceived as the central procurement agency for local transit vehicles and other infrastructure and as the corporation responsible for the operation of GO Transit (GTTA, 2007). Critically, Metrolinx was not envisioned to be an integrated operator of existing transit systems, but rather is being positioned as a coordinating body and potential forum through which interregional transit issues can be addressed.

While the body was established and funded by the province, the governing board is made up entirely of regional officials. Two of the eleven board members are provincial appointees, and the rest are recommended by the regional and municipal councils within the region.<sup>120</sup> At present municipal representatives include the mayors/chairs of each of the participating (regional) municipalities, local councillors, and local planners. The board is currently chaired by Rob McIsaac, the former mayor of Burlington, and vice-chaired by a former planner from the Regional Municipality of Peel. From the perspective of institutional design, this organization can be characterized as an example

---

<sup>119</sup> Derived from a score of 2 for institutional design and 0.72 (21/29) for participation. These figures are determined on the basis of post-1998 patterns of cooperation.

<sup>120</sup> Of the eleven board members, four directly represent the City of Toronto. Each of the five regional municipalities (Durham, Halton, Hamilton, York and Peel) have one representative each.

of the institutionalized public control variant (3.0). From a participatory perspective, Metrolinx represents all 29 GTA municipalities (most via their Regional Municipality) plus Hamilton. Therefore, in total Metrolinx scores a 4.03 for cooperative intensity.

One caveat to this assessment is that, in this case, Metrolinx was created by provincial legislation and is not, strictly speaking, a pure case of intermunicipal cooperation. While the German cases also include instances of legislative ‘coercion’ by upper levels of government, in each one, the specific institutional design was left open to local discretion and negotiation. However, the structure and mandate of Metrolinx is specified in the *Greater Toronto Transportation Authority Act, 2006*, section 9(1) and 9(2). As a result, this case does not fit neatly into the structure of this study. However, an argument can be made that since none of the affected municipalities has strongly objected to this organization<sup>121</sup> or the structure, this amounts to a tacit acceptance of the institutional design and objectives of the corporation. In the design process, careful consideration was given to what form of cooperation GTA municipalities would be willing to accept. This is critical to the degree that the cities still control their local transit authorities and are yet able to withhold cooperation on collective transportation goals without formal political penalty. Finally, the participating cities have certainly not been clamouring for a *more* intense partnership. Therefore, for the purposes of this study the Metrolinx structure will be regarded as fairly representative of what would have emerged had the province left the institutional design of the partnership up to the participants.

### ***Intermunicipal Cooperation in the Toronto Region***

Clearly, cooperation in the Toronto region is less intense than that in either of the German cases. This is certainly a product of the institutional environment, particularly the relatively unique context of a high level of provincial involvement in regional issues. As a result, factors such as the history of regional governance and government involvement are particularly relevant to the intensity of intermunicipal cooperation that has emerged in this case.

---

<sup>121</sup> Some concerns were raised prior to its establishment that it may be positioning itself as a vehicle for the eventual ‘uploading’ of transportation to provincial jurisdiction. This is discussed in more detail in the following sections.

### *Density*

The Toronto case is an example of a region with a relatively low density of actors. With a mere 29 municipalities in the GTA, the pool of potential actors is much smaller than that in both German cases and also more uniform in relative size (from the point of view of populations). From a theoretical perspective, this small group size should enable cooperation to emerge more readily – as fewer interests must be coordinated, bargaining positions should be more transparent and easier to monitor. However, practically speaking, the number of actors in the Toronto region has not affected intermunicipal cooperation significantly.

In fact, it is quite likely that the Toronto case is one in which greater fragmentation – a larger number of actors – may have encouraged the emergence of and an increase of intensity in regional partnerships. At first blush, this suggestion may seem bizarre. However, the argument is tied to the *configuration* and therefore overriding interests of the actors in the region. The institutional restructuring initiated in 1965 created a second tier of regional municipalities around Metro and was a significant watershed in the evolution of intermunicipal relations. While it had the effect of reducing the number of actors involved in regional governance – if the primary interfaces are seen to be between upper-tier municipalities – it also dramatically shifted the balance of interests in the region. This occurred as urbanizing ‘edge’ cities that bordered Metro were bundled into regional governments containing primarily rural municipalities and townships. The result is that these edge municipalities – that may have otherwise partnered with or become part of Metro as they urbanized – were reoriented under a different set of institutions and incentives.

It is difficult to determine precisely what intermunicipal relations would have looked like in the context of a more fragmented structure. But it is likely that, where interests coincided, partnerships between the Metro core and the surrounding municipalities would have emerged more readily. That these boundaries have been respected throughout the successive waves of restructuring illustrates the degree to which these identities and institutions have become entrenched, both from a municipal and provincial perspective. In light of the three regional development issues, fragmentation would potentially have had the greatest effect in the area of public transportation. In this

area, transit infrastructure and partnerships may have expanded similarly to the Rhein-Neckar or Rhein-Main networks<sup>122</sup> as suburban populations expanded. The realm of culture also provides an interesting contrast. One local official commented that cultural collaboration was much more functional between municipalities in the broader Toronto region under Metro. Prior to 1998, cultural officials within Metro had to coordinate with one another on issues of cultural management, and there was a greater degree of engagement with the edge municipalities. While this intermunicipal cooperation was no more institutionalized than it is today, it was certainly more frequent, and by most accounts, intensifying. Clearly, these are not perfect counterfactuals, and the argument that there may have been a difference without the establishment of regional municipalities or amalgamation is quite speculative. However, it is a possibility worth considering with reference to the question of density and the regional configuration of actors.

### *Regional Governance*

Provincial restructuring and the various institutional adjustments discussed above are clearly important aspects of the story of regional governance in the Toronto area. However, while these institutional factors may have affected the parameters that regional partnerships have to contend with, they do not, in themselves, constitute regional governance. Taking a broad perspective, there have been three attempts at genuinely regional governance in the Toronto region. Chronologically these are the Greater Toronto Area Economic Development Partnership (GTA-EDP), the GTA Mayors and Chairs Committee (GTA-MCC), and the Greater Toronto Services Board (GTSB). Of the three, the first two developed from below as the initiative of local officials, while the GTSB was imposed by the provincial government. From the standpoint of cooperative intensity, all three of these partnerships rank as relatively weak. However, each has played an important role in underpinning intermunicipal relationships and other voluntary partnerships that have emerged in the past twenty years.

---

<sup>122</sup> Obviously there would have been significant difference in growth patterns and the state of local infrastructure due to differences in population concentration and industrialization. However, these cases do provide reasonably credible counterfactuals.

The Greater Toronto Area Economic Development Partnership (GTA-EDP) is an institutionalized meeting of economic development directors and officials from around the GTA. It began in the early 1990s as an informal grouping of like-minded officials designed to facilitate information exchange between area municipalities. Its primary function was described by one actor as to “keep the lines of communication open” between economic development offices (confidential interview, August 2007). It was also tasked to pool resources and knowledge to promote the Toronto region internationally. The partnership grew in stature with the establishment of the slightly more prominent Mayors and Chairs Committee (GTA-MCC). Although the group was never exactly formalized, it was institutionalized in a series of bi-annual meetings and informal personal relationships between economic development staffs. Following amalgamation, meetings occurred with less regularity. However, in 2007, meetings were held in February and August in an effort to re-formalize the partnerships and establish quarterly meetings (confidential interview, September 2007). Both the GTA-EDP and the GTA-MCC directly contributed to the establishment of cooperation in the realm of regional marketing.

The GTA-MCC was established in 1992 as an initiative of Mississauga mayor Hazel McCallion. This group brought together 30 GTA mayors and regional chairs to deal with issues related to regional economic recovery. The sentiment behind the partnership echoed that of the GTA-EDP - GTA municipalities should begin to work together and pool resources for regional competitiveness rather than competing with one another. This group has met on a semi-annual basis and in various forms since 1992. It has since been expanded to include representation from Hamilton and is also known as the Greater Toronto Area and Hamilton Mayors and Chairs Group. The body is widely acknowledged to be an important mechanism of regional governance in Toronto, largely because no other structures exist. It has been lauded for maintaining cooperation between area mayors and their staffs, but has also suffered from criticism that is just a ‘talking shop’ and has not produced any significant regional results (confidential interviews, August and September 2007).

In many ways the GTA-EDP, was the informal precursor to the marketing alliance that was eventually established in 1997. Where the economic development

partnership provided the policy impetus, the simultaneous establishment of the GTA-MCC provided the political support for institutionalizing collaboration in economic development. One observer went so far as to speculate that the GTMA would not have emerged in the absence of the GTA-MCC. He remarked that “the [GTA-MCC] provided the *mandate* to cooperate and ensured that the money [to support the organization] was guaranteed [...] Staff alone cannot drive messages back to council and so the resolution of the Mayors and Chairs was very significant” (confidential interview, November 2007).

Amalgamation and the establishment of the Greater Toronto Services Board (GTSB) in 1998 raised hopes that the newly created GTMA could be tied into a more formal regional political structure with the formal mandate to coordinate service. However, with the failure of the GTSB, the GTMA was orphaned as the only formal partnership at the regional level. Indeed, this has been one of the persistent criticisms that has dogged the GTMA – as a governance anomaly in the region, it cannot appeal to one overarching political authority for resources or capacity (confidential interview, August 2007). Because the province is not an active player in the GTMA,<sup>123</sup> the organization does not derive political support from the Ontario government. This means that to embark on any initiative beyond its core mandate or that requires supplemental financing, it must appeal directly to the various municipal governments for support. This dilutes, to a certain extent, the manoeuvrability and effectiveness of the GTMA relative to better resourced and supported competitor organizations.

In sum, formal and informal governance in the Toronto region has both intensified and, from a certain perspective, handicapped intermunicipal cooperation for regional marketing. Regional governance has not until recently had much effect on either transportation (with the establishment of GTTA/Metrolinx) or cultural collaboration.

### *Mayoral System*

In contrast with the German cases, Canadian cities have relatively weak mayoral systems. Where Frankfurt and Rhein-Neckar are characterized by executive and collective local executives Canadian mayors are more generally reflective of the collegial form (Heinelt

---

<sup>123</sup> There has been some speculation that this is may be because the GTMA competes directly with provincial marketing schemes – and is typically more successful (confidential interview, November 2007).

and Hlepas, 2006). Recently this trend has shifted very slightly with the introduction of the new *City of Toronto Act, 2006* (Bill 153). Among other things, this act incrementally strengthened the powers of the mayor of the City of Toronto. Although these new powers were only recently introduced, it does not appear as though they are likely to have a significant effect on the character of intermunicipal cooperation in the Toronto region. This is both because these powers have accrued only to the political leader of the central City of Toronto, and because, as was found in the German cases, mayoral strength does not appear to be a significant indicator of cooperative intensity.

Briefly, the Canadian mayor functions as the head of council and generally wields only one vote of many (McAllister, 2004: 55). Unlike many American 'strong' or executive mayors, they do not have veto power over council decisions or budgets. At the extreme, local leaders have the limited formal ability to coordinate the various city hall committees (Plunkett, 1968: 22-25). Several authors suggest that, in the absence of party politics at the local level, the most significant powers of the mayor are based in informal influence and charisma (Crawford, 1954; Tindal and Tindal, 2004, McAllister, 2004). This influence is seated primarily in the mayor's access to information, other political actors (such as provincial government officials), and private networks (McAllister, 2004; see especially Woolstencroft, 2004).

In the province of Ontario, the City of Toronto is a notable exception to this trend. With the adoption of the new *City of Toronto Act, 2006* (COTA) and council approval of a new governing system, the mayor of the central city gained several powers unavailable to other mayors in the province. The act created an executive committee in council and gives the mayor the power to appoint all members of the committee and all standing committee chairs. It also provides more control over the council agenda and influence over the hiring of senior staff (COTA, 2006: 89 §152(1)). In principle, these new powers should give the mayor a slightly greater advantage in setting agendas and steering policy. However, many have suggested that this bestowal of authority has in fact hampered the mayor's existing powers of influence. The power to make appointments and the slight increase in control over committees has singled the mayor out as a target for councillors not favoured in committee selections (etc.) and has effectively united an 'opposition' against him (Preville, 2008). As one newspaper column argues: "Instead of assisting



Miller [the current mayor of Toronto], this new governance structure has aggravated the disconnect between councillors for and against him” (James, 2006: A1). Regionally, the impact of the Toronto mayor’s new powers has been minimal. Other regional administrations are largely indifferent to this increase in powers as they are not directly affected, nor are they clamouring for similar treatment.

Regardless of these recent institutional changes, the Toronto case echoes the findings of the Frankfurt and Rhein-Neckar regions, which suggest that formal mayoral power has little effect on the establishment and intensity of intermunicipal cooperation. Recall that the underlying logic of the mayoral power argument was that where mayors have greater autonomy and authority to act, partnerships maybe more likely to be established. Furthermore, that where they are established, these may also be more intense than otherwise. While mayors have certainly been involved in establishing partnerships – such as the GTMA – their role has been primarily in driving the message back to the councils that continue to approve the financing, not in committing their cities to participation. This is certainly a function of their relatively weak range of formal powers. However, there is little evidence to suggest that, if the Toronto region was dominated with executive mayors, the cooperative landscape would be much different. As with the German cases, the personalities and agendas of the mayors are still more powerful indicators of cooperation and intensity than formal authority. Indeed, personality was frequently cited as a barrier to regionalism more generally. Personal tensions between mayors – most recently between Hazel McCallion, the mayor of Mississauga, and Mel Lastman, the former mayor of North York and the City of Toronto, who according to one interviewee “couldn’t stand to be in the same room with each other” (confidential interview, August 2007) – meant that meetings were not attended by either party, and that very little progress was made on the regional agenda. This pattern would seem to confirm that it is the politics and personalities of local mayors that affect the character of intermunicipal cooperation rather than the formal powers that they wield.

### *Party Politics*

Unlike German local politics, in most Canadian cities formal political parties do not contest elections. Only cities in Quebec, Vancouver, and Victoria have well-established

political parties at the local level. Clearly, because they are not a *formal* institutional factor in local politics, parties cannot exercise any influence on intermunicipal cooperation. However, that does not mean that there aren't *informal* influences at work in local politics. Also, it is perhaps worth speculating as to what impact political parties would have on cooperation were they to be adopted in the Canadian institutional context. On balance, the evidence from Frankfurt and Rhein-Neckar suggests that congruence between local political parties is of little consequence to either the establishment or intensity of intermunicipal partnerships. It is reasonable to expect that this pattern would also hold in Canadian cities. Another perspective is that the introduction of political parties at the local level may indirectly influence regional partnerships to the extent that they can provide a mechanism for coordinating coalitions within council – and, by extension, perhaps make it easier for councils to support partnerships. However, most observers, agree that without a range of additional institutional changes, local parties would make little difference to the character of local and regional politics.

It is beyond the scope of this project to delve too deeply into the issue of political parties at the local level in Canadian and Ontario municipalities. However, it is an issue that has gained increasing attention in local political circles and media. Arguments for and against the introduction of parties abound.<sup>124</sup>

Theoretically, political parties are linked to and may influence intermunicipal cooperation in three ways: by providing conduits through which information can flow between officials in different municipalities, by creating the structures through which cross-boundary partnerships can be constructed, and developing the mechanisms to structure majorities in support of participation in local councils. The section on regional governance appears to support the contention that information flow is not appreciably constricted by the lack of party organizations. The argument for parties on the grounds that they can bridge municipal boundaries falls short based on the evidence from the Frankfurt and Rhein-Neckar cases. In these instances, the congruence of party affiliation of local officials and council majorities did not necessarily lead to partnerships, and cooperation was later established in a multiparty environment. Finally, the suggestion

---

<sup>124</sup> See particularly Lightbody, 2006: 223-262, Cowan, 2006, Preville, 2008 and Duncan, 2008 for recent discussions of the issue of local partisanship in general.

that local parties may indirectly impact intermunicipal cooperation by providing shortcuts to predict and establish supportive local majorities would carry more weight if the failure of intermunicipal cooperation in the Toronto region could be attributed (at least in part) to fractious councils. However, on the whole, conflict within councils was not cited as a barrier to cooperation in any of the three areas of regional economic development. Moreover, as the literature cited above suggests, the degree to which the insertion of parties would streamline council decision-making is debatable. In sum, the presence or absence of political parties at the local level does not appear to be a decisive factor in influencing the emergence or intensity of intermunicipal cooperation for regional economic development.

#### *Autonomy I: Functional Responsibility*

From a theoretical perspective, the functional responsibility principle argues that where municipalities have jurisdiction over a wide variety of policy areas, the more likely cooperation will emerge and be intense. This stems from the idea that, where local governments control policy in many jurisdictions, they are more likely to cede control over one or several of these to collaborative regional management. And where this does occur the cooperation is likely to be more intense as municipal officials may be more willing to give up a greater degree of control over steering.

The German cases reveal that this may only hold in areas that are not central to the economic prosperity of the city. Cooperation was less contentious from a functional point of view in areas of culture and transportation, and even less so in the realm of marketing. In these cases, the contentiousness and economic centrality of the issue were measured as a function of the degree of duplication of regional services at the local levels. In the Toronto case, regional marketing is quite well supported by local political officials. However, there are some instances of duplication, as the city of Toronto (and to a degree the city of Mississauga) has engaged in bilateral relations with foreign cities and has participated in trade missions outside of the aegis of the GTMA. Transportation is another contentious area, which local officials have shielded from external control. While duplication is not as much of a problem the issue of sharing jurisdiction over transit has been very controversial – particularly since the establishment of Metrolinx. In the case of

transit, this controversy stems more from a wariness of the intentions of the provincial government than from an unwillingness to cooperate with one another.

Canadian cities control many of the same broad jurisdictions as German cities. These areas include protection (usually fire and police), transportation, water/sewers/solid waste disposal, recreation and culture, general services, conservation and development, and planning (McMillan, 2006). Municipalities in Ontario are additionally responsible for health and social services. The most striking difference between German and Canadian municipalities is not the functions that they serve, but in their constitutional standing. Where German cities have a higher degree of local autonomy, Canadian cities are the wards of their respective provinces and can – as the case of Toronto’s amalgamation demonstrates – be reorganized and restructured at will. This institutional arrangement coupled with the history of municipal-provincial relations in Ontario has left municipal governments very territorial about their areas of jurisdiction. Not only are they protective of the authority that they do have, they are also active in lobbying for more control over local affairs. This has seen some success, as one of the impacts of the new COTA was to nominally increase local autonomy in a number of areas. The major exception to this general trend is in the area of social services which represent approximately a third of total municipal expenditures which Ontario municipalities argue should not be funded off the local property tax base (Slack, 2007).

An excellent example of this territoriality in action is in the area of public transit. The creation of Metrolinx was accompanied by a healthy dose of local wariness over the ultimate intentions of Queen’s Park in this area. Municipalities were perfectly willing to participate in a collaborative body that ensured local autonomy in transit service provision. However, the legislation that governs Metrolinx does not guarantee this relationship will be maintained. As early as July 2007, the province hinted that operation of public transit might be ‘uploaded’ to the province, most probably under the umbrella of Metrolinx (Kalinowski and Benzie, 2008). When the possibility was raised again in February 2008, local officials responded venomously to the proposal (Kalinowski and Gillespie, 2008). The reasons given for resisting provincial uploading of transit ranged from arguments about efficiency to concerns about the distribution of funding. Certainly, maintaining sole authority over their respective transit firms is a priority for local

governments. Intermunicipal cooperation in the area of transit has, until recently, been limited to coordination and other *ad hoc* projects such as the shared redevelopment of Union Station. In each case, the control of the partnership remained in political hands. There is nothing to suggest that, if Metrolinx had not been imposed, cooperation would have intensified in this area.

Regional marketing is another area in which jurisdictional issues may have played a role. Without exception, every political official contacted in this study expressed support for the regional marketing endeavour. Nonetheless, there has been a degree of duplication of functions at the local level. Most notable have been the international trade efforts of the cities of Toronto and Mississauga. Toronto hosts a variety of foreign trade missions and participates in several bilateral partnerships with cities around the world separately from its participation in the GTMA. Mississauga's mayor, Hazel McCallion has joined trade missions to Asia and other target sectors abroad. In one often recounted anecdote, economic development officials describe McCallion's surprise that Mississauga was not a recognized brand outside of Canada. Following this mission, she concluded that, for all the rivalry between the two cities, Toronto was the best recognized municipality in the region and therefore should form the lynchpin of any regional development strategy (confidential interviews, August and September 2007). Most recently there has been considerable conflict over the question of solo trade missions to China. Mayors and delegations from Vaughn, Toronto, and Markham have all scheduled trips independently to Asia. This fragmentation has been justified in a number of ways. Mayor Miller argues that it is important to build "city-to-city" relationships (Spears, 2008). However, despite this extra curricular marketing activity, support for the GTMA and its mission is relatively high amongst economic development officials in the Toronto region.

Both the transportation and marketing cases demonstrate that, in the current institutional context, there is some wariness about ceding too much control over the governance of these economic development jurisdictions. In the case of transit, the relationship between municipalities and the province is certainly a key dimension to the reluctant attitudes towards formalized cooperation. However, cooperative patterns to 2006 did not suggest that intensification of the informal partnerships between local transit

authorities was imminent, absent provincial intervention. As such, this supports the notion that a perception of limited jurisdictional autonomy perpetuated by an uncertain institutional environment may affect the intensity of regional partnerships.

Culture has proven to be an exception to this trend – explanations for lack of cooperation on culture have less to do with jurisdictional wariness than a pervasive feeling that collaboration is largely unnecessary. This view is quite possibly linked to questions of finance, dealt with in the following section.

### *Autonomy II: Fiscal Discretion*

No refrain is repeated more often by local officials in the Toronto region – and particularly those from the City of Toronto – than their lament about the inadequacy of existing municipal financing tools (see most recently James, 2007; Gombu, 2008; Lu, 2008; Molony and Lu, 2007). This persistent plaint is a function of both the services that Ontario cities must provide and the limited variety of funding tools with which they can raise the revenues to do so. The principle of fiscal discretion, with respect to intermunicipal cooperation, is indeterminate. One perspective maintains that where cities have access to more revenue raising tools cooperation may be easier to establish and sustain. This is because cities may have better access to the resources with which to finance partnerships. From another perspective, where cities have access to fewer resources, and recourse to fewer financing tools, governments may be more inclined to partner with one another to pool what little they have for collective goals.

The two German cases suggest that, contrary to the theory, what is most relevant in terms of the impact of fiscal autonomy on intermunicipal cooperation is not necessarily the absolute number of revenue streams but the *dependence* of municipal governments disproportionately on one source of income. The German cities were relatively dependent on the *Gewerbesteuer* for municipal income. In Canada, and particularly in Ontario, municipalities are similarly dependent on the property tax base. As the previous cases demonstrate, where there is dependence, there tends to be more competition between municipalities in securing the segment of the economy that underpins their principal source of revenue. Furthermore, there can be reluctance on the part of municipal officials to finance services that appear to disproportionately benefit one city (usually the centre)

off of their limited tax base. In the Toronto region, both of these situations obtain. There are tensions between municipalities on property tax issues and on issues of joint finance of regional activities.

Canadian cities are overly dependent on property taxes to finance local expenditures. Property and related taxes typically make up half of municipal budgets – the Canadian average is 52% (McMillan, 2006: 51). Property tax revenues make up 56% of the City of Toronto budget (City of Toronto, 2006). These proportions are consistent with the fiscal situations of neighbouring municipalities. Property taxes account for 66% in Markham (Town of Markham, 2007), 53% in Mississauga (City of Mississauga, 2006), 63% in Oakville (Town of Oakville, 2006). As such, dependence on property taxes is relatively even across the region. As a result, however, the rates that municipalities charge on assessed values is very significant to both competitiveness and revenue streams.

In terms of actual property tax rates, these are also fairly comparable across the region, though some interesting observations can be made about how these numbers actually break down. Residential property rates vary from 0.85 (Toronto) to 1.7 (Oshawa). Commercial property taxes range from 2.3 (Milton) to 4.0 (Toronto) (*Novea Res Urbis*, 2007). That the city of Toronto's residential property tax rates are so low and commercial rates so high is a source of irritation to surrounding municipalities under pressure at both ends of the spectrum.

Although competition on property tax rates will be a perpetual irritant in the region, it is no longer a serious barrier to intermunicipal cooperation in other areas. One local official noted that, while property tax competition between municipalities is one issue, the need to increase local property tax bases in general has become an overriding concern (confidential interview, August 2007).

The early 1990s are frequently cited as a watershed time in regional cooperation. In this period, several interviewees suggested that it became clear to municipal officials that the greatest benefit to individual coffers would come from increasing the international profile and competitiveness of the region (confidential interviews, August 2007). At this point, municipalities began to reorient their strategies towards collaboration, as evidenced by the parallel emergence of the GTA-MCC and the GTA-

EDP. While there is certainly still competition between municipalities for businesses, with few exceptions, it has been nowhere near as venomous and intense as prior to 1992 (confidential interview, October 2007).

The other issue related to fiscal discretion is the willingness of local actors to engage in partnerships where the primary beneficiaries of expenditures are perceived to be the citizens of other municipalities. This is a minor factor in collaboration for regional marketing – this is the ubiquitous ‘what does this partnership do for us?’ argument. However, from a historical perspective this has been much more of an issue in the area of regional transportation. Over the course of its history, regional transportation funding has been downloaded and uploaded several times, and the distribution of costs and benefits has been a persistent issue. One such dispute emerged in the late 1990s over the provincially imposed funding formula that required that the City of Toronto pay for half the cost of the GO Transit network despite the fact that most users lived in the suburbs (Lewington, 1999; Frisken, 2007). GO was later uploaded back to the province. More recently concerns have surfaced over the distribution of spending should the province place transit under the aegis of Metrolinx. In this case, suburban transit authorities are concerned that public funds will be disproportionately spent on central city routes at the expense of expanding and improving suburban infrastructure (Kaliowski and Gillespie, 2008). While this last case is speculative (at this point), it does illustrate the degree to which ‘who pays for what’ informs the willingness of municipal governments to participate. Should transit systems be uploaded to Metrolinx, it will be interesting to see if a situation similar to the municipal/provincial conflict over shared costs of the *Kulturregion GmbH* in Frankfurt obtains.

The experience of cultural collaboration, or lack thereof, in the Toronto region supports these trends. While cultural institutions are also funded by the municipal property tax, they are also heavily supported by user fees priced to cover operating costs. As a result, the pressure on the property tax base to support cultural institutions is relatively low. Furthermore, the user-pays financing system eschews the need for formal governance mechanisms to capture externalities related to user origin. Because the dependence on the property tax base is less pronounced, the prospect for conflict between



municipalities on the basis of who pays is drastically reduced. However, so too, perhaps is one of the primary motivations for collaboration.

One final dimension related to fiscal discretion in the Toronto region is the recent establishment of new taxing powers for the City of Toronto in the new COTA. In total, six new revenue sources were added to Toronto's fiscal toolbox. These included vehicle registration levies, land transfer taxes, and a variety of sin taxes. The impacts of these new taxes on intermunicipal cooperation have been negligible. First, they accrued only to the central City of Toronto, and therefore are not a factor for the surrounding municipalities. Secondly, these taxes are too small to reduce dependence on the property tax by much. Finally, when given the opportunity to levy these new taxes, the Toronto council was paralyzed and divided and, in a very close vote, opted to defer the decision until after the provincial election. The proposed taxes were subsequently adopted – but the incident did demonstrate the degree to which having greater fiscal discretion and *using* it differ.

On the whole, this case supports the contention that dependence, rather than absolute number of tools, may have a more decisive influence on intermunicipal cooperation. The German cases have a wide variety of revenue raising tools, but are similarly dependent on the *Gewerbsteuer* as Canadian municipalities are on the property tax. That said, competition between jurisdictions on taxes is a persistent factor in every region and differs only in magnitude. Post-1992, Toronto region municipalities have been much less aggressive in competing with one another. While competition will always be a concern, fiscal discretion is not a decisive barrier to intermunicipal cooperation.

### *Power Asymmetry*

The issue of power asymmetry in the Toronto region is extremely complicated. The central City of Toronto is more economically and politically powerful and is treated differently than the surrounding municipalities. In the German cases economic asymmetry, where it is a factor, is mitigated by historical developments and fragmentation of political power. In the Toronto case, there is clearly one central power. Even more significant is that the City of Toronto actively perpetuates its 'difference' from surrounding municipalities. This has had the twin impact of fuelling regional

tensions and reinforcing the incentives for municipal, versus regional, activism. So while power asymmetry has not played a serious role in the emergence or intensity of intermunicipal cooperation in any of these three areas or economic development, it has definitely had a broader impact in terms of shaping the strategic environment faced by local policy makers. Toronto is also the seat of provincial power – though the city certainly does not have a special advantage over other municipalities or a special relationship with the province by virtue of this fact.

“Fat cats”, “spoiled child”, “centre of the universe”, “the city that everyone loves to hate” – these are all terms used by officials in the region to describe the central city of Toronto (confidential interviews, August-November 2007). There were not shortage of comments regarding the ever present 416-905<sup>125</sup> split and the parochialism that existed (and some would argue still persists) between Toronto and its surrounding municipalities.<sup>126</sup> As one official put it:

These cities have been very parochial and specific in their own interests and these interests can be broken down in general between the 416 and the four regional municipalities of the 905 region. Perceptions of these relationships has definitely affected cooperation between the cities of the region. But everyone is polite. Except for Vaughn (confidential interview, August 2007).

Another local official described the problem of attitudes in the region as much more intense. He argued that

Boundaries have defined the problem, not the solutions. This region has been characterized by intense parochialism when it comes to defining city states within the zone. For the 905 and 416 it has been very much an us vs. them situation. A really negative and hostile relationship exists. The parochialism is not overt, but it’s a reality and there is a very zero-sum mentality (confidential interview, August 2007).

Of the comments collected in the course of interviews, this was certainly the most critical of the relationship between Toronto region municipalities. Part of this observation stems

---

<sup>125</sup> The 416-905 split refers to the different telephone area codes assigned to the City of Toronto and surrounding suburbs respectively.

<sup>126</sup> Fascinatingly, the harshest of these comments came from observers within the City of Toronto when asked to describe their general relationship with surrounding municipalities. That representatives from other municipalities were more tactful raises some interesting questions as to whether their moderation stemmed from a desire to avoid conflict with the centre or from a real lack of strong opinions about the role of the City of Toronto in the region.

from the perception that, for City of Toronto officials “life starts and stops at Steeles”<sup>127</sup> (confidential interview, August 2007). For many, the City of Toronto is well positioned to take the lead and even *should* be taking the lead on regional issues but has remained narrowly focused on its own interests.

On issues of economic development, this assessment is beyond reproach. City of Toronto officials admit that their focus has been almost exclusively on the issues facing the city, not on regional problems. A clear example of this is that Mayor’s Economic Competitiveness Advisory Committee was tasked with making recommendations solely about the competitiveness of the City of Toronto. One official noted that the City of Toronto definitely focuses on developing in a silo but added that this was done with a “regional point of view”. The view is both that growing Toronto “grows the region” and that the current strategies are “not incompatible with regional goals” (confidential interview, August 2007).

Related to this relatively insular approach to economic development has been Toronto’s crusade to secure more fiscal and jurisdictional autonomy, and a ‘seat at the table’ in federal and provincial policy affecting the city (City of Toronto, 2005). This campaign, “New Deal”, for more autonomy and power has been overwhelmingly Toronto-centric. That is, its proponents contend that the City of Toronto is entitled to more powers and fiscal resources, because it is so different from the other cities in the province and the region. Accentuating these differences has distanced the city somewhat from its neighbours and, arguably, emphasised the local agenda at the expense of a regional approach. In his survey of the New Deal campaign and multilevel governance, Horak (2008) argues that “where the interests of some societal activism had a strong regionalist bent, Toronto’s government leaders had little interest in pursuing regional solutions to the city’s governing problems” (19). While the activities of the City of Toronto were never cited as a specific barrier to intermunicipal cooperation in any of the three areas of economic development, they certainly have an effect on the broader regional context. Perhaps the most significant outcome is that the most potentially powerful regional leaders are focusing their efforts locally rather than promoting a regional and collaborative agenda. The extent to which this is sustainable is, however, in

---

<sup>127</sup> The major artery that delimits 416 from 905.

question. Horak contends that the political and functional limits of Toronto's non-regional approach may have been reached and that, in the long run, the central city will need to engage systematically with its regional context to build a foundation for enhanced municipal autonomy (Horak, 2008: 7).

In sum, the power dimensions in the Toronto region are complex and highly circumscribed by the institutional reforms of the 1960s that essentially institutionalized what would become the 416-905 divide. These divisions, while salient, have not played a huge role in preventing cooperation from emerging or blocking its intensification in the three areas under investigation here. Historical and contemporary parochialism has been overcome since the 1990s in these areas – though this past does appear to inform cooperation (or lack thereof) in other policy areas.

#### *Government involvement*

For the most part, it is difficult to discuss intermunicipal cooperation without reference to some form of at minimum indirect government involvement – be it legislative, forced restructuring, or financial involvement. This stems entirely from the provincial/municipal relationships described in detail above. However, in the three areas of economic development, government involvement is only really a factor in the area of regional transportation. This is very consistent with the findings of the German cases, where transportation was 'coerced' in both jurisdictions. From the perspective of government involvement as agency, this makes sense – upper levels of government should be involved in transit to the extent that it is typically an area of shared jurisdiction.

Metrolinx was established by provincial fiat and therefore represents a fairly direct case of government involvement stimulating a more intense partnership. Metrolinx was established by and reports to the provincial government, but it can still be considered a voluntary partnership to the degree that local transit authorities maintain a significant degree of autonomy (for the meantime...). Longer term government involvement will come in the form of financing and project specific resources, the approval for which rests in the hands of the provincial legislature.

In the case of culture and regional marketing in the Toronto region, collaboration – to the extent that it exists – is spectacularly uncoerced. The province plays no role in

supporting or otherwise promoting the GTMA. In fact, this marked lack of involvement was often cited by local officials as a barrier to marketing effectiveness (confidential interviews, August to November 2007).

Otherwise, government involvement has not played a significant direct role in stimulating or preventing the emergence of regional partnerships for economic development.

### *Internal Threats*

Threats to prosperity, such as high unemployment or low growth rates, can provide an incentive around which actors will converge and collaborate. Comparatively, the Toronto region has typically performed quite well on most of these indicators. And population growth or unemployment issues were not cited as significant catalysts to intermunicipal cooperation in any of the three domains of regional economic development policy. However, it is potentially significant that the high point in Toronto regional unemployment in 1993 corresponds roughly to the period when the GTA-MCC and GTA-EDP were both founded.

Population growth has remained positive for the region and is projected to continue to increase by at least 2 million through 2031 (GTMA, 2008). By contrast unemployment rates in Toronto (CMA) have fluctuated quite a bit in the past twenty years. Recently, the rate has increased from 5.5% to 6.6% from 2000 to 2006 (Akyeampong, 2007). However, after reaching a high of over 11% in 1993, the rate has generally declined (Statistics Canada, 2007). While high unemployment was never mentioned explicitly as a stimulus for the creation of the GTA-MCC and EDP, the need to respond to regional economic strain was. Therefore, internal threats have played a role in bringing together the relevant political actors that eventually underpinned collaboration in the area of regional marketing.

### *External Threats*

Since 2003, the Toronto region's real GDP has grown by at least 3.6% per year (Brender *et al.*, 2007). Growth remained positive through the 1990s, despite the fact that the regional economy was recovering from a recession. At its lowest point during the early

1990s, growth was positive, but less than 1.0% per year (*Brender et al.*, 2007). In terms of economic competitiveness, the Toronto region has also typically fared quite well. A 2005 study ranked the Toronto region 21<sup>st</sup> in the world on total GDP, which is well above Frankfurt on this measure<sup>128</sup> (PWC, 2007). Toronto is consistently the leading region in Canada on measures of prosperity; however, global rankings are more significant as most of the region's competitor jurisdictions are large global city-regions.

Again, as with the story of internal threats, the fear of losing the edge in an era of global competitiveness was a central stimulus for formation of the EDP and MCC groups in the early 1990s. As one observer commented: "one of the key driving forces behind the GTA-EDP was the realization that the region was facing global competition from regions that were never a factor before. This meant we needed to work harder and work together" (confidential interview, July 2007). The EDP initiative was designed to try and counter these challenges head-on. One of the key initiatives was the promotion of key economic sectors in the region – the most significant of which was the automotive industry. Later, the partnership initiated the Ontario Technology Corridor (OTC) to support the ICT cluster with the collaboration of the GTMA and partners across southern Ontario. These activities can be perceived to be reactive to external competitive pressures, as efforts to buttress key sectors in which the region enjoys a competitive advantage.

The degree to which external threats, in combination with internal threats, helped catalyze collective action on economic development issues through the formation of the GTA-MCC and EDP is crucial. Furthermore, because these external threats remain an issue, they are powerful binding forces that have kept partnerships in this area going and have stimulated even broader collaboration between cities.

### *Environmental Variables in the Toronto Region*

As with the German regions, the experience of the Toronto region tends to confirm the idea that environmental variables have different impacts in different contexts.

Furthermore, this case demonstrates that under different institutional and historical

---

<sup>128</sup>The GDP figure is calculated on a purchasing power parity, which adjusts the actual GDP per capita based on the costs of living in that country or city. The GDP figure shown in the table is the PPP-adjusted per capita value multiplied by the population of the city and the surrounding urban area to come up with a total PPP-adjusted number for GDP of the city.

conditions, the most critical environmental variables to understanding intermunicipal cooperation can be very different. In the Toronto region, the history of regional governance, the presence of internal and external threats and government involvement have been most significant in terms of shaping cooperative behaviour.

### *Civic Capital*

The Toronto region shares very little in common either institutionally or historically with the Frankfurt region. But the patterns of antagonism and cooperation that have developed are quite similar. In both cases, the cooperation that does exist, while typically politically supported, is weak in intensity and the product of interventions by provincial/state level governments. What both regions share in common is a weakly developed regional identity and a lack of commitment to the regional idea. In other words, civic capital in both regions is comparatively weak. In the Toronto region, there is no shortage of charismatic leadership or of organizational presence, yet very few initiatives have emerged to address questions of regional governance or to underpin collaborative initiatives in these three policy areas. Therefore, there are few associations at the regional scale, and the few that exist are primarily advocacy bodies oriented towards lobbying the provincial government not aimed at bottom-up regional reform. Where governance issues have been addressed, they have failed to muster the political support to establish cooperative relationships. Furthermore, the Toronto *region* lacks champions in either the public or private sector. The Frankfurt case illustrates how mobilization from the private sector can be a catalyst to regional reform. Even though there are several prominent examples of privately-led initiatives, the degree to which they are, in fact, regionally oriented is questionable. Thus the Toronto region is one characterized by a fragmentation of scales and scopes in which the regional dimension is often lost.

There are three potential explanations: historical incentive structures have tended to reward parochial and local approaches; there is no regional political level so organizations at that scale must either appeal to provincial or local governments, and as a result they tend to adopt strategies that are likely to garner the support of actors at these levels rather than to build regional coalitions. From this, the question could be raised as to whether collaboration is even a feasible alternative in the Toronto region. The answer

is most likely yes. Collaborative solutions may be even more appropriate in the Toronto context *because* of these potential barriers. Intermunicipal cooperation could offer an alternative to constantly seeking provincial support. Collaboration also provides an opportunity to organize a coherent voice either against provincial policy or to push for regionally sensitive policy solutions. Arguably, cooperation is the only viable alternative to provincially imposed coordination in areas such as marketing and transportation. In the latter domain, especially where limited provincial oversight has already been established, the pursuit of collaborative solutions will be a local priority.

The Toronto case is one hampered, to date, by a puzzling phenomenon of relatively strong *local* civic capital with weak bridging links. This is partially a problem of leadership in the context of the unique set of incentive structures that face decision makers in the region.

### *Leadership*

“The Toronto region lacks champions” (confidential interview, November 2007).

“Efforts to develop regional governance mechanisms have been hampered by a *lack of interest* on the part of most government actors in the GTA” (Horak, 2008: 4; emphasis added).

“While there has been considerable effort over the past two years to improve cooperation among GTA municipalities it is clear that provincial leadership is necessary” (Ontario Ministry of Finance, 2001).

[There is] “an absence of that sense of interdependence and common destiny that infuses writings on city region issues” (Friskin, 2007: 285).

“Boundaries don’t matter to businesses. The private sector isn’t interested – to them the region ain’t broke” (confidential interview, October 2007).

The above quotations illustrate the range of issues surrounding the problem of leadership in the Toronto region. What is most striking about this region is that there are quite a few prominent leaders and active organizations that could take a leadership role. However, very few of them, to date, have emerged as champions of regional causes or solutions. Even fewer have explored collaboration as an alternative to lobbying and squabbling. The most prominent individuals and groups in the Toronto region include the Mayor of the



City of Toronto, David Miller; Mississauga Mayor Hazel McCallion; and on the private sector side, David Pecaut and the Toronto City Summit Alliance, Frances Lankin of the United Way and the Toronto Board of Trade. Each of these actors has the potential to drive regional agendas or has demonstrated success in the past. However, it is undeniable that, while clearly the capacity for regional coordination exists through these key leaders, the agenda remains underdeveloped. Broadly, this lack of serious and sustained regional leadership has been attributed to a number of factors including: parochialism; institutional changes that have crystallized attention on the local versus the regional level; the highly localized campaign for new powers for the City of Toronto; and the nature of power relations between local and provincial levels of government which has shunted regional initiatives to orient themselves as lobbying and advocacy bodies operating at either political level versus forums for regional cooperation.

The two most visible local political actors in the Toronto region are mayors Hazel McCallion and David Miller. While the former has recently been a champion of the regional agenda, Miller – arguably the more recognizable and potentially influential of the two – has generally avoided the regional level. McCallion, by contrast, has since the early 90s been a persistent leader on regional issues. Her tenure as mayor in Mississauga has lasted over thirty years. Prior to being elected as mayor of Mississauga she served as mayor of Streetsville, a village later incorporated into Mississauga, for three years. While she vigorously opposed the creation of the regional municipalities, she has been instrumental in supporting and leading organs of regional governance, including the GTA-MCC. One regional official noted that for real regional movement to occur:

Who's in charge really matters. [During the early 1990s] McCallion saw a political vacuum and a lot of opportunistic behaviour from the smaller to mid-sized cities. These cities had the assets to make a difference but needed to work together and take economic development seriously (confidential interview, October 2007)

This realization, coupled with McCallion's leadership and ability to bring together regional political actors, ultimately led to the creation of the GTA-MCC. This group eventually helped spawn the GTMA and remains a relatively important factor in regional economic governance. Despite this early and significant contribution to regional

governance, while she remains supportive, McCallion has not been exceedingly vocal about the importance of the regional agenda recently.

David Miller is perhaps the most recognizable contemporary mayor in Canada. His national status is attributable not to the fact that he is directly elected by more voters than any other public figure in Canada, but by virtue of his leadership on the issues of municipal affairs and intergovernmental relations. Miller has been a key figure in lobbying the federal government for a 'New Deal' for Canadian cities – a movement that has been successful in securing a portion of the federal gas tax and transfers for transportation infrastructure. His latest campaign is the 'One Cent Now' program that appeals for a transfer of one cent from each dollar collected from the federal goods and services tax to Canadian municipalities. At the provincial level, Miller focused on the unique problems and lack of resources faced by the City of Toronto, and eventually presided over the transfer of powers and tools embodied by the new City of Toronto Act. Most recently, Miller is likely to invoke a dormant clause written into the act that allows for a quasi-strong mayor system to be established and even more extensive powers transferred to the council executive. This would further distinguish the central city from the surrounding municipalities.

Miller is a charismatic leader – a champion of the cause of cities across the province and the country. With this visibility and political sway at both provincial and federal levels of government, Miller is ideally placed to promote a regional agenda and unite actors from all regional municipalities behind the common cause of collective economic development. However, to date, Miller has not made this agenda, or even isolated regional issues, a priority. His focus has been squarely on promoting the cause of the City of Toronto and that of municipal governments in general – not on issues of regional coordination, empowerment, or governance. Observers within Toronto's City Hall are careful to point out that Miller is not *opposed* to a regional agenda. Several interviewees quietly voiced their disappointment that such a potentially fruitful opportunity to bring regional actors together had been neglected by city leadership. The potential causes for this failure to embrace a regional agenda are discussed in more detail below. In general, these are more a factor of the institutional environment than a personal failing on the part of the mayor. However, it is perhaps telling that, in an era where the

issues of regional prosperity and regional growth have become almost ubiquitous in policy discourse, the leadership of the core city in the GTA has been on these topics virtually silent.

Leadership on regional issues can come from anywhere and is not limited to emergence from the public sector. In the Toronto region, there has been a notable degree of civic mobilization at the regional scale led by David Pecaut and organized through a variety of groups associated with the Toronto City Summit Alliance (TCSA). These initiatives are arguably the only forums that have maintained a sustained focus on the regional level as a scale of political attention and action. The TCSA is a coalition of civic leaders in the greater Toronto region. It was formed in 2002 to address challenges to the future of the City of Toronto, such as expanding knowledge-based industry, addressing poor economic integration of immigrants, reversing decaying infrastructure, and providing affordable housing. Led by David Peacaut, senior partner of the Boston Consulting Group, and chaired by civic leaders from the arts and cultural sector, private sector firms, consultancies, higher education institutions, research associations, think tanks, and advocacy groups, this group represents almost every sector of regional society. This alliance has emerged as a group that has addressed some regional issues and has spawned a number of spin off initiatives, including the Toronto Region Research Alliance (TRRA) and the Toronto Region Immigrant Employment Council (TRIEC). All of these initiatives are underpinned by a background paper entitled “Enough Talk: An Action Plan for the Toronto Region” that identifies issues where there was a clear consensus for action and where progress could be made quickly. These recommendations were aimed at policy-makers at all levels of government, community groups, voluntary organizations, the business community, organized labour, and citizens.

What is significant is that this organization is one of the only groups thinking and acting *regionally*. However, though sustained action on the regional *agenda* has been maintained the TCSA has had difficulty translating this into political will to consistently think regionally. In other words, the *issues* identified in ‘Enough Talk’ are being addressed but they are not necessarily being tackled *regionally*.<sup>129</sup> For instance, arts and

---

<sup>129</sup> Questions have also been raised as to how effectively issues are being addressed in TCSA related forums.

cultural promotion is one core issue area, but action on this agenda item – such as the sponsorship of the Luminato Festival – has tended to focus on the City of Toronto.

The TCSA and its related initiatives are on this basis open to the charge on Toronto-centrism – but in other areas, such as economic development and innovation (spearheaded by the TRRA) the TCSA concentrates on too wide of a region. The TRRA defines the Toronto region, as the Greater Golden Horseshoe, thus including a raft of municipalities (such as Waterloo and Guelph) that are physically separated from the central city. There is a case to be made that a variable and flexible focus depending on the characteristics of the issue at stake is exactly what is required for effective regional governance. However, to the degree that the TCSA is an effort to lead on policy in the Toronto region conflicting scales of action can cause confusion. The following quote illustrates both this lack of focus and the localism that characterizes Toronto’s political leadership: “The Toronto City Summit Alliance brings together civic leaders from the private, labour, voluntary and public sectors around a simple, shared goal *making our good city of Toronto great*” (Miller, 2007: A18; emphasis added). This quote from a speech made by David Miller to the TCSA in February 2007 illustrates some of the contradictions that have emerged from leading quarters as local, regional, and intergovernmental agendas have collided in the Toronto region. In this comment, Miller describes the TCSA as an initiative focused on the *city* of Toronto, rather than the Toronto region. He goes on in this speech to unveil his plan to lobby the federal government for a transfer one cent of the goods and services tax (GST) to *all* municipalities in Canada. It is significant that in this explicitly *regional* forum, Miller adopts the mantle of both local politician and national leader of the municipal cause – or ‘New Deal’ – but makes no reference to a regional agenda.

Again this lack of genuine regional focus is emblematic of both organizational and individual leadership in the Toronto area. Beyond Miller and the TCSA, there are other vocal leaders but many of these too are oriented towards the *city* of Toronto.<sup>130</sup>

---

<sup>130</sup> Among these initiatives were the Toronto City Charter movement developed and led by prominent actors in Toronto including Jane Jacobs (a renowned urban writer) and Alan Broadbent (a business leader, activist, and philanthropist). This initiative was a precursor to the contemporary ‘New Deal’ campaign and was supported by a wide variety of societal, academic, economic, and political actors (see Rowe, 2000, 2003 and 2005). Toronto business leaders also emerged as vocal proponents of governance reform, including TD Economics (2002) and the Toronto Board of Trade. Former political actors – for instance,

There are several potential explanations for this general lack of regional orientation. The first is that a lack of political scale at the regional level has forced actors seeking collaborative solutions to appeal to provincial and local levels of government. This has perhaps led to the adoption of strategies that are most likely to effectively harness the political agency of relevant actors and which therefore require broader or narrower approaches. The example of the TRRA is an excellent case of an association that has adopted a much broader focus (Greater Golden Horseshoe) and has therefore primarily directed its attention towards provincial policies rather than regional issues.

Local focus may also be a product of institutional changes that have shifted popular focus on specific municipalities as opposed to the region. Where economic threats can be important catalysts to cooperative action at the regional level, threats to local autonomy/democracy can also be effective in mobilizing broad sectors of society at the local level. Amalgamation provided just such a catalyst in bringing together large coalitions in opposition to forced institutional reorganization.<sup>131</sup> To the degree that amalgamation ultimately created the largest and arguably most complex city in Canada, this prompted the emergence of individuals and groups focused on securing the resources and powers they argued were necessary to support the new polity. Therefore, the contemporary 'New Deal' movement – which is by definition non-regionalist – was strongly reinforced, if not stimulated, by the restructuring of City of Toronto. Significantly, while the primary focus of local actors is largely on securing a new deal for the central city, by virtue of their successful lobbying efforts so too is that of policy makers at other levels of government. The result has been that, other than in the area of land use and transportation planning, very little attention has been paid by either the provincial or federal governments to the issues of the Toronto *region*.

So the Toronto case presents a familiar situation in which leaders exist and organizational presence is relatively deep, but where leadership has generally failed to

---

former Toronto mayor John Sewell – have also been advocates of governance reform. However, with few exceptions these initiatives have all focused on the City of Toronto. See Nelles (2007) for an analysis of autonomy movements in Canada with a specific focus on the City of Toronto.

<sup>131</sup> Citizens for Local Democracy (C4LD) was the most prominent civic movement to arise in response to local service reorganization and amalgamation. This ideologically left leaning community opposed restructuring on the basis that it would overwhelm local democracy and ultimately dilute the progressive political values of the central city with the predominantly conservative values of the postwar suburbs (Horak, 1998: 19-21).

emerge meaningfully at the regional level. Regional identity and political solidarity has suffered as a result.

### *Organization Presence*

Associational activity has tended to be fairly strong in the Toronto region. However, again, many initiatives tend to be locally as opposed to regionally focused. The depth of this organizational presence is impressive, though not surprising for such a large economic region. Listed below are some of the most critical economic development and governance organizations and initiatives.

#### Tier 1:

Greater Toronto and Hamilton Mayors and Chairs Group (GTA-MCC)

Greater Toronto Economic Development Partnership (GTA-EDP)

Toronto City Summit Alliance (TCSA)

United Way of Greater Toronto

#### Tier 2 (regional, single issue):

Toronto Region Research Alliance (TRRA)\*

Toronto Region Immigrant Employment Council (TRIEC)\*

Affordable Housing Coalition\*

Metrolinx

Greater Toronto Marketing Alliance (GTMA)

Toronto-York Regional Labour Council

\* Affiliated with TCSA

#### Tier 3 (local):

Strong Neighbourhoods Task Force\*

Toronto03\*

New Deal for Toronto\*

Emerging Leaders Network\*

Local Boards of Trade and Chambers of Commerce

Luminato\*

MaRS (RINs)

Economic Competitiveness Advisory Committee (Toronto and Mississauga)

Toronto International Film Festival

Toronto Community Foundation

There is considerable depth of organizational presence in the Toronto region. However, as with the two German cases, there are few organizations that can claim to be genuinely regional – and even fewer of those with broad mandates. This is again closely related to problems in the scale of organizational orientation discussed above. That there are quite a few organizations at the regional level that have proven *sustainable* is heartening. The regional agenda is being represented within these forums, and long-term initiatives are underway. This may be an indication that the regional level of coordination may intensify and increase as vision and identity at this scale become ingrained. However, the different territorial dimensions and issue fragmentation within these alliances may pose difficulties for this type of regional consolidation.

#### *Organizational Networks*

Echoing the findings of the previous two factors, the networks between organizations in the Toronto region, while extant, tend to operate within localized silos. There are no *personal* overlaps in board membership between the GTMA and Metrolinx, though the same municipalities are represented in both forums. Even when the board of the TCSA is included in the analysis, personal overlaps are non-existent at the board level (see table 6.1):

*Table 6.1: Governing Boards of Tier 1 Organizations in the Toronto Region (as of March 2008)*

<b>GTMA</b>	<b>Metrolinx</b>	<b>TCSA</b>
Lou Milrad	Rob MacIsaac	David Pecaut
Don Edmonds	Peter Smith	Charles Coffey
John Jung	Roger Anderson	David Crombie
Patrick Draper	Paul Bedford	John Evans
Susan Fennell	Gary Carr	Francis Lankin
David Gavsie	Fred Eisenberger	Ratna Omidvar
Paul Green	William Fisch	Susan Pigott
Cam Jackson	Adam Giambrone	Courtney Pratt
Anthony Knill	Norm Kelly	Carol Wilding
Carl Knipfel	Hazel McCallion	
Michael Lombardo	David Miller	
Don Macintosh		
Rebecca McKinnon		
Rick Miner		
Case Ootes		
Michael Ras		
David Ryan		
Bernadette Schell		
Steve Shaw		
Sanjay Tugnait		
Tony Wong		

Even when the TCSA's wider steering committee is included only, Rob MacIsaac, chair of Metrolinx, is represented in more than one forum. Part of this lack of personal overlap on regional boards stems from the nature of the structures. Both Metrolinx and the GTMA are controlled primarily by political actors. Therefore, there is less opportunity for individuals – who are often either politicians or specialized bureaucrats (i.e. economic development officials) – to participate in these various forums.

From the perspective of interorganizational overlap, there are also few connections between these three associations. Again, Metrolinx is represented in the TCSA, but that is the entire extent of organizational overlap. While the nature and mix of representatives within structures (public vs. private control) explains part of this omission, they cannot account completely for the lack of links. For instance – both the GTMA and TCSA include members from the private sector, government and not-for-profit agencies, and education sectors on their boards and steering committees. However,



there is no overlap at all in representation between the two. It is also interesting that, in an association committed to the promotion and development of the region, the GTMA would not be represented.

Where links are robust is within the municipal silos of the region. For instance, the Toronto Board of Trade is closely tied to arts, cultural, community, and economic development groups in the City of Toronto. Similarly, many of the same actors have been brought together in a variety of local initiatives. This intensity of linkages has not, however, translated to the regional level.

### *Personal Evolution*

In the Toronto case leaders come from a wide variety of backgrounds. However, many of the most prominent have tended to be active across a large swath of associations and roles – though not necessarily at the regional level. In some cases, participation in these external roles has led, as theory would suggest, to an increase in regional awareness.

One of the most visible examples of this is the experience of Rob MacIsaac – the current chair of Metrolinx. Though his roots are also political, it was his experience outside of local government that solidified his commitment to a regional approach. MacIsaac began his career as mayor of Burlington in 1997 (after serving as a councillor for six years). During this period, he became involved in several provincial growth initiatives targeted at the Greater Golden Horseshoe including the Ontario Smart Growth Panel and the Places to Grow Plan. Through these initiatives, MacIsaac ultimately hosted the first ever GTA Smart Growth Summit that brought together community leaders from across the GTA to begin thinking about new ways to manage growth. He founded a Transit Caucus, inviting the mayors of four other GTA municipalities to create a more coordinated and integrated approach in service, fare collection, and financing of local transit systems. He also chaired a GTA Transit Summit that brought together leaders from all three levels of government. He is also on the board of the Canadian Urban Institute (CUI) and the Canadian Urban Transportation Association (CUTA). While MacIsaac's focus has typically been on issues of transportation and growth, his involvement in the TCSA steering committee indicates an even broader regional approach.

To many observers MacIsaac is ideally suited to bring actors together at the regional scale. The Metrolinx initiative was cited by several interviewees as the organization with the greatest potential to instil a sense of regional purpose and identity that could carry through into other dimensions of development policy. MacIsaac himself acknowledges that his main role as chair is to bring municipalities to the table around the common purpose of growing regional prosperity rather than dividing it (interview, October 2007). He is hopeful that Metrolinx will prove to be a catalyzing organization for regional governance.

Interestingly, the key political actors, McCallion and Miller, have been relatively locked into the local level. However, other prominent leaders including former mayor David Crombie, have had more diverse backgrounds. Crombie was mayor of the City of Toronto in the 1970s reform era of Toronto politics<sup>132</sup>, then a member of cabinet in Joe Clark's short-lived federal minority government before returning to local activism and development. He later chaired the Canadian Urban Institute. Alan Broadbent is another leader and local political advocate. His roots are in the private sector as the chair and CEO of the Avana Capital Corporation, but he is also active in social policy issues as the chairman of the Maytree Foundation, Caledon Institute of Social Policy, and the Tamarack Institute – an anti-poverty charity, a social policy think tank, and an institute for community engagement respectively. Anne Golden is another big name in Toronto area politics. She has served as the president of the United Way of Greater Toronto<sup>133</sup> and is currently president of the Conference Board of Canada. However, she is most known for engagement as chair of the Greater Toronto Area Task Force for Ontario, which produced a document colloquially known as the “Golden Report”. This report outlined a governance plan for the GTA that was largely ignored (Friskin, 2007: 239-240).

All of these individuals are active in local and regional issues and all are currently members of the TCSA steering committee. They are, in their own forums, an advocate for regional governance. However, none has consistently promoted regional solutions, instead focusing on a variety of issues at local, regional, and provincial scales. So while a

---

<sup>132</sup> Characterized by anti-development politics and often regarded as the apex of local activism in Toronto.

<sup>133</sup> Canada's largest annual fundraising campaign and non-governmental distributor of funds to the social services.

pool of champions exists and has been shaped by diverse personal evolution to appreciate the importance of regional action for several reasons addressed above, leadership at the regional level has tended to be sparse and inconsistent.

### *History*

The history of regional governance and other forms of cooperation across the GTA has been relatively short. Civic capital is necessarily underpinned by a sense of regional identity and shared vision. Historically this identity has remained fragmented or imprecisely defined. And while cooperation has emerged at the regional level in the form of limited regional governance and coordination between associations, these developments have all been relatively recent.

There is a case to be made that the apparent sustainability of the tier-one organizations and partnerships that have been established to date in the region may provide the foundation for increased regional activity in the future. This is similar to the pattern that appears to be emerging in the Rhein-Main region. However, where in Frankfurt widespread regional engagement on the part of a wide variety of actors has been directed at establishing a quasi-political level of governance at the level of the functional region, in Toronto these organizations have tended to retain sectoral silos. The TCSA does not include political actors. The GTMA, while it includes a mix of actor types, it does not significantly engage other regional bodies (such as the TCSA or its affiliates) in its governance. Regional cooperation has not typically aimed at ‘constructing’ a region across social, economic, and political boundaries – but has remained fairly issue-focused. Therefore, it remains to be seen whether a consistent identity and solid public will emerges from the constellation of associations and actors that currently occupy the regional scale of engagement.

### ***The Impact of Civic Capital in the Toronto Region***

Civic capital in the Toronto region is weak, despite the fact that, locally, many of the elements that it comprises (i.e. organizational thickness) are relatively well developed. This raises the crucial question as to *why* this is the case? Why have successful networks failed to form at the regional level? The easy answer is that the ‘region’ as a whole has

lacked champions and has lacked the leadership to enable the appropriate bridging relationships and the construction of a regional identity. While this is clearly the case in the Toronto region, it is an inherently unsatisfying and simplistic answer.

Throughout this section, I have argued that decision-makers are constrained by the institutional structures and historical patterns they inhabit. The thesis of this dissertation is that, in such cases, where civic capital is strong, these sorts of barriers can be overcome. As an independent variable, regional civic capital has proven to be a robust indicator of intermunicipal cooperation intensity. Across these cases where it is well developed, cooperation has been more intense – and the Toronto region is no exception. However, as mentioned in the theoretical framework, the conditions that affect political decision-makers can also affect the incentive structures of other actors in the region. Therefore, the Toronto region presents a case where the emergence of civic capital networks, though relatively significant, are somewhat fragmented in their orientation due to these unique institutional structures. The result is that regional networks tend to be much weaker than local or supra-regional and, more significantly, that a coherent *regional identity* that would serve as the basis for a regional agenda has thus far failed to emerge. There is evidence that these bridges are being built in some areas of economic development. However, to the degree that economic development networks are generally strategic, they have tended to organize and orient themselves, quite logically, towards existing levels of government. While this is perhaps not a permanent condition Toronto, for the moment, remains a city-region without a region.

## Chapter 7: Waterloo

### *Forging a Culture of Cooperation*

The Waterloo region is one of the most dynamic economic regions, relative to its size, in Canada. It is located in southern Ontario approximately an hour west of the Toronto region and along the key transportation corridor to the United States. As the smallest region in this study, the Waterloo region contains just under half a million inhabitants. However, it is significant economic node, with over 450 firms. The region hosts many globally active firms in core industries (automotive, advanced manufacturing, ICT, financial services, and biotech/life sciences) such as RIM, OpenText, Northern Digital, and ATS. The GDP of the region topped \$21.5 billion in 2006 – ranked 4<sup>th</sup> among census metropolitan areas (CMAs) in Ontario behind the much larger communities of Toronto, Ottawa, and Hamilton on measures of GDP per capita (Statistics Canada, 2006). In addition to being industrially significant, the Waterloo region has also developed excellence in research and education. It is home to the leading University of Waterloo<sup>134</sup> as well as groundbreaking research institutes in quantum mechanics and theoretical physics. These industries and research institutes are distributed across three central municipalities – Kitchener, Waterloo, and Cambridge – which are surrounded by six townships and governed by an upper-tier regional municipality. While the region is small relative to the other cases in this project, it is to some degree comparable to the Rhein-Neckar region in Germany. The three central cities in both cases contain comparable populations and perform similar functions in the regional economy in terms of both their research and industrial capacities. Waterloo contains far less rural territory than Rhein-Neckar, but the urban kernels are in many other respects very similar.

In terms of the character of intermunicipal cooperation, the Waterloo region presents an interesting contrast to the neighbouring Toronto region and comparison to Rhein-Neckar. With Rhein-Neckar it shares a relatively small size and similar economic and social orientation towards the dominant city-region in the area. It is similarly fragmented with political and economic power distributed between the three central municipalities. It, too, has struggled to forge a collective identity amidst this

---

<sup>134</sup> Which is known for producing internationally competitive computer science and engineering graduates often recruited by firms in Silicon Valley.

fragmentation and faces a similar challenge in establishing itself as an internationally significant economic region. What is particularly interesting about this case is that the roots of collective identity and regional cooperation are relatively recent in comparison with the Rhein-Neckar. Furthermore, the Waterloo region presents a context where intermunicipal cooperation and a shared vision for the region emerged out of a history of considerable political parochialism and disunity.

To an outside observer of social and economic life in the Waterloo region today, the fact that the region had once been so divided would probably come as a surprise. The physical boundaries between municipalities are barely noticeable and the three central cities function day-to-day as a vibrant mid-sized community. Residents are proud of their own municipalities but are also aware that their economic fortunes are inextricably linked to the health of the region as a whole. As one local official commented: “in many ways we’ve dropped the boundaries” (confidential interview, August 2005). Municipalities and other actors certainly serve their own self-interest, but with an awareness of regional issues and impacts developed through constant collaboration and coordination. However, political relationships and local attitudes were not always so regionally oriented.

Economic character, class divisions, and geographic location have contributed to local perceptions of each community and resentments regarding collaborative governance. For example, Waterloo has traditionally been perceived as a white collar town, where Kitchener and Cambridge have blue collar origins (Walker, 1987). As the high technology sector has grown, the majority of firms have located in the Waterloo portion of the conurbation, while Kitchener and Cambridge continue to be dominated by manufacturing. That the region is known to most outsiders as the Waterloo region is a point of considerable resentment amongst the residents and governments of the other municipalities.

The three municipalities form one integrated conurbation to the extent that it is difficult to tell where one starts and the other ends. However, Cambridge is physically separated from the other two by Highway 401 and by a lack of transportation links between municipalities. This physical separation has tended to manifest itself in political distance as well. Cambridge is also culturally divided from Kitchener and Waterloo. The

two municipalities on the north side of the highway have German<sup>135</sup> cultural roots, whereas Cambridge<sup>136</sup> has British origins. The municipality of Waterloo with its high tech economy, world renowned university (the University of Waterloo), upper-middle class population and international cache dominates the region, followed by Kitchener and the detached town of Cambridge. These historical, economic, geographic and cultural distinctions have contributed to ingrained local identities, making the construction of a *regional* identity through collaboration difficult. In many respects, this history of fragmented identities parallels, albeit on a much smaller scale, the experience the German regions – Frankfurt in particular.

On the political side, the three cities in the Waterloo region were quite competitive with each other, particularly in the domain of economic development. This dynamic played out most visibly and frequently in the area of business attraction and retention and was characterized by a significant degree of competition on taxation rates and zoning regulations. While this competitiveness has not completely disappeared, antagonistic political relationships between the municipalities have been replaced with a more consistent collaborative approach. Also relevant to the question of competition has been the evolving role of the municipalities relative to the upper-tier regional municipality. Since the regional municipality was established in 1973 (following the wave of two-tier restructuring that affected the Toronto region a decade earlier), the affected local governments have attempted to maintain a degree of autonomy within the system, resulting in some friction with the upper tier. This friction was not unlike the situation in Toronto under the Metro structure. These tensions were also heightened in the late 1990s as the issue of amalgamation was raised but never implemented in the Waterloo region.

---

<sup>135</sup> The German cultural heritage of the region has been cited as an important factor contributing to the development of the regional economy – it has been particularly associated with the early roots of the ICT and advanced manufacturing industries (see Nelles, Bramwell and Wolfe, 2005). German ethnic origins may have contributed to underpinning an entrepreneurial regional culture. While two cases in this study are of German regions this connection is purely coincidental. Despite potential connections this dissertation makes no comment on the relationship between early German origins and culture, and the modern character of intermunicipal cooperation.

<sup>136</sup> The municipality of Cambridge was originally three smaller municipalities and was amalgamated in 1973.

Tension between the municipalities and the region, tended to be most pronounced in the realm of economic development. The regional municipality plays a role in economic development for the region but it is not coordinative. Rather the upper tier is responsible for regional marketing and promotion, leaving each municipality in charge of local business growth and retention, and tourism. Each city also engages in its own economic marketing, often putting them at odds with the regional goals of the upper tier. Several local officials and private actors have commented on the difficulties of operating in the two-tiered system. A key politician in one municipality argues:

The two-tier system has gotten in the way of so many good things that could happen here. I sometimes say that we're successful in spite of ourselves, in spite of the competition. Now competition can be good as long as we're not trampling on each other and we're trying to be good just for the sake of being good. And I think we've made some progress. (confidential interview, July 2005).

Fragmentation, overlap, and competition can bring positive results, and can even coexist with intermunicipal and inter-tier collaboration. There has been a perception in the region that the two-tier system may be an obstacle to regional governance.

Despite the numerous sources of tension around political and identity issues, municipalities at both levels have gradually coalesced around the *idea* that each is an integral part of a broader region. Where in the Frankfurt region identities have crystallized and remain a critical factor influencing parochialism, Waterloo has managed to overcome and manage these divisions. Currently, the Waterloo region is characterized by a high degree of intermunicipal coordination and comparatively high levels of community engagement across a variety of policy and issue areas. For instance, in addition to robust intermunicipal collaboration (which is discussed in more detail below), the tradition of associational governance is particularly rich in the region. From the Prosperity Council, a private sector led but broadly inclusive association geared towards regional foresight and policy exercises, to Communitech, the “high tech”<sup>137</sup> industry association with ties to governance initiatives across the region, countless of other social and community associations and initiatives and a dense network of philanthropic

---

<sup>137</sup> This term is used here loosely as Communitech includes private and public members from beyond the high technology sector.



entrepreneurs and angels, the region is endowed with an enviable degree of engagement and institutional thickness. This trend of engagement and collaboration was identified repeatedly by local officials and residents. As one observer noted: “In this region there will never be a shortage of those willing to step up, and that’s just historical” (confidential interview, August 2005).

What is most interesting about the modern culture of regional engagement that underpins civic capital is that it has developed concurrently from political, economic, and social origins. That is, the notion that the three core cities share an economic future, and as a result embody a common identity, came about gradually as collaboration born of necessity compounded into a regional norm. On the political side, a tradition of *ad hoc* coordination between government departments and intermunicipal competitiveness on economic development and business attraction gave way to institutionalized collaboration for regional marketing in the late 1990s. This partnership would come to be known as Canada’s Technology Triangle Inc. At the same time, a new association emerged uniting information and communication technology (ICT) industries. Communitech was initially an ICT industry association designed to advocate for, network, and provide support to firms in the region. This association gradually expanded its membership to include a wide variety of industries as well as public and institutional members. What is significant about this movement was that it was not confined within municipal boundaries and that it spoke for an industrial sector that was critical to the entire region. That a significant segment of the economy became organized and politically active at the regional level played an important role in both fostering a sense of identity based around excellence in high technology industries and raised issues that drew attention to the need for collaborative political solutions.

The Waterloo region presents a contrasting case to the Toronto and Frankfurt regions and shares many similarities (in terms of outcomes) with Rhein-Neckar. From an institutional perspective, the Waterloo and Toronto regions exhibit many similarities, but their economic and political contexts within the province differ substantially. Therefore, it is important, in analysing the environmental variables to consider the impact of these differences. This chapter concludes that, in comparison, context has a greater impact on

the character and emergence of civic capital than on the environmental variables that shape the cooperative environment.

Several other observations, discussed in more detail in the following analysis, that are worth highlighting here. One of the most interesting dimensions of cooperation and engagement across the Waterloo region is that it has typically been privately and/or community-led. While political collaboration is a norm, the privately-led initiatives have been most vocal and formalized at the regional level. This may have implications for cooperative intensity as these privately-organized initiatives compete with or even supersede municipal roles. In a similar vein, the existence of a regionally encompassing upper-tier government has also affected the context of intermunicipal cooperation. In some cases, such as regional transportation, service delivery has been uploaded to the regional municipalities for very practical reasons of cost, economies of scale, and coordination. As a result, evaluating cooperative intensity is somewhat complicated.

Finally, it is perhaps appropriate to consider the Waterloo region as one in the process of scalar transition. For the purpose of this project, the region is defined in terms of the statistical boundaries of its census metropolitan area (CMA). This is appropriate as the CMA circumscribes the political boundaries of the key municipal actors as well as the scope of cooperation of a majority of initiatives. However, the region has also become a participant in broader partnerships and coalitions. Many of these exist at the provincial level or are targeted at southern Ontario economic corridors and so are much broader to be considered in the context of this study. However, in 2006 an initiative emerged that might signal a shift in what Waterloo inhabitants and businesses consider “the region” over the longer term. The South West Economic Assembly includes towns and municipalities that lie east of Toronto and Hamilton to the Michigan border. The most significant of these municipal participants, other than those that make up the Waterloo region, are the cities of London and Windsor. Whether this will emerge as a significant scale of economic collaboration is at the moment unclear. But it does suggest that, in the future, questions of regional identity and scales of action may be defined more broadly.

In the meantime, the region is analyzed in its current context with reference to the potential implications of these observations. What is most critical is that the Waterloo region is one characterized by a degree of collaboration that has been formalized

comparatively recently. It is a story of how an economic region forged a collective identity and, most importantly, where civic capital emerged from both above and below to support a regional agenda.

### ***Cooperation and Intensities***

While regional cooperation in general is relatively strong, intermunicipal cooperation in the Waterloo region in the three areas of economic development varies considerably on formal measures of intensity. In general, cooperation has intensified over the long term; in transportation and culture, this has tended to occur at the margins. Analysis of cooperation in transportation is somewhat complicated by the two-tier structure of regional government through which the regional municipality exercises primary responsibility for regional transit issues. However, the long-term development and expansion of transit systems require the cooperation of municipalities that control zoning, land use planning, and other related matters. Cooperation in culture and transportation is largely *ad hoc*, but for very different reasons. However, intermunicipal coordination on these two issues has also been sustained for a long period of time, indicating a significant degree of commitment to cooperation despite the lack of formal institutionalization. Cooperation in regional marketing is by far the most formalized of the three areas, as well as the most enduring example of intermunicipal coordination. This partnership has also intensified significantly over time and has become a central organization championing regional issues in the Waterloo region.

- Canada's Technology Triangle Inc. (CTT Inc.)

CTT Inc. is the regional marketing association of the Waterloo region and widely regarded as one of the keystone organizations of the region. It was founded in 1987 by the economic development officials of the cities of Kitchener, Waterloo, Cambridge and neighbouring Guelph as an informal body to coordinate marketing activities. It was born from the realization that in working together and pooling resources rather than competing these cities could attract more investment to the region. Initially, the CTT was constructed as a partnership governed by the regional mayors formalized as Canada's Technology Triangle – so named after the regional branding exercise – it was later

restructured as a public-private partnership. While the first decade of CTT's existence revealed that collaboration does not immediately eliminate the resentments or concerns of the member municipalities, in the past decade CTT has expanded its regional vision and embraced new partners from business, community, and education.

The perception in the region is that CTT was relatively successful in its limited role of regional promoter but that the political actors found it difficult to come together on other regional goals (Leibovitz, 2003). One municipal official recalled the character of collaboration as consisting of "a lot of turf protection" even though all four local councils officially consented to the partnership. Over time attitudes have changed, "I think the relationship [between the cities and the CTT] continues to get better, which is good" (confidential interview, July 2006). "Full support" for CTT did not blossom overnight, and it was the combination of institutional reform and the addition of new actors that contributed to the change in attitude. Several other attempts at institutionalizing regional governance which ended in failure, such as the Regional Municipality of Waterloo's Task Force on Economic Development in which the regional government played a coordinating role, and Kitchener's Team Kitchener project, helped solidify the notion that regional collaboration was going to be necessary to grow in the future.

During the late 1990s, the Greater Kitchener-Waterloo Chamber of Commerce began arguing for a public-private partnership for economic development in the CTT region. These plans eventually came to fruition in the form of CTTAN, or Canada's Technology Triangle Accelerator Network. In 1996, the federal government initiated the Canada Community Investment Programme, a program offering funds for community organizations to support the creation of start-up funds for small businesses. The Waterloo region, lacking significant venture capital financing, was an ideal candidate for such funding, provided that it could ensure a commitment from private actors to provide matching funds and strategic leadership.

Following the creation of CTTAN, CTT became more depoliticized and more regional in character. The mayor of each municipality was formally a member of the CTT board. However, the convention today is to delegate this role to economic development officials of the Chief Administrative Officer (CAO) of the municipality. This has also reduced the tension between the municipalities. In 1999, CTT Inc. (or Economic

Development in Canada's Technology Triangle Inc.) was reformed as a not-for-profit, private-public economic development organization marketing the Waterloo Region. At that time, the municipality of Guelph quit the association to rely on its own economic development department. This defection was partly a function of Guelph's dissatisfaction with the partnership, which was increasingly centred on the three Waterloo region municipalities. Guelph is located some distance away in a neighbouring region and felt its economic development goals were not congruent with and were not being served by their association with CTT Inc. (Nelles *et al.*, 2005). CTT Inc. remained primarily a marketing corporation. However, its vision has expanded to include issues of regional economic development, such as land use and infrastructure development. As one economic development official recently noted:

We [the CTT] certainly have a role that we're looking to the future of the economy, as we are a key player in the economic development of the region and can inform discussion. We have information, views, experience that needs to be brought to the table with our partners, the municipalities, others, media (confidential interview, August 2006).

A more recent project in which CTT played a central role has been the establishment and marketing of the new Research and Technology Park in partnership with the University of Waterloo, the Government of Canada, Province of Ontario, the Region of Waterloo, the City of Waterloo, and Communitech. Despite this wide range of development roles, CTT Inc. is wary of stepping on local toes and acknowledges the role that local economic development officials and offices play. From a collaborative perspective, CTT Inc. views itself as a node through which the interests of other regional actors can be expressed. A CTT Inc. staff member expressed this mission as follows:

Number one, our [CTT Inc.] objective and our success as an organization comes through partnership and transparency and, therefore, we have to think of our partners, have communication with our partners, we're inclusive of our partners, we're sensitive if we find solutions where they haven't been informed thoroughly or as early as they should have about certain situations – that's an underlying factor (confidential interview, August 2006).

This also demonstrates the extent to which CTT Inc. aims to bring together actors in the region for economic development and promotion goals. The imperative to stimulate

collaboration and bring partners together is one of the most notable manifestations of its expanded mandate. As one local economic development official remarked:

All of us [cities] have got a stronger relationship with the region and know the players at the region so much better [because of CTT Inc.] And, especially in economic development we all have a better understanding of where we're all coming from because [honestly] a week does not go by where we're not all together, literally. We all have our different perspectives, and CTT [Inc.] goes out and brings people in and then we take it from there. But we very much run things cooperatively (confidential interview, August 2006).

The evolution of Canada's Technology Triangle demonstrates the extent to which civic capital has intensified in the region. From a loose and narrowly based marketing partnership, the ties between municipalities have deepened. The breadth of local partners and board members reveals the bridges that have been built between the various communities, institutions, and associations in the region. Indeed there has been a high degree of cross-fertilization, as CTT Inc. is a member of several of its partner associations – such as Communitech. The civic entrepreneurs who helped build the collaborative partnership in this instance were the local economic development officials who recognized that combining the strengths of each community and becoming a regional economy could secure a brighter collective future than constant competition.

CTT Inc. demonstrates how, over time, cooperation can evolve from informal coordination to political partnership to a public-private partnership. The current governing structure of CTT Inc. consists of a board with a public minority and is therefore representative of the institutional passive (6) variant of intermunicipal cooperative structures. Despite the departure of the municipality of Guelph from the partnership, participation remains quite high. Currently, CTT Inc. represents all three core municipalities as well as the four neighbouring townships, returning a participation coefficient of 1. In sum CTT Inc. is among the most intense partnerships in this study with a total intensity score of 7.0.

- Cultural Cooperation: Informal Coordination + Waterloo Region Tourism Marketing Corporation (WRTMC) + Prosperity Council

Intermunicipal cooperation on regional culture has, until quite recently, been conducted on an *ad hoc* basis. Formal cooperation tends to occur on a project by project basis, but there are active networks between the municipalities at the staff level to share information and to build initiatives to present to councils. Therefore, cultural collaboration in the region can be classified as an institutionalized informal variant of intermunicipal cooperation (2). And while participation tends to vary by project, these networks are principally sustained between the three central municipalities but also include the four surrounding townships for a participation score of 1. In total this informal partnership scores 3.0. Culture is a broad policy field and overlaps with several other municipal jurisdictions. For instance, culture is a key support in the ‘creative cities’ movement that seeks to develop local and regional cultures as a critical dimension of a diverse and dynamic local economy and as a marketing tool to attract talent (particularly the ‘creative class’, see Florida 2003, 2008; Gertler *et al.*, 2002) and inward investment. Culture also plays a role in regional tourism strategies.

It is in the area of tourism that the Waterloo region has developed an intense strategy of marketing collaboration. Officially established in 2008, the Waterloo Region Tourism Marketing Corporation (WRTMC) is a partnership between all 8 municipal actors (including the regional municipality) and representatives of the tourism sector. Much like the case of regional marketing, the initiative was born at the staff level and stemmed from the realization that the fragmented approach to tourism promotion that had characterized local strategies was not the most efficient use of resources. Significantly, many of the major cultural establishments in the region are represented in the partnership and are key elements of the marketing strategy. The corporation is modeled on CTT Inc. and includes the same municipal participants – therefore, it scores a 7.0 on the scale of cooperative intensity. This new partnership is related to culture; but it is not a central part of local or regional cultural strategies. Because this cooperation is occurring on the periphery of culture it isn’t officially counted as an instance of cultural collaboration for the purpose of this study.<sup>138</sup> It does, however, indicate that more intense cooperation is occurring in related areas.

---

<sup>138</sup> Furthermore, from an ‘issue type’ perspective, tourism cooperation shares more in common with regional marketing than culture – as an issue with diffuse benefits but easily distributed and administered

In the realm of cultural collaboration, there have been several successful regional projects over the past couple of years. These include the establishment of the Kitchener Waterloo Arts Awards, a joint initiative to celebrate excellence in the arts, and the One Book, One Community adult reading program. There are also plans in the works to harmonize local and regional arts and cultural grants application forms and procedures. There are also initiatives underway to more closely coordinate regional arts and culture in general. Each municipal council has a set of advisory committees staffed by members of the private sector and relevant local leaders. In the case of culture, leaders of local arts organizations and enterprises and members of the creative economy populate the advisory committee. Currently, these committees are staffed with “very effective people who are extremely active and involved in bringing regional issues to local governments” (confidential interview, January 2008). The various advisory committees in the region have scheduled a joint meeting in which they intend to discuss cultural plans, the potential for an establishment of a shared vision, and strategies to “break down barriers” between the communities (confidential interview, January 2008).

These initiatives represent important steps towards establishing a regional cultural strategy and formalizing intermunicipal cooperation in this area. However, they also illustrates the degree to which there are still political barriers in place in this policy area. One local observer, while acknowledging collaborative success and will to cooperate at the staff level, characterized regional culture as “chaotic and messy” (confidential interview, February 2008). According to several local officials in culture, the political will to cooperate has been slow to respond to staff and private sector initiatives. In fact, one interviewee stated that there’s currently a critical mass of support for regional culture building in the private sector and that “they will be the ones who say [to the cities] ‘get your [act] together’” and cited this as one of the primary roles of the Prosperity Council (confidential interview, February 2008).

On the private sector side, the Prosperity Council has recently been very active in organizing to promote the regional arts and cultural agenda. Since its inception in 2003, regional culture has been a central pillar of the council agenda. Most recently the Council

---

costs. Cultural factors often involve supporting and financing local arts and cultural establishments (such as museums and theaters) which are typically unevenly distributed across municipalities.



has struck a steering committee to explore best practices with research jointly funded by the municipalities and the Kitchener and Waterloo Community Foundation (KWCF).<sup>139</sup> The research findings are slated to be presented in community consultations in the fall of 2008. This activity is indicative of both the willingness of the private sector to support regional cultural initiatives as well as a public preference to let groups such as the Prosperity Council drive the cultural agenda at the regional level, at least for the moment. This suggests that cooperation on culture may be in the process of intensifying but will likely be led by the private sector.

- Grand River Transit (GRT)

Grand River Transit was created in 2001 when the Regional Municipality of Waterloo (RMOW) assumed control of the previously municipally operated Kitchener Transit and Cambridge Transit. This ‘uploading’ of responsibility for transit complicates an evaluation of intermunicipal cooperation, as service provision is now currently the responsibility of a single government, which raises the question of whether it can be classified as *cooperative* at all. The corporation is governed by the RMOW so, in terms of institutional form, it scores a 3.0 – institutionalized public control. And while the municipalities are represented on the regional council, these representatives are directly elected, reducing the ability of local councils to control the regional agenda.<sup>140</sup> Therefore, local representation on the regional council is not sufficiently distinctive to justify classifying the region, or its transit organ, as a form of political partnership between municipalities.

There is, however, an element of cooperation involved in regional transportation. Despite the fact that municipalities have no direct control over the actions of either the regional government or the GRT, they do have significant veto power over many of its most important decisions. The municipalities are still responsible for zoning, land use planning, and a variety of other areas critical to the operation of transit routes. This is particularly significant given that the growing region is in the midst of the most

---

<sup>139</sup> This foundation is a charitable agency that manages grants to community organizations aimed at improving quality of life in the KW area.

<sup>140</sup> The mayors of each local municipality automatically hold seats on council. However, their vote is just one among many.

significant phase of public and rapid transit development and expansion since 2001 with plans for both a new light rail system and improved intercity connections under review. Formally, though, the use of local jurisdiction over issues such as zoning the municipalities has the ability to shape this period of expansion by blocking certain regional decisions. Informally, the cities have quite a bit of input in consultations regarding these future projects.

Seen from this perspective, regional transportation is a form of tacit partnership between the municipalities and the regional government. Institutionally, this arrangement can be classified as a variant of the institutionalized informal type of intermunicipal cooperation (2.0). As with other partnerships in the region, all municipalities and townships are participants, tacit or otherwise, which returns a participation coefficient of 1.0 for a total score of 3.

Upon closer examination, the dynamics of this ‘tacit’ partnership reveals the degree to which regional transportation relies on cooperation. This is particularly the case in light of plans for a light rail system and upgraded intercity connections. The construction of a light rail system to link all the municipalities in the region requires that each community set aside an environmentally acceptable and logistically sensible right of way. This requires altering zoning and land use patterns, determining optimal routes, rethinking parking placement/availability, and compromising potentially valuable municipally owned lands and/or roads in the name of regional transit. Regional representatives involved in the planning process note that, for the most part, the municipalities have been very accommodating. However, there have been conflicts over routing, as one municipality has been resistant because of NIMBY type feedback from its residents. Another area of conflict has been over land use planning decisions. A key pillar of the Regional Growth Management Strategy – a regional planning exercise concluded in 2003 – was an acknowledgement of the benefit of linking regional transit and land use planning. Again, some municipalities have been more willing to accede to the goals of regional transit. In other words, some have been more cooperative than others (confidential interview, February 2008).

A similar situation has also occurred on extending GO Transit train service from Toronto to the Waterloo region. Currently, both Kitchener and Cambridge are pursuing

the link. From the point of view of density and interfaces with regional transit, the Kitchener connection through the existing railway station is perhaps more logical, but Cambridge is insisting on bidding for a more southern connection. Regional officials comment that this strategy is clearly “at odds with broader regional goals” and find it symptomatic of “turf protection and control” (confidential interview, January 2008).

While there is the potential for other such conflicts, as the planned expansion and extension progresses, cooperation on regional transit will likely remain informally institutionalized. Unless the region expands significantly, current political structures and cooperative arrangements may be sufficient to govern transportation. Municipalities will almost certainly retain the core areas of jurisdiction relevant to regional transportation, thereby perpetuating the intermunicipal/regional ‘partnership’. Because of geographical and institutional limits, the avenues for future intensification are limited.

### ***Intermunicipal Cooperation in the Waterloo Region***

Patterns of intermunicipal cooperation in the Waterloo region reveal that the relationship between municipalities can be at once strained and relatively tightly knit. Relative to other regions, Waterloo scores fairly well and exhibits potential for significant intensification – particularly in the realm of culture. Certainly, environmental variables have played a role in stimulating and intensifying cooperation. However, civic capital has contributed much to the establishment of a culture of cooperation in both private and public life.

### ***Density***

Of all four regions, the Waterloo region is the least dense by far. Where Frankfurt has 445 different governments, Waterloo has only eight – seven municipal and one regional government. Olson (1965) would argue that this much smaller group size is much more conducive to collective action. In no case, was the *number* of government actors specifically mentioned as a factor influencing cooperation. However, the low density of actors has undeniably reduced information costs and communications issues within existing partnerships.

Many interviewees maintained that one of the reasons for robust cooperation at the regional level in general is the frequency of interaction between key actors. Even beyond formal partnerships such as CTT Inc., there is a great deal of consultation and communication between the municipalities on policy issues, particularly at the staff level. These intermunicipal staff networks are informal, personal, and more persistent than political links, and have been cited as critical for coordination.

While not exactly the same as density, the *size* of the community has also been identified as an important factor underpinning intermunicipal cooperation in general as well as trends of community engagement. This returns again to the issue of information costs. As one actor described:

But it is a community that is not so large that there still seems to be a natural communication in the sense that it's pretty hard for people not to be aware of what's going on [...] It is the size where it almost happens naturally. If [the region] were bigger there could be blind spots or a lack of communication – we're smaller and we have the energy and dynamism that comes from having decent critical mass (confidential interview, September 2005).

This individual was referring to collaboration and engagement in the community in general, but the principles still apply to intermunicipal cooperation. Because of low densities coupled with close proximity, it is very unusual for councils and staff within the Waterloo region to be unaware of the issues facing their political counterparts in the other municipalities. While this doesn't reduce conflicts *per se*, it does make the interests of other actors in the region more transparent. Therefore, even though the low density of governments was never cited specifically as encouraging cooperation, it has certainly not been an impediment and has certainly simplified communication between actors.

### *Regional Governance*

Where in the Rhein-Neckar region the tradition of intermunicipal cooperation was instrumental in shaping regional governance structures, the Waterloo's regional government was imposed by the provincial government. Also, contrary to the larger city cases the relative isolation of the Waterloo region from other conurbations has resulted in the persistent alignment of regional political and economic boundaries. However, this structure has added another source of intergovernmental friction, as municipalities have

traditionally been distrustful of the regional tier as a threat to their jurisdictional authority. As a result, the region has not played an overwhelmingly significant role in existing and forming partnerships. This is perhaps surprising as, theoretically, the regional level could play an important leadership role to bring municipalities together and bridge political divides. The regional tier has participated in all three ‘partnerships’ but, with the exception of transportation – an area which has been uploaded to its sphere of jurisdiction – has been relatively passive in most emerging collaborative initiatives. From this perspective, what cooperation has developed really has emerged from the lower tier, from the governmental version of the ‘bottom-up’, and has been inclusive of the regional level. Indeed, in the Waterloo region, the RMOW functions most frequently as just another municipality (albeit with different responsibilities) rather than a formal coordinating mechanism.

A common refrain in the region is that cooperation between municipalities has occurred *despite*, not because of, regional political structures. Most actors in the region agree that the two-tier political structure, as it is currently organized, is an inefficient form of regional governance. As one local official stated:

The two-tier system has gotten in the way of so many good things that could happen here. I sometimes say that we’re successful in spite of ourselves, in spite of the competition. Now competition can be good as long as we’re not trampling on each other and we’re trying to be good just for the sake of being good. And I think we’ve made some progress although, as I said, the two-tiered system has gotten in our way so that this governance tussle at the municipal level had spilled over into this economic development side that it shouldn’t have (confidential interview, September 2005).

Opinions as to the source of inefficiencies, and as to how this situation should be addressed, differ substantially. For their part, municipalities are wary of the regional level and are protective of their jurisdictional boundaries, and ‘turf protection’ issues have impeded regional goals. Cities have been particularly protective of economic development functions and adamant that these remain at the local level despite the fact that the RMOW has a legitimate claim to regional economic development:

We’ve always had a strong Economic Development Department...and I think that there’s a feeling here that you begin to lose your autonomy if [Economic Development] isn’t here (quoted in Leibovitz, 2003: 2625).

While intermunicipal frictions have and still do affect the regional marketing alliance, these tend to be limited to local-local conflicts and have little to do with the regional government structure. The above quote does, however, illustrate the degree to which municipalities are protective of this function. That the RMOW is just one government among many, and not a regional governing body within the marketing partnerships is indicative of a regional acceptance of genuinely collaborative governance for economic development. The RMOW has no official jurisdiction in the area of culture but plays a similar supportive (but background) role in emerging initiatives. As the system has matured turf conflicts have lessened to a degree, but jurisdictional issues can still affect contemporary partnerships. A case in point is the reluctance of Cambridge to cede a right of way to regional rapid transit/light rail use. One regional official commented that the Cambridge leg of the transit project had been abandoned as a direct result of this opposition (confidential interview, February 2008).

This turf protection is largely due to the two-tier government structure, but it is also partially a response to the threat of amalgamation. The amalgamation of the Waterloo region was considered, but ultimately rejected, during the wave of local government restructuring that affected Toronto under the Harris government in the late 1990s. Although amalgamation would have effectively replaced both levels of government – and would not merely consist of an ‘uploading’ of local responsibilities to the region – the local municipalities remained extremely wary of regional attempts to elbow into local jurisdictions. Interestingly, turf protection in this context is less about keeping the region from interfering in local jurisdictions than demonstrating to the provincial government that existing functions are best served at the local level. The regional government has a similar agenda with functions that fall within its sphere of jurisdiction (confidential interview, February 2008). The threat of amalgamation on intermunicipal cooperation is discussed in more detail in the section on external threats. However, how this external influence has played out in the context of a two-tier system has had some interesting effects on how the municipalities – regional and local – relate to each other within partnerships.

The presence of a regional tier of government, broadly contiguous with the economic region, has not been decisive in stimulating, facilitating, or intensifying

intermunicipal cooperation in this case. The political structure has contributed to a degree of jurisdictional friction, but this has had little sustained impact in the process of establishing or sustaining regional partnerships. Overwhelmingly, regional actors adhere to the sentiment expressed by one local official: “You can make any governance structure work if everyone wants to make it work” (confidential interview, February 2008). The only small hiccup in terms of regional structure is in the area of regional transportation. For the most part the municipalities have found the will and the way to “make the system work,” despite jurisdictional fragmentation. Leadership on regional issues has tended to emerge from either the municipalities or, more frequently, the community. The lack of regional government leadership is likely reflective of this phenomenon – in most cases its intervention has not been needed – and is also a function of a tacit ‘bargain’ between municipal governments that has established formal spheres of authority.

### *Mayoral System*

The mayoral system has also had little discernable effect – either positive or negative – on intermunicipal cooperation for regional economic development. As in the Toronto region, municipalities in the Waterloo have relatively weak mayors who operate in a collegial style (Heinelt and Hlepas, 2006). Much like the former Metro system, the regional municipality is headed by a chairman as opposed to a mayor. Until 1997, the chair was indirectly elected so that presently the characteristics of the position are effectively similar to that of the local mayors.

The three preceding regional cases suggest that formal mayoral power has little effect on the establishment and intensity of intermunicipal cooperation. Rather, the personalities and agendas of the mayors are more powerful indicators of cooperation and intensity than formal authority. This is replicated in the Waterloo case as well, albeit to a subtler degree as mayors have not tended to drive (or oppose) regional agendas or partnerships to the same degree as in the other regions considered in this study. Mayoral personalities and agendas have played a significant role in only one of the three areas of economic development collaboration. In the early days of CTT, the cities were represented on the governing board by their mayors, which contributed to some political tensions between municipalities (confidential interview, July 2005). After two and a half

years of political representation, the members agreed to delegate representation to local Chief Administrative Officers (CAOs). This move to depoliticize the board was aimed not only at minimizing political conflicts in CTT governance, but also at increasing the flow of information back to municipal bureaucracies with whom CAOs interact more frequently than mayors.

In the case of regional transportation, the mayor of Cambridge, as the leader of council, has opposed certain measures and championed others contrary to the regional cause. However, this has been regarded as less an issue of personality than a case where the interests of the municipality appear to run counter to the regional goals. Here, the councils have been more decisive in shaping municipal positions than the influence of one individual.

Broadly, the Waterloo case supports the findings of the previous cases that mayoral power is less of a factor in influencing intermunicipal cooperation than personality and agenda. However, mayors (and chairs) have been much less personally involved or influential in establishing or hindering regional partnerships than in other regions. In part this may be related to the degree to which leadership has emerged from other quarters. When other less political actors drive the agenda, mayors may have less need to defend their political territory and tensions may be diffused through councils rather than political leaders.

### *Party Politics*

Like the Toronto region, there are no political parties at either level in the Waterloo region. As such, party politics is clearly not a formal factor either intensifying or hindering regional cooperation for economic development. This is not to say that there are no ideological/party divisions on local councils. The analysis of party politics in the Toronto case highlighted the degree to which factions can and do organize informally within councils regardless of the formal rules. However, this is less a case in the Waterloo region for two reasons. First, councils are much smaller and therefore partisan divisions are less of a factor. Secondly, where conflicts and tensions have been an issue in regional partnerships, these have tended, as in the German cases, to be territorial rather than ideological.



Relative to other regions in this study municipal councils in the Waterloo region are small. Kitchener and Cambridge have six councillors each (plus the mayor) and Waterloo has seven.<sup>141</sup> Compared to many cities in the Toronto region - Toronto (44), Mississauga (11), Hamilton (15) – these councils are quite small, suggesting that cooperation is easier in smaller groups (Olson, 1965). This is also the case within local councils. There tend to be less divisive conflicts in smaller councils (Svara, 1990; 1999). Although the factors underpinning this pattern are not strictly limited to the number of participants in the policy process – and are also related to the heterogeneity of populations being represented, the issues at stake and power relations (see Post, 2004) among others – partisan divisions tend to be less likely in smaller councils. This suggests that if there were political parties at the local level in the Waterloo region, they likely would not have a significant impact on intermunicipal cooperation.

Furthermore, where there have been tensions between municipalities, they have been more territorially than ideologically based. This echoes the findings of the German and Toronto regions, where conflicts tended to emerge over practically rooted differences in municipal interests than partisan friction. Similarly, in the German cases, cooperation was not seen to occur more frequently between municipalities with the same party majorities. This suggests again that, if there were parties at the local level in the Waterloo region cooperation would probably be no more or less likely.

#### *Autonomy 1: Functional Responsibility*

The argument regarding functional responsibility holds that the more areas of jurisdictional responsibility municipalities have, the more likely they may be to share authority and cooperate with other cities. The preceding cases suggest that this may be the case – Canadian and German cities have roughly comparable areas of jurisdiction and are relatively open to collaboration in some areas. However, what has become clear is that, while regional partnerships may be relatively intense from an institutional perspective, functions of economically or politically critical areas of jurisdiction are often replicated at the local level. This was particularly the case in the larger cities where, in both cases, local officials openly supported regional marketing efforts but continued to

---

<sup>141</sup> Increased from five in 2006.

act outside of the partnership in their local interests. This suggests that, while cities may not be less likely to enter into regional partnerships in politically crucial issues, they may be more likely to hedge their bets with parallel local activities. This is important to note with respect to evaluating the intensity of the partnerships, as ceding control in name only is not indicative of intense collaboration.

As discussed above, the issue of jurisdictional protection is somewhat of a factor in the Waterloo case. However, in only a few cases has this resulted in duplication or a reduction in the potential intensity of cooperation. Unlike in the Toronto and Frankfurt cases, regional marketing has been well supported, and regional efforts have not been duplicated at the local level. Certainly, municipalities have economic development offices and are engaged in competition for businesses once they have settled on the region – but local governments are not actively engaged in international marketing outside of CTT Inc.

It is in regional transportation where the most obvious case of local duplication has occurred. The parallel bid by the municipality of Cambridge for a GO Transit rail link is evidence of local interests superseding regional aims. However, the difference when this case is compared to Toronto and Frankfurt ‘defection’ on regional marketing lies in the level of intensity of the original partnerships. Both large regions boasted relatively intense partnerships for marketing with local officials broadly supportive of regional aims. In these instances, local municipalities also pursued individual initiatives, indirectly competitive with the regional association. In the case of the Cambridge rail link, the competition between site locations is more overt, pitting the regional plan against the more localized one. This also occurs in the context of a loosely institutionalized partnership.

For the city of Cambridge the attempt to establish a more southerly GO Transit link within their jurisdiction is undeniably politically motivated. Its location south of highway 401 physically separates it from the rest of the region, and a GO link would make the city an important hub for the Waterloo region and surrounding communities. Moreover, the rail connection would increase its attractiveness as a residential community with easy access to downtown Toronto. Arguably, the fact that this move may be considered politically important to Cambridge supports the patterns found in

previous cases that cities may be motivated to ‘defect’ in areas of critical political significance. The question is whether the GO station is a single instance of duplication in an otherwise functional partnership or symptomatic of more serious divergence of interest between Waterloo region municipalities. The fact that Cambridge also put up opposition to light rail plans within its boundaries suggests the latter. As the transit partnership evolves (or fails to, as the case may be), the effect of this dimension of functional responsibility will become clearer.

### *Autonomy 2: Local Discretion*

Money is always an issue in intermunicipal cooperation, even when the intensity of the partnership is relatively limited. From a theoretical perspective, with more financing tools and revenue streams available to municipalities, the more likely they may be willing and able to pool resources or embark on collectively financed projects. Alternatively, where there are few sources of income, cities may also be compelled to cooperate in order to provide services or accomplish agendas none could pursue alone. However, the previous three cases suggest that more important than absolute number of funding sources is the relative dependence of municipalities on one source. Where all are dependent to a similar degree on the same revenue stream (for instance, property taxes), there is more potential for conflict and competition. This can affect intermunicipal cooperation to the extent that competition, particularly to attract business, can undermine coordination and trust among municipalities.

Similar to the Toronto region, the Waterloo region is highly dependent on property taxes to finance municipal activities. Property taxes represent 46.2% of the city of Waterloo budget, taxes contribute 33% of the city of Kitchener budget, and 51% of the Cambridge budget (City of Waterloo, 2008; City of Kitchener, 2007; City of Cambridge, 2007). So while tax dependence varies slightly, each municipality is relatively dependent on property taxes. However, competition on tax rates is not as fierce in the Waterloo region as in Toronto. Property tax rates are very similar right across the region. The largest cities all had industrial 2006 tax rates around 5.3%. Commercial rates vary slightly more from a high of 4.6% in the city of Waterloo to a low of 3.4% in the township of North Dumphries (CTT Inc. 2008).

As with the other cases, competition on taxation rates is definitely a factor affecting intermunicipal relations as one interviewee suggested (confidential interview, July 2005). However it has not directly affected the areas of economic development collaboration examined here. Of all the principal partnerships and institutionalized relationships, only CTT Inc. requires consistent local financing.<sup>142</sup> And even in this case economic development accounts for less than 1% of local budgets and does not, therefore, impose a huge expense on municipal coffers. In arts and culture, project financing is also relatively small compared to that for more capital intensive services. It is true that cities do not have a great deal of flexibility in funding sources or large surpluses. But, for the most part, lack of more institutionalized intermunicipal cooperation in areas such as culture is not a function of cost or inability or unwillingness of cities to contribute financially to such a venture, but of a (current) lack of shared agenda.

One interesting note of comparison is that the city of Kitchener is in much the same position as the city of Frankfurt in terms of financing key regional arts institutions. In the Frankfurt case, the local government is responsible for funding museums and theatres off of the municipal profit tax base. These are enjoyed by many residents in the surrounding region. This contributed to a large conflict between the *Land*, other municipalities, and the city of Frankfurt in the establishment of the cultural association. Currently, the Centre in the Square – the region’s largest theatre and performance venue – is owned and operated by the city of Kitchener off the local property tax base. To date, there have been no calls for other municipalities to contribute to the support of what is considered a genuinely regional cultural asset. Local officials attribute this to the financing structure of the venue as well as the relatively small cost borne by the city. To be sure, one theatre is less of a fiscal drain than over thirty world class arts and cultural establishments in Frankfurt, so it is not surprising that this is not a huge area of conflict. Also, other cities in the region finance other less high-profile arts and cultural establishments that are also considered regional assets. Should intermunicipal arts and cultural collaboration in the Waterloo region intensify as municipal officials hope, it will

---

<sup>142</sup> The tourism association modeled on CTT Inc. also requires financial support from the municipalities. However, it is at the margins of cultural collaboration.

be interesting to see if issues such as who pays for these regional establishments, and from what sources, become a topic of debate.

### *Power Asymmetry*

Like the Rhein-Neckar region, the Waterloo region is one without a centre. Whereas in the Frankfurt region, power – political and economic – was fragmented between the largest municipalities and in Toronto region it is largely concentrated on the central city, the Rhein-Neckar and Waterloo regions are both characterized by polycentric and relatively diffuse power distribution.

Population is quite evenly distributed between municipalities – Waterloo is the smallest of the three largest municipalities with 97,475 residents, Cambridge has 120,371 and Kitchener is the largest with 204,668 inhabitants (Statistics Canada, 2006). However, unlike in the Rhein-Neckar region, economic power, in the form of productivity, is highly concentrated in the smallest central municipality of Waterloo. Statistics Canada data report that in 2005 Waterloo more than doubled Kitchener's GDP with \$45.6 billion. In the same period, Kitchener had a GDP of \$12 billion and Cambridge \$4.56 billion. This significant difference is attributable to the incredible international success of high technology firms located predominantly in the city of Waterloo. While the high tech boom is a relatively recent phenomenon, Waterloo has long been regarded as the 'white collar' and more affluent city in the region (Leibovitz, 2003).

The effect of this economic asymmetry on cooperation is difficult to gauge. From a practical point of view the strong performance of firms in Waterloo does not necessarily translate into exponentially larger tax revenues for the municipal government, therefore the city does not have the resources to act coercively towards other municipalities. The regional economic importance of the high technology does not necessarily enhance the city's bargaining position, as it cannot contain regional spillovers. Furthermore, the firms consider themselves fixtures in the Waterloo *region* and not the city in which they are located (confidential interview August 2005, September 2005). No local officials or actors mentioned this economic disparity as a factor affecting cooperation in any of the three areas of economic development. Only one official mentioned that the industrial

division of labour between municipalities affected local economic development strategies as each attempts to concentrate on its own areas of strength. This can lead to some lack of coordination on development strategies, but none has been directly detrimental to cooperation in regional marketing, transportation, or culture. If any power asymmetry issues have emerged as significant, they are with regards to local identities and branding.

Both the Waterloo and Rhein-Neckar regions are very similar to the extent that one municipality is much better recognized internationally than the others. If power asymmetry is a factor at all in intermunicipal cooperation, it is on this dimension of international recognition more than any other. This recognition asymmetry has even played out very similarly in the Waterloo region as in the Rhein-Neckar region. In the case of the Rhein-Neckar, Heidelberg is the most internationally recognizable city, but other cities would not concede to branding the region by that name. In the Waterloo region, the city of Waterloo fills this role. Its international ‘brand recognition’ stems from the presence of the University of Waterloo and some successful firms, particularly Research in Motion, that are located within its boundaries. While this dissertation refers to the region as the *Waterloo* region it has been officially branded Canada’s Technology Triangle.<sup>143</sup> This moniker, while it is not perceived to be as internationally recognized as ‘Waterloo’ effectively neutralizes any intimations of Waterloo’s dominance over the other cities in the region. Much in like the Rhein-Neckar region, local and regional officials are aware of the difficulty of constructing a regional brand based on a geographically obscure name. Many officials asked rhetorically about the international impact of the name. As one local official commented: “who knows where Canada’s Technology Triangle is? Even people in Toronto have no idea!” (confidential interview, July 2005). But most acknowledge that a compromise on the name was an important part of the partnership.<sup>144</sup>

Returning to the issue of intermunicipal cooperation, the most significant power asymmetry has centred on perceptions of Waterloo’s dominance of the regional identity.

---

<sup>143</sup> The region is colloquially known to most locals as the KW region, after the two municipalities of Kitchener and Waterloo. Understandably the municipality of Cambridge opposes this name. Although there have been no scientific studies of the use of names from experience, it seems as though people from outside the region will tend to refer to it as the “Waterloo Region” while residents tend to prefer “KW”.

<sup>144</sup> Interestingly, both Waterloo and Rhein-Neckar regions have styled themselves at various points in their development as ‘triangles’ owing to either the geographic layout of the region or the number of core cities.

While this is partially tied to its economic position in the region the degree of actual asymmetry in production is seen to be less relevant than the perception that Waterloo's identity as the most visible city in the region overshadows the other two municipalities. That the regional marketing partnership compromised on the name is indicative of the willingness of these cities to work past these perceptions and possibly belies the degree to which political power is actually fairly evenly distributed throughout the region.

### *Government involvement*

The Waterloo region, again much like Rhein-Neckar, is one where government involvement has played very little role in either hindering or stimulating intermunicipal cooperation. Government involvement in terms of the involvement of upper levels of government in intermunicipal partnerships can manifest itself in the form of legislation mandating cooperation, fiscal involvement in the form of incentives to form partnerships or contributing to the cost of collaboration, or representation on governing boards. The provincial and federal governments, while not insignificant actors in the region, have not been involved coercively in any of the above capacities in partnerships in transportation or culture. Federal funding was a factor in the intensification and reform of CTT Inc. in the late 1990s. But even in this case the upper levels of government have not played an active role in the regional partnership.

The main area in which upper levels of government have been involved is in the creation of CTTAN (Canada's Technology Triangle Accelerator Network). CTTAN was a public-private partnership (PPP) in which CTT played a lead role created to access the federal Canada Community Investment Programme (CCIP) funding in 1996. This offer of funding prompted the creation of the PPP and brought together key partners around the issue of small business start-up funding. While the funding never supported the CTT directly, it did support the idea of incorporating private actors into public partnerships. This eventually led to the restructuring of CTT Inc. into its current form. Therefore, the CCIP funding, which can be interpreted as federal government involvement, indirectly contributed to the institutional intensification of intermunicipal cooperation in the CTT.

### *Internal Threats*

Internal threats to prosperity, such as high unemployment or low growth, are often catalysts for regional cooperation. Facing a common problem can bring actors together who might not ordinarily be inclined to cooperate. In the Waterloo region, population growth has remained positive and unemployment relatively low. In none of the three areas of regional economic development collaboration were internal threats such as these cited as factors either encouraging or hindering collaboration between municipalities. However, the perception of *internal weaknesses* has been instrumental in stimulating other partnerships in the region that have the potential to drive an intensification of regional cooperation.

On measures of prosperity, the Waterloo region performs (and has performed) relatively well. The region continues to grow at a steady but manageable pace. It is ranked as the 6<sup>th</sup> fastest growing region in Ontario with a population growth of 9% between 2001 and 2006 (Region of Waterloo, 2006). This was only a slight improvement on the 8.2% growth rate from 1996 to 2001 (Region of Waterloo, 2006). Waterloo's unemployment rate has been comparable with that in other similarly sized regions in southern Ontario. In April 2007, the unemployment rate was 5.7%. However, since 1996, the rate has fallen by 10.3% (Vital Signs, 2008). This has also occurred in a context of increasing employment, which has increased 26% since 1996 indicating that the region has been relatively successful in absorbing new workers into the workforce (Vital Signs, 2008).

In the Toronto region, the creation of the GTA-MCC and GTA-EDP corresponded to decreases in employment and economic prosperity. This has not been as clearly the case in the Waterloo region. According to long-term data, the unemployment rate peaked at 9.9% in 1992-1993 (Vital Signs, 2008) but this doesn't line up with much significant partnering or intensification in any of the three areas of collaboration. Indeed, this period predates the establishment of many of the key partnerships in the region.

While there is no evidence that any of the three areas of collaboration were significantly affected by internal threats, there is no question that the perception of regional weaknesses has been critical in the establishment of many supporting regional partnerships. The high technology association, Communitech, was founded when a group of firm leaders from the region came together in order to address the lack of high speed



communications infrastructure. The Prosperity Council emerged in 2003 as private sector actors brought together a group of issues that had been discussed separately throughout the region as areas of concern. These included issues surrounding healthcare, workforce development, marketing, growth and the arts. Linking these issues was the idea that a strong and prosperous regional economy depended on the planning and development of these policy areas. Therefore, it was a perception of weakness on these themes that stimulated the partnership. This partnership, in turn, is becoming quite important in pushing the regional agenda for economic prosperity. This is likely to be particularly significant in the area of arts and culture where the Prosperity Council is currently taking the lead on foresight and development exercises. Therefore, internal threats in the form of perceived regional *weaknesses* have been important in stimulating cooperation in general, despite the fact that they have not directly affected the partnerships studied here.

#### *External Threats*

Economically the Waterloo region is in a very similar position to the Rhein-Neckar region. Its economic performance relative to that that in other important city regions in the country is impressive, particularly given its size. In North America, it consistently scores competitively in rankings of small- and medium-sized cities. As a result, like the Rhein-Neckar, the Waterloo region is not facing crushing external pressures in the area of GDP per capita, productivity, attractiveness, or other measures of competitiveness. Rather, the region most frequently confronts a parallel need to increase its international and continental profile while being dwarfed by the economic clout of the Toronto region.

On most competitiveness measures, the Waterloo region performs well. Growth in real GDP has consistently equalled or bested the Canadian average. In 2008 the region registered a positive 1.5% change (equal to the Canadian rate) and is projected to perform at 2.7% to 2012 (BMO, 2008). In terms of an evaluation of cost competitiveness the region ranks 5<sup>th</sup> in the Northeast Canada/US region (KPMG, 2008). The Toronto region ranks 15<sup>th</sup> in the same list. For the past two years (2007 and 2008), the Waterloo region has placed in the top ten in the fDi Cities of the Future rankings, which measures human resources, infrastructure, and quality of life, among other factors (fDi, 2008).

However, despite these impressive rankings, the region operates globally and internationally in the shadow of the economic giant of the Toronto region. As in the case in of the Rhein-Neckar region, much associational activity has emerged out of the need to differentiate the Waterloo region from Toronto while maintaining the critical links that contribute to its competitiveness. This has been most obviously manifested in the realm of regional marketing. CTT Inc. was originally founded in an effort to pool costs and extract the maximum “bang” from economic development investments, but also in the recognition that it was more effective to promote the cities as a region (confidential interview, July 2005). Similarly, initiatives like the Prosperity Council and arts partnerships have developed, in part, to develop the region’s attractiveness relative to that of larger city regions like Toronto. While the Council focuses on a variety of issues, these are all related, in one form or another, to the goals of increasing the attractiveness of the region and supporting economic development. Quality of life issues such as access to world-class health care professionals and quality of place considerations like promoting regional arts and culture, are keystones in the development agenda.

Therefore, while external threats such as international economic competitiveness are definitely a concern to actors in the region, it is on issues of *attractiveness*, particularly to human capital, that are the most significant external drivers of collaboration. Furthermore, these factors have been most influential in bringing together private sector and associational actors. These typically non-political actors, in turn, seek to drive a regional political agenda and collaborate for community-led development. As a result, external factors have played a role in influencing the development of civic capital in the region.

#### *Environmental Variables in the Waterloo Region*

As with the other cases, the Waterloo experience shows how environmental variables can operate differently in a wide variety of contexts. On most variables, this case supports trends observed in the other regions – for example, that the powers of the mayor are not as important as agendas and that dependence on funding mechanisms seems to be more critical than variety. The density variable is potentially the most significant, although its precise impact is difficult to pinpoint. The fact that it is a small region, relative to other

cases, suggests that cooperation should be easier to establish. While this cannot be proven with any certainty in the context of so few cases, the one hundred percent participation rate in collaborations is almost certainly an outcome of region size.

The Waterloo case is unique to the degree that, for the most part, environmental variables have not played an overly decisive role in establishing and intensifying intermunicipal cooperation. This is partly a function of the way in which collaboration has emerged in each of the three areas of economic development. Taken together, intermunicipal cooperation is not very intense. Despite the fact that there are instances of institutionalized collaboration in all three areas it is interesting to note that the most significant cooperation in the area of arts, for instance, is occurring largely outside of the public sector. And while collaboration on regional marketing is quite institutionalized, transportation is only weakly coordinated. This raises the question as to why levels of collaboration differ so significantly between areas. One explanation is the characteristic of the issues – transportation, in this governance context, is best led by the regional municipality, which limits somewhat the degree to which collaboration can be formally institutionalized. Another explanation relates to civic capital networks and their effects on municipal governments.

### *Civic Capital*

In the Waterloo region, civic capital is relatively strong. The region is characterized by a high degree of associational activity, civic engagement, personnel overlap, and fairly well-developed inter-organizational links. Indeed, most members of the region interviewed for this project took a great deal of pride in the high levels of engagement – public and private – in the region and its prosperity. Interestingly, while political links are fairly well developed, civic capital is most highly developed outside of the public sector. Most key leaders, groups, and initiatives that have been most influential in linking and promoting the regional agenda have emerged from the private and higher education sectors. This may have led to a slightly different pattern of intermunicipal cooperation. Firstly, as leadership has typically emerged from outside of the political sphere, intermunicipal cooperation has not always been necessary to support regional initiatives. For instance, in what was a very important product of community engagement and

collaboration – the founding of the University of Waterloo by entrepreneurs and colleges in the region – required almost no municipal participation. In such cases, intermunicipal cooperation has been peripheral, supportive, or has been bypassed by privately organized regional action. A related consequence is that civic capital has not impacted intermunicipal cooperation evenly in all three areas of regional economic development. Again this is a function of the characteristic of the issue (and, therefore, the scope for extra-political intervention) and its significance to regional agendas.

This unevenness in effect is evident in the way civic capital networks have operated in the different areas of regional economic development. In marketing, the networks emerged from the public sector and stimulated the establishment of the initial CTT. These networks then expanded to encompass a broader swath of actors, resulting in the intensification of cooperation. In arts and transportation, informal networks in the political realm have resulted in only weak institutionalization, despite mounting staff and private sector will to increase collaboration. In this case two networks are in the process of bridging, such that well-organized private efforts are beginning to impact the public agenda. Should developments in this area proceed, it is likely that cooperation will intensify with the eventual establishment of a partnership modeled on CTT Inc. (as was the case with tourism).

### *Leadership*

Overwhelmingly, leadership in the Waterloo region has emerged from the private sector. Throughout the development and evolution of the regional private sector and community actors have consistently led the regional agenda – particularly in areas of economic development. While many individuals and groups that have contributed significantly to the regional agenda and its associational development, there are few that stand out as plainly as in the Rhein-Neckar case. Leadership is often a collective endeavour and key individuals team, rather than highly visible and charismatic, players. The character of leaders in the region is evident in a survey of the foundation of several key regional organizations. The founding of the University of Waterloo, Communitech, CTT Inc., and the Prosperity Council illustrates the more distributed and collective nature of leadership in the Waterloo region.

Built on the foundation of existing religious and arts colleges, the University of Waterloo was established in 1957. It was the product of national and regional calls for more sophisticated and technical educational institutions (Nelles *et al.*, 2005). Regional industrial leaders – particularly in the realm of advanced manufacturing – were instrumental not only in the establishment of the university but also in the emphasis on math and computer science in the curriculum that helped to shape the regional economy. While the interest of industrial leaders led by Ira Needles, then president of B.F. Goodrich, was to increase the pool of skilled labour, they were also quite visionary in terms of curricular development and innovative establishment of co-op education. Needles was clearly a regional leader, but it was the collective effort and advocacy of the community of industrial leaders that enabled the foundation of this critical regional asset.

Communitech is a member-based association driving the growth and success of Waterloo Region's high tech sector through a vibrant network of leadership, connections, and promotion. Initially conceived as a sectorally targeted industry association, it has grown both in the scope and ambition of its mandate and the diversity of membership to become a regional business association. Communitech is now a regional leader in its own right. Like the University of Waterloo, it was founded at the initiative of high tech entrepreneurs and leaders in that sector. It was established informally in the early 1990s as the Atlas Group, which was conceived as a networking and advocacy association. To the founders of the Atlas Group, the initiative was a collaborative one (confidential interview, July 2005) and so, like many of the associations in the Waterloo region, it was a collective rather than individually-led project. Since its establishment, Communitech has become a leader and key partner on a number of regional initiatives. Its current mandate is to lead, connect, and promote and so extends far beyond the provision of services to its members. Through this mandate, it has become a key player in establishing and supporting the entrepreneurial education programs based out of the University of Waterloo, in the design and implementation of programs through the university's Research and Technology Park and its Accelerator Centre for technology transfer and commercialization, in addition to participating in numerous other regional associations and initiatives. Through these roles, Communitech has been cited as a key bridging actor,

particularly on the regional development and prosperity agendas. One local official remarked on this evolution:

What it [Communitech] started as was those business leaders having specific problems and one of them being not having a T1 line in this community. So, it was an infrastructure issue that brought them together, they needed that stuff in order to grow. It started them banding together on specific issues and creating this association so that they could more accurately determine what they needed. *Since then it has grown to do a lot of different things. It's grown beyond specific issues into what it is now.* They are very successful at what they do, and they've been very successful in terms of profile raising and working with change in the CTT (confidential interview, June 2005, emphasis added).

The Communitech case is one in which civic entrepreneurs, in the form of local business leaders, came together to formalize ties within the tech community. Once it was established, these same entrepreneurs (and others within the organization) built ties with government and community associations to support regional economic development and community development.

CTT Inc has followed a similar development trajectory. Founded by an informal network of public officials, it was also a collective endeavour, established with narrow goals that evolved into an associational leader on the regional agenda. It has also an important bridging actor on regional issues. As one actor argued:

We [the cities] all have our different perspectives, and CTT [Inc.] goes out and brings people in and then we take it from there. But we very much run things cooperatively (confidential interview, August 2005).

It is its ability to bring actors together on regional issues that is most critical to addressing collective goals. Another observer contends that : “CTT naturally became the main interface organization within the community” (confidential interview, September 2005). The organization is a partner in every major regional association and group and a vocal promoter of the region both externally, as is its mandate, but also *internally* to maintain momentum on regional issues. One example of this capacity in action was its role in bringing together and sustaining discussion over practical issues related to the establishment of the UW research park. Though it didn't necessarily drive the process, it was key in sustaining the commitment of other partners in the projects throughout negotiations, planning sessions and implementation.

One group in which CTT itself and its board members are very active is the Prosperity Council. As another collectively created group, its constituent working groups and steering committees are becoming important associational leaders. The Council was created as a joint initiative of the Greater Kitchener Waterloo Chamber, Cambridge Chamber, CTT Inc. and Communitech Technology Association. As such, it can be seen as the product of the regional leadership of the founding organizations, as an association that has become significant in driving the regional agenda, and as a sterling example of how leadership in the Waterloo region is often a collective, rather than individual, endeavour. While the precise role of the Prosperity Council in the region varies by issue area, its various task forces and steering groups are significant players in advocating and establishing collaborative solutions. The emerging arts and culture steering committee is one example of how the Council has taken point on an issue of regional coordination.

There are certainly individuals that are consistently identified as regional leaders. However, these individuals are not necessarily prominent and visible regional advocates. Rather, they typically lead quietly and let the groups that they participate in and represent spearhead the regional agenda. Therefore, individuals such as John Tennant (former CEO of CTT Inc), John Whitney (Communitech board member, Prosperity Council board member, consultant with the RMOW), Ian Klugman (Communitech), Todd Letts (KW Chamber of Commerce), though vocal advocates of a regional approach typically represent, rather than stand out from, the regional organizations they are embedded in. In this sense it is very much the organizations rather than the individuals that lead.

Other key leaders include regional philanthropists and entrepreneurs such as Mike Lazaridis and Jim Balsillie (of Research in Motion), David Johnson (president of the University of Waterloo), Jamie Martin (a former chair of CTT) and Tim Jackson. Each of these individuals has contributed in different ways to advancing a regional agenda. Lazaridis and Balsillie have both contributed broadly to regional development by investing in educational infrastructure and programs. Jim Balsillie donated \$20 million to the new Centre for International Governance and Innovation (CIGI) – an international politics think tank in Waterloo. Recently, he announced another donation of \$50 million to establish a new Balsillie School of International Affairs, jointly linked to the region's two main universities. Michael Lazaridis has made an even larger investment of \$100

million in founding the Perimeter Institute for Theoretical Physics. The Institute studies advanced quantum mechanics and string theory. These investments were all made with a view towards establishing the Waterloo region as a centre of excellence in these domains of higher education and research, and part of a wider project of regional development and promotion. In many ways this philanthropic behaviour and long-term vision echos the establishment of the University of Waterloo and its focus on math and engineering. David Johnson is an active promoter of the region through the organ of the University of Waterloo and has made community engagement, economic embeddedness and regional foresight an institutional priority. Tim Jackson and Jamie Martin have come together to spearhead the arts and cultural steering committee through the Prosperity Council, building on their collected experience as the former leaders of CTT and Communitech.

There is no shortage of leadership in the Waterloo region, which is one characterized by a long tradition of civic engagement. While individuals do play critical leading roles more frequently, leadership is collective and exercised through the key associations in the region. It is striking that, in almost all cases, the impetus and leadership have emerged from outside the public sector. This is perhaps testament to a regional tradition of self-organization and associational governance in contrast to other regions that rely on public policies for regional development. This tradition of community engagement does not belie a lack of political leadership. Groups such as Communitech and the Prosperity Council are not responding to a leadership vacuum, but rather were conceived to help shape and drive a collective regional agenda in which political support is only one necessary factor. As a result, associational activity and leadership outside of the political realm are generally relatively strong but have still, in some cases such as culture, managed to translate into the institutional intensification of public networks.

### *Organizational Presence*

The Waterloo region is characterized by a relatively high degree of organizational presence. For such a small region, associational activity is quite robust and, unlike in other cases, organizations have been well supported and sustained by regional engagement. What is most significant is that the majority of the Tier 1 and 2



organizations – that is, those that operate at the regional level – were established by non-political actors.

Tier 1 (regional, broad mandate)

The Prosperity Council

Communitech

KW Chamber of Commerce

SWEA

CTT Inc.<sup>145</sup>

Social Planning Council

Kitchener and Waterloo Community Foundation (KWCF)

KW United Way

Tier 2 (regional, single issue)

Waterloo Region Tourism Marketing Corporation

Visual Arts Alliance

Citizens for Better Government

Business & Education Partnership of Waterloo Region

Volunteer Action Centre

Lutherwood

Tier 3 (local)

local Chambers of Commerce

Heritage Cambridge

Local societies

Cambridge Tourism

United Way of Cambridge and North Dumfries

Cambridge Volunteer Bureau

---

<sup>145</sup> While CTT Inc. was originally created to address a single issue – regional marketing – its mandate has expanded significantly to include broader economic development and social goals.

In addition to the pattern of private leadership in regional associations, there are several other interesting trends in associational organization in the Waterloo region. First, associations tend to be organized at the regional rather than local level. This is typically an issue of economies of scale and a reflection of the interrelated nature of community and regional issues. Secondly, many regional organizations are centred on Kitchener and Waterloo, but do not include Cambridge. This is not a function of *exclusion* but rather of Cambridge's preference to self-organize in some areas (i.e. the Chamber of Commerce). This is also partially the case because organization at the local level makes more practical sense given its geographical separation from the Kitchener and Waterloo agglomeration. However, for the most part it is represented in regional associations.

### *Organizational Networks*

In stark contrast to the Toronto case, networks between organizations implicated in regional economic development are very strong. Where in Toronto almost no personal or organizational overlaps existed between the three leading economic development bodies, the Waterloo region is highly networked. In the first place, links between the leading tier-one bodies in the region are numerous. There is a high degree of organizational representation from all of these on each others' boards, which is suggestive of a relatively high degree of regional networking and coordination. Table 7.1 below highlights this overlap.

The bold names represent individuals that include regional and local associations as their primary affiliations. In the table below individuals on more than one of these three boards or steering committees are highlighted. Finally, individuals with acronyms in brackets but that are not highlighted in the table are representatives from the higher education institutions from around the region. Individuals with stars are past presidents or chairs of one of the three regional associations detailed here.

What this scheme demonstrates is that associational overlap is significant. Most of the prominent associations are represented either directly or indirectly on the boards of the others. In terms of personal overlap in this case a *minimum* of three board members (and a maximum of ten) among the leading tier one associations is represented on the boards of another of these three boards. Moreover, this analysis is limited to an

examination of board members and associations. When the scope is widened to highlight representation by different individuals from the same firm, or to the wider membership (or list of partners) of these associations, the concordance increases significantly.

Table 7.1: Board membership in CTT Inc., Communitech and the Prosperity Council as of September 2008

<b>CTT Inc</b>	<b>Communitech</b>	<b>Prosperity Council</b>
John Doherty*	Tim Jackson	Scott Carson (WLU)
Jamie Martin	John Keating	Greg Durocher (CCC)
Joerg Stieber	Howard Armitage (UW)	Iain Klugman (Communitech) *
Jim Stinson	John Baker	Todd Letts (GKWCC)
Christopher Runstedler	Meg Beckel (UW)	Paul Spencer (CCC)
Helen Jowett	Doug Cooper	John Tennant (CTT)
Ian McNaughton	Robert Crow	John Whitney*
Don Smith	Dave Caputo	Joerg Stieber
Max Blouw (WLU)	Phil Deck	John Doherty*
David Brenneman	Steve Farlow (WLU)	Mary D'Alton
Amit Chakma (UW)	J Paul Haynes	Ingmar Borgers
Simon Farbrother	Iain Klugman*	Peter Boak
Joan Fisk	John F Martin	Glan Drummond
Carla Ladd	Steven McCartney	Garry West
Virginia Marshall	Jennifer McCredie	David Strucke
Chuck Martin	Gerry Remers	Richard Hall (CCC)
Mike Murray	Ray Simonson	Diane Wolfenden
Dan Potje	David Strucke	Mary Ellen Willard
John Tibbits (Conestoga)	Michael Worry	Todd Beechy
Lori Van Opstal	Robert Warren	John Bell
John Whitney*		David Johnston (UW)
Grant Whittington		John Keating
Ted Witzel		Greig Mordue
Jim Beingsner*		Sam Purdy
		Robert Rosehart (WLU)
		Larry Smith (UW)
		John Tibbits (Conestoga)
		Doug Brock
		Dominic Covvey
		Roger Farwell
		Shirley Fenton (WI/UW)
		Mary Sue Fitzpatrick (GKWCC)
		Donna Gravelle
		Bill Jeffrey (SHSCS)
		Helen Jowett
		Glen Mathers
		Lyssa Nielsen

		Don Smith
		Anita Tomins
		James Beingessner*
		Alf Bogusky
		Kelly Borgers
		<b>Alison BurketMartin de Groot (WRAC)</b>
		Glen Scheels
		Lee Palvetzian
		Ray Carter
		Angelo Innocente

This demonstrates a high degree of interorganizational networking, which suggests that there is also a relatively high degree of information exchange and coordination between these regional associations. From a theoretical perspective, the more frequent these interorganizational links, the more likely coherent regional strategies and vision will emerge. Indeed, observers in the region cite the overlap of board representatives and association members as a crucial coordinating mechanism. As one community member commented about the Prosperity Council:

It's a lot of work, this collaboration business, but members of the business community and other associations have always been very keen to be involved and contribute. A lot of these folks wear different hats at different tables [...] but they bring their experience on other boards and in business with them and that just makes sharing information and seeing the big picture easier (confidential interview, July 2005).

This highlights the significance of links between regional associations and their impact on organizational strategies and goals. However, it also illustrates a related issue, addressed in the following section, about the motivations of highly engaged individuals.

While this section does demonstrate the high degree of interorganizational networking in the realm of economic development there is evidence that there are limits to this interconnection. In a study of local workforce development, Bramwell (2008) finds a similar degree of inter-organizational networking between socially oriented associations. However, she finds little evidence of interaction between these associations and those focused on regional economic development. Her assessment is that, while within similarly constituted networks inter-organizational links are quite high, these networks tend to be functionally siloed. Indeed, analyzing the composition of the boards and steering committees listed above there are no representatives from workforce

development, labour, or other socially-oriented organizations. This observation seems to support Bramwell's analysis of networking dynamics in the region. To the degree that this project concentrates specifically on the realm of economic development, this finding does not undermine the conclusions here. Within the realm of economic development organizational linkages remain relatively high. Furthermore, similar patterns can be observed in all three other cases. In the Waterloo case, there is evidence that, through the workforce development working group of the Prosperity Council, economic development bodies are engaging with a broader social agenda. However, on the basis of pure board and steering committee representation these links are weak.

### *Personal Evolution*

Leadership in the Waterloo region has been assumed either by associations or groups of individuals. Though there is no shortage of individuals that have led and contributed to regional economic development collaboration, none stands out to quite the same degree as Voscherau in Rhein-Neckar, Petra Roth in Frankfurt, or David Miller in Toronto. However, the concept of personal evolution should not be limited to the analysis of leaders. In the Waterloo region, characterized as it is by high levels of civic engagement from all sectors, serial participants in regional associations play a similar role. In theoretical terms, the greater the scope of personal experience of leaders and association participants, the more likely these individuals will help bridge different networks and enable the construction of a regional vision. As the quote in the previous section intimates, and the analysis of board cross-appointments confirms, those civically engaged individuals have typically participated in a wide variety of associations and organizations. Therefore, they are able to bring these experiences and perspectives with them to the regional table. While detailing the personal evolution of each leader in the region is impractical some general conclusions can be drawn from an analysis of the biographies of current CTT Inc. board members.

Of the twenty-five board members of CTT Inc., only eight are not listed as board members on either other regional associations, publicly supported organizations (such as hospital boards, arts councils, etc.), or local organizations (such as chambers of commerce). As in the other cases, personal evolution has tended to follow similar

trajectories. Engagement is typically distributed between professional or business related associations, local organizations, political advisory committees, and regional associations. Among CTT Inc. board members, three in particular stand out as individuals with highly engaged and varied personal trajectories – John Tibbits, John Whitney, and Jim Beingessner.

John Tibbits has been the president of Conestoga Institute of Technology and Advanced Learning, a college located in the Waterloo region, since 1987. His professional career has included administrative positions at other colleges (Dawson College, Montreal), in the private sector (Touche & Ross Partners, Ottawa), and at a crown corporation (Canada Post Corporation, Ottawa). Since his installation in the Waterloo region, Tibbits has been extremely active in regional bodies and associations. In the past, he has served as chair of Grand River Hospital, on the board of the Greater Waterloo Chamber of Commerce, and the board of Communitech. In addition to serving on the board of CTT Inc. he holds board positions at North Dumphries Hydro and the Accelerator Network. In many ways, Tibbits exemplifies an ‘evolved’ civic leader. Though his professional experiences are broad, he can speak with authority on issues of higher education and workforce training in both the region and the province. His external commitments vary between economic (CTT Inc., chambers of commerce, Communitech) and social (hospital governance) organizations. Therefore, he is aware of a wide variety of pieces of the regional development puzzle and can help identify common problems and speak to the effect of regional policies and strategies or inactivity.

John Whitney is the leading commercial and industrial real estate broker in the region. He graduated from Wilfrid Laurier University with an honours degree in urban geography and planning. This background has informed his understanding of regional planning critical to his business, but has also kept him engaged in issues surrounding regional growth and development. He has been involved in several committees and task forces at the regional level and was particularly active in consultations on employment lands issues in the recently established regional growth plan. He was the first chair of Communitech and remains active in that association. In addition to CTT Inc., he also serves on the board of Maplesoft (a local software firm) and the Walter Bean Grand River Trail.

Jim Beingessner is a past chair of CTT Inc. and remains on the board as an honorary member. He has recently stepped down as president of a local firm – B&W Heat Treating. Over his long career, his community engagement has been extensive. To list just a few of his commitments, he serves (or has served) on the Waterloo Region Social Resources Council, Family and Children’s Services of Waterloo Region, and the board of St Mary’s hospital. He is also vice chair of the Wilfrid Laurier University Board of Governors, the regional Industry and Labour Adjustment Committee, and the Regional Chairman’s Task Force on the Regional Economy. As a former chair of CTT Inc. Beingessner was among the founders of the Prosperity Council and remains an active member of several steering committees.

These three board and community members exemplify wide and deep civic engagement. Each brings personal and professional assets to the regional table, but by virtue of broader involvement can also bring alternative visions to bear on what may be otherwise narrowly focused organizations. These types of patterns of engagement are also replicated across a wide spectrum of board members in regional associations. These biographies suggest a number of interesting patterns in the Waterloo region. For instance, unlike in the Frankfurt region, these sketches suggest that once an individual is civically engaged in a regional association and at the regional level they are likely to remain engaged. In such cases, the representative typically either shifts functions within an organization or adopts a new one within another. Tibbits, Whitney, and Beingessner were all past presidents or chairs of regional committees but remain very active in other regional associations in similar areas. Significantly, all three are very active members of the Prosperity Council and each participates in more than one of the working groups organized under its aegis.

The Waterloo region is certainly characterized by a large number of individuals like these three civic leaders. As one observer noted: “there will never be a shortage of those willing to step up [...] to either volunteer, commit time or money, it’s amazing” (confidential interview, August 2005). At the same time this willingness to participate should not be confused with pure altruism. Regional observers insist that, while there is a culture of participation, self-interest plays an important role:

I do think it’s [private sector engagement] significant because they are key

players in the community, they've been here for awhile and they've seen it go through its economic cycles. I think, two things: they care about the community, so if there are opportunities to do something that will be good for the community then let's do it, because that's what they're about. They give back to the community. And, of course, the second thing, and I'm not saying this with any kind of disrespect or anything else, but they put on their individual hats. They've got a business, they've got to make a living, they have interests, so if this is an economic, viable, booming area, and my business is related to some segment of it, it's not only great for the community but it's an opportunity for my business (confidential interview, August 2005).

This acknowledgement of self-interest highlights an important dimension of civic capital in general, which is that it can evolve as the (often unintended) product of these types of self-interested interactions. Although part of the motivation for community engagement is based on self-interest, what is most significant about this statement is that these actors are *willing and able* to see the business benefits of a vibrant region. This attitude is reflected in this statement by an economic development official:

In a general way I think where it's evolved to is that everybody, the partners, the players and the stakeholders, realize the advantage of the area and realize that if they can work together and work in partnership [...] that's going to be to everyone's benefit. It's almost as though you sort of shed your responsibilities and everybody is collectively working around the table to make it happen (confidential interview, September 2005).

A similar situation obtained in the Rhein-Neckar region, where key anchor firms in the region have led by example to support a regional economic agenda despite a clear uncertainty in the expected value of return on this investment. In the Waterloo region, it is also the case that, despite the costs of participation and the difficulty in determining individual benefits of collective action, there is a strong sentiment that what is good for the region is good for everyone. This is partly a function of a regional culture of engagement, but is also tied to the example of civic leaders and the product of their broad associational experiences.

### *History of Cooperation*

The history of engagement and cooperation in the Waterloo region is quite significant in underpinning associational behaviour. Where in other regions specific regional



associations provide critical antecedents to modern collective action, in the Waterloo region specific ‘founding’ organizations are less the story than the persistence of what is often referred to as a culture of cooperation. Most regional associations have relatively modern roots. However, the spirit of volunteerism and participation that contributed to their emergence and has sustained them has a long history.

Many observers cited a “culture of engagement” as instrumental to the success of the region. One stated that the propensity for individuals to engage at the regional level is “just historical”. In this narrative, the spirit of participation in the community and philanthropy was key in establishing the University of Waterloo. As one local actor argued, “the University of Waterloo was created by philanthropists, and business leaders, and so the spirit of philanthropy existed well before that” (confidential interview, August 2005). Local historians and residents have linked this tradition to the ethnic German and Mennonite roots of the community (McLaughlin, 1997; Walker, 1987). Regardless of its sources, this culture of engagement plays out daily in the wide variety of regional and community associations and networks. Whether in modern day Waterloo engagement is the product of an actual culture or set of norms is highly anecdotal but generally well supported by interview results. One concrete manifestation of this ‘culture’ is the phenomenon of individuals following the example of others in the region. As one development official put it: “My predecessor was involved in [a number of regional and community organizations]. Even though I didn’t have to join these groups it seemed like someone in my position should stay involved”. The individual went on to say that “through CTT Inc. I made a lot of connections I might not have otherwise and ended up getting interested in some other regional groups and boards as a result” (confidential interview, September 2007).

While there are a few ‘historical’ associations and organizations in the region built through regional collaboration, it is this culture or set of norms of community engagement that has perhaps been most influential in underpinning civic capital.

### ***The Impact of Civic Capital in the Waterloo Region***

The Waterloo region presents an almost paradoxical case where civic capital is extremely strong, yet this has not translated as dramatically into cooperative intensity in the three

areas of regional economic development. While from one perspective this can be seen to undermine the argument of this project, this situation may be explained with reference to pragmatic issues of scale and, ironically, the impact of the strength of civic capital in providing alternative arenas for organization, thereby partially bypassing the need for intercommunal policy-making.

In the first place, cooperation on regional transportation has not been externalized or required as formal a level of intermunicipal coordination as in other metropolitan regions because of the existence of a territorially encompassing regional government. This level of government is most effectively able to administer regional transit issues. This structural context removes the necessity for cooperation in this area and reduced (though not eliminated) the involvement of the municipalities in policy making. Furthermore, the Waterloo region, because of its size, does not face as many of the more complex transportation problems or infrastructure concerns of larger urban centres. While this is not to say that the issue of transit is simple, but that the costs and complexity are currently manageable within one tier of government. From this perspective, there is little scope for civic capital to contribute to greater or more intense cooperation in this area of regional economic development.

In the area of arts and culture, by contrast, the scope for civic networks to drive intermunicipal cooperation is much more significant. In this area, intermunicipal collaboration has been slow to take root and has only managed to flourish in a small number of cases. While civil society links in this sector are relatively strong, the fact that this has not translated into robust intermunicipal partnerships presents a potential problem for this theory of regional cooperation. One answer that seems increasingly salient in this context is that civic capital may be *too strong*. That is, where social networks are robust, many issues in the area of culture can be collectively dealt with outside the political sphere. Indeed, much on the arts and culture agenda has been accomplished to date without requiring much political intervention beyond grants and funding. This may also be related to the size of the region, whereby the scale and complexity of collective problems in this area are perhaps more manageable for regional networks than in larger contexts. This suggests that civic capital does not affect intermunicipal cooperation evenly in all three areas of regional economic development.

These two cases suggest that, where collaboration between municipal governments is concerned, the actual scope for intervention is also a critical determining factor in cooperative intensities. Where no (or little) political involvement is required to fulfil a regional agenda, cooperation will necessarily be low despite (and perhaps *because of*) high levels of civic capital. Also related to this are historical patterns of regional leadership. In the Waterloo region local governments have rarely taken the initiative to establish regional collaboration. Instead, these initiatives have tended to emerge from outside of the political sphere. As a result, governments in the Waterloo region may act comparatively more *responsively* to community pressures than pro-actively engaging regional policy areas. There is some evidence that pressure from the arts community, particularly through the Prosperity Council and Waterloo Regional Arts Council (WRAC), is beginning to bear political fruit, which seems to support the above analysis.

The Waterloo region stands in contrast to the other cases in this study both because of its size and its very high level of regional engagement. Its history reveals that it is a community that is largely built from the bottom up, which is a manifestation of its entrepreneurial spirit and regional capacity for innovation. In a relatively fragmented political environment civic capital has helped to overcome municipal and sectoral divisions to establish, perhaps more than in any other region in this project, a true sense of regional identity. This identity underpins regional economic development strategies and is a fundamental part of the success of the region. However, as the region grows, it will be interesting to see if these networks are able to respond to the challenges of a community that is becoming more heterogenous, more complex, and increasingly under competitive pressure.

## Chapter 8: Catalyzing Cooperation

### *The Best of Two Worlds*

Intermunicipal cooperation presents an opportunity for regional governance, development, and empowerment. It is a flexible process through which city-regions can be defined and shaped from below, through municipal agency and innovation. In the realm of regional governance literature, voluntary interlocal cooperation is either overlooked in favour of formal institutional reforms or considered in a narrow range of issues and generally in the context of single case studies. This project explores the prospects for intermunicipal cooperation and the dynamics that determine the intensity of regional partnerships across a variety of issues (regional marketing, culture, and transportation) and cases. By taking a broader approach, this dissertation can begin to draw some conclusions about the nature of cooperation across issue areas as well as variations across city-regions.

While the dynamics of intermunicipal cooperation have been studied in only a limited number of contexts, a case is emerging in support of voluntary partnerships as an alternative to more formalized institutional adjustments (Jonas and Ward, 2007; Kantor, 2008). Cooperation may have several advantages over more rigid forms of regional governance, but most are associated with the flexibility of cooperative approaches. Regional partnerships in the realm of economic development can be established at several scales and scopes – region-wide to localized, single or multiple issue partnerships – and can coexist within (and between) a broad range of formal government structures. Collaborative institutional design may also protect the autonomy of individual partner municipalities – an issue of consistent concern to local administrations (Otgaar *et al.* 2007). Because these partnerships can be established without the intervention of upper levels of government, cooperation provides both a mechanism to collectively chart regional futures and an opportunity for local and regional empowerment. Along these lines, Hulst and van Montfort (2006) characterize cooperative regional solutions as “the best of two worlds”. On the one hand cooperation creates some form of institutionalized governance to address regional issues and pressures on local government. On the other hand, it leaves the policy domain, a dimension of local autonomy, intact because

irrespective of form, there is no permanent transfer of loss of competencies to other levels of government (Hulst and van Montfort, 2006:8). For similar, reasons cooperation can empower regions relative to senior levels of government. By designing and establishing cooperative structures municipalities define the region and contribute to the construction of a common, and locally negotiated determined, vision and identity. Collectively, determined solutions can be tailored to unique circumstances as opposed to being imposed by fiat. The combination of critical mass generated through cooperation and the potential for these arrangements to construct and/or reinforce regional identities may also provide a basis for meaningful regional participation in upper level policy making or resistance to the imposition of policies or structures by senior levels of government.

Cooperation is an attractive alternative to the problems and challenges of regionalism. However, it is important to reiterate that it is not always an *optimal* solution; nor is it always appropriate to every case or context. This project focuses on intermunicipal cooperation as an option often underestimated and underexplored by both policy makers and scholars, but recognizes that it is but one amidst a range of potential regional solutions. While it begins with the assumption that cooperation could be a feasible approach to coordinating regional marketing, transportation, and culture, this dissertation has also attempted to explore the validity of that assumption. The findings from the case studies suggest that the emergence of cooperation between municipal *governments* can be affected by the existence of alternative forms of functional regional coordination.

Generally, though, the central hypotheses of the dissertation hold. The project tests three related hypotheses. First, institutional variables are likely to have different impacts on the emergence and intensities of cooperative relationships in different cases. Secondly, the dissertation contends that city-regions with more highly developed civic capital are likely to be characterized by more intense forms of intermunicipal cooperation. Finally, it also proposes that there may be a link between the development of civic capital and city-region size, which implies that size may be an important element in the intensity of interlocal partnerships. This chapter evaluates the empirical support for these propositions provided by the four cases.

Ultimately, the cases suggest that civic capital can be a positive influence to the emergence and intensities of cooperative relationships between municipal governments for regional economic development. Yet the cases also reveal a slight inconsistency.

*Table 8.1: Matrix of Civic Capital vs. Cooperative Intensity (Cooperation)*

<b>Civic Capital</b> High		Rhein-Neckar Waterloo
<b>Civic Capital</b> Low	Frankfurt Toronto	
	<b>Cooperation Low</b>	<b>Cooperation High</b>

In Table 8.1 each case is placed into a quadrant based on its level of civic capital and relative scores on aggregate cooperative intensity. The Rhein-Neckar case is classified as high civic capital and high cooperation. As expected, the regions of Toronto and Frankfurt, characterized by lower levels of civic capital, also correspond with lower total cooperative intensity scores. These three cases conform to expectations regarding the link between levels of civic capital and patterns of cooperation. The Waterloo case also fits this pattern. However, while it is characterized by highly developed civic capital relative and places second on scores of cooperative intensity, much of that score is based on very intense cooperation in one area (regional marketing). The other two issue areas – culture and transportation (*currently*) have relatively weak cooperative intensities. These scores are also low when compared with the Rhein-Neckar region. While very broadly the hypothesized civic capital-cooperation relationship holds – i.e the two regions with more highly developed civic capital are also those with the highest scores on cooperative intensity – this slight inconsistency in the findings of the Waterloo case raises some interesting questions.

The following chapter summarizes and elaborates the key findings that have emerged from the case studies in support of these hypotheses and addresses the

challenges of the ‘Waterloo puzzle’. Further analysis highlights that civic capital has the potential to affect the emergence and intensity of intermunicipal cooperation in two different ways. One is, as hypothesized, as a catalyst for (more intense) cooperation. Second is that, in specific circumstances civic capital may instead act as a *substitute* for formal intermunicipal partnerships. The implications and dynamics of these findings are assessed in the final section after a more thorough comparison of cases.

### *Comparing Cooperation*

The research design of the dissertation enables comparative analysis across several dimensions. The intensities of intermunicipal cooperation can be gauged across issues and regions. These patterns can then be compared to determine the effect of environmental and civic capital on cooperative relationships. Several interesting findings emerge from these comparisons. First, cooperative intensities vary in relatively consistent ways across issues. When ranked in terms of intensities in each region a distinctive pattern is evident, suggesting that issue characteristics may be significant in determining the intensities of partnerships. Secondly, the sum of regional cooperative intensity values reveals a ranking consistent with the second hypothesis of the project. Namely, smaller city-regions tend to exhibit higher intensities of intermunicipal cooperation. Finally, cross-national comparisons of patterns of cooperative intensities indicate that some important differences exist in the approaches of Canadian and German policy-makers and city-regions to regional partnerships and governance. In the context of international comparative research on regional governance, this may support accounts that highlight significant differences in national political cultures and trends in policy making.

### *Cooperating and the Issues*

An analysis of which issue areas produce the most intense cooperative partnerships shows relatively consistent patterns across cases. For instance, in each case cooperation was most intense in the area of regional marketing (see Table 8.1). With few exceptions transportation and culture held second and third respectively. This suggests that, *ceteris paribus*, cooperation may be less problematic to establish in the area of marketing than in regional cultural or transportation cooperation.

Table 8.2: Summary of Cooperative Intensities

City Region	Frankfurt	Rhein-Neckar	Toronto	Waterloo
Issue				
<b>Marketing</b>	4.2	8.0	6.0	7.0
<b>Culture</b>	2.17	6.0	1.0	3.0
<b>Transportation</b>	3.65	5.46	4.03	3.0
<b>TOTAL</b>	10.07	19.46	11.03	13.0

This finding conforms broadly to the expectation of rational choice models of intermunicipal cooperation. In these approaches, the distribution of costs versus benefits is a crucial determinant of cooperation. While the literature has examined many of issue-specific variables and their impacts on cooperative relationships, most are related to the dimensions and dynamics of costs; namely, how much partnerships will cost in financial, political, and jurisdictional terms. The distribution of costs and benefits, and the ease with which these are determined, also affect the shape and emergence of intermunicipal cooperation.

Cooperation is facilitated when the costs of participation are low relative to the benefits (Post, 2006). Regional marketing and cultural partnerships tend to require smaller financial investments relative to the outlays required to operate and maintain regional transportation infrastructures.<sup>146</sup> Political costs are more difficult to estimate by issue, absent context. However, these are often related to the nature of the costs. Issue areas where collective policy is distributive versus redistributive may be more acceptable to voters, and therefore are often characterized by lower political costs (Nunn and Rosentraub, 2007). In the cases examined here, cultural cooperation can be classified as redistributive in the Frankfurt context because of the original attempt to share cultural costs between regional municipalities – though political costs so measured do not account for lower scores on culture in Waterloo and Toronto. The distribution of costs and benefits related to an issue is also a dimension that figures into calculations of political resistance to cooperation. Those policy areas in which costs and benefits are most easily,

<sup>146</sup> Culture and marketing are similar in that coordination *typically* requires less investment. Where cultural cooperation requires investment and operation of cultural infrastructure, costs will tend to be higher than those associated with marketing associations.



clearly and evenly assigned are more likely to yield cooperative solutions (Shrestha and Feiock, 2006). All three areas of regional economic development are characterized by a relatively diffuse distribution of costs and benefits. That is, costs are easily shared but benefits are more difficult to localize. Both regional marketing and transportation tend to have more even distributions of costs and benefits. In marketing, smaller municipalities may benefit by being promoted as a member of an internationally recognized region. Transportation connects municipalities to central transit nodes and increases the attractiveness and access of distant municipalities to business centres. Cultural cooperation (whether coordinating or infrastructural), by contrast, tends to disproportionately benefit the central cities that host the majority of cultural institutions. Therefore, the generally lower scores on cultural cooperation intensities across cases may be at least partially explained by the characteristics and costs associated with cultural collaboration.

While the fit is not perfect, the pattern of cooperative intensities exhibited in these three issues conform generally to expected issue-related outcomes. However, it is important to recall the intensity values in each issue and each case are the product of much more than broad patterns associated with issue characteristics. Even the same issue across different cases faces different contextual conditions that affect costs and benefits in specific ways. For instance, the area of cultural cooperation is approached quite differently in all four cases, and in some instances not at all! Therefore, while this analysis shows that expected patterns of cooperation based on issue characteristics are broadly replicated across cases, these alone are not specific enough to explain the nominal value of cooperative intensities.

### *Region Size and Cooperative Intensity*

One key hypothesis is that smaller city-regions are likely to exhibit more intense intermunicipal cooperation than larger ones. From a theoretical perspective, civic capital may be more developed in smaller city regions. Therefore, to the extent that higher concentrations of civic capital may encourage more intense cooperation, smaller regions are likely to have an advantage. Size can be measured in a number of different ways – population, area, number of governments, etc. For the purposes of this project, region size

is determined by total regional population. The logic is that in smaller communities, it is more likely that networks of civic capital will connect and overlap and that the presence of fewer actors will reduce barriers to coordination and communication. Key actors, civic entrepreneurs, are more visible to other local players and are likely also better known to each other within smaller geographical contexts. Therefore, there is a greater chance that the 'bridging' dimension of civic capital will enable civic entrepreneurs to construct collaboration across issues and municipalities. It may therefore be easier to establish a regional identity and culture of collaboration in smaller regions, which underpins formal intermunicipal cooperation.

An analysis of the case studies suggests that there is indeed a link between region size and civic capital intensity. The significantly smaller regions of Waterloo and Rhein-Neckar exhibit more civic capital than Toronto or Frankfurt. Most significantly, the smaller regions lead the larger two in terms of degree of organizational interaction and overlap. As expected, the smaller regions also lead the larger in terms of cooperative intensity. Therefore, the hypotheses of this dissertation regarding the connection between regions with higher levels of civic capital and cooperative intensity, and the link between region size, civic capital and cooperative intensity appear to be supported by the empirical cases.

However, the connection between intensity of civic capital and intensity of intermunicipal cooperation is not as straightforward as initially expected. Waterloo, which is characterized by a very high level of civic capital, presently exhibits a comparably, but not quantitatively, high intensity of intermunicipal cooperation. This puzzle is explored in more detail in the following sections. However, what is significant here is that, even in the context of these few cases, as hypothesized there appears to be a correlation between region size and cooperative intensity.

#### *Cross-National Patterns of Cooperation*

The differences between Canadian and German cases are more difficult to discern than the more obvious patterns related to issue characteristics and region size. However, the case studies have produced some interesting observations with respect to how regional governance is organized and how cooperation has emerged (or foundered) in the

Canadian and German contexts. In all four cases, the emergence of regional governance was influenced by broader provincial and national contexts in slightly different ways. Yet through these cases subtle, and perhaps significant, patterns of senior government influence and policy orientations emerge. It is worth noting, however, that these patterns are still very subtle. Differences between regional experiences with intermunicipal cooperation appear to be much more closely correlated with region size than national or provincial context.

Cooperation in the Rhein Main region was catalyzed and intensified in large part by the *Land* administration. By contrast, cooperation in the Rhein-Neckar emerged almost completely from below, an initiative of the municipalities, key civic leaders, and regional associations. Although quite different in origin and execution, German approaches to intermunicipal cooperation, from above and from below, have been dramatic and decisive. They have resulted from clear policies and visions, however contested, of how the region should be defined and governed. In both German cases, upper levels of government acted swiftly and decisively to enable regional governance through intermunicipal cooperation. The Canadian cases do not exhibit the same degree of political will, commitment, or clarity of vision. In the Waterloo region, the intermunicipal cooperation that has emerged has come from below as an initiative of the municipalities or at the insistence of regional associations. The provincial government has had very little formal involvement in regional governance in the area. Municipal governments in the region, while generally cooperative with one another, have been similarly reluctant to lead initiatives for formal regional cooperation. Beyond the establishment of the regional marketing association, local governments in the Waterloo have tended to act responsively by supporting associationally generated governance initiatives rather than initiating them. The Toronto region has been highly affected by provincial policies. Though waves of territorial reorganization constituted decisive policy, these actions effectively limited prospects for regional cooperation. Subsequent provincial interventions, for instance in transportation, lacked a consistent sense of regional scale.

Where the German cases can be characterized as radical policy shifts, the Canadian cases have rarely exhibited a similar degree of intensity and tend towards slow

evolution, inconsistency, and policy incrementalism. Given the small number of cases, it is difficult to generalize from these subtle patterns. However, there may be a link between these patterns and national differences in political coordination, such as those identified by Sellers (2002), Hall and Soskice (2001), and Kantor (2008).

### *Shaping Cooperation*

One of the central aims of this thesis has been to explore which factors are most significant in shaping intermunicipal partnerships for regional economic development. The thesis hypothesizes that the environmental variables may have different effects on the emergence or non-emergence of cooperation in different contexts. Furthermore, it postulates that city-regions where civic capital is more highly developed are more likely to produce cooperative outcomes (or more intense cooperation) than cities with similar institutional structures with less developed civic capital. Both hypotheses are generally confirmed by the findings of the four empirical cases. This section discusses the different influences of environmental variables on intermunicipal cooperation across cases and identifies the most significant. Finally, it explores the impact of civic capital on cooperation and addresses the implications of the ‘Waterloo puzzle’.

### *Environmental Variables*

Environmental variables have proven to be quite important in shaping intermunicipal cooperation – often in unexpected ways. Two general findings have emerged from the cases. First, as expected, these variables operate in different ways across cases. They are, therefore, not the most effective predictors of the emergence of cooperation or its intensity. While most environmental factors have variable impacts from case to case, some are more consistent than others. Also, although many of these variables do not behave as expected, some interesting patterns are observable across cases.

Secondly, environmental variables were expected to have potentially positive and negative effects on intermunicipal cooperation. However, interestingly, it is easier to pinpoint when these variables have had a negative impact on establishing partnerships than positive. This may be because it is inherently easier for the regional actors interviewed to identify barriers to cooperation than enabling conditions. Where positive

influences were identified, they tended to be leaders or networks or specific threats, civic capital, and regional structural rather than geographic and institutional variables. While this finding can be interpreted as an indication that institutional and geographic variables are less likely to have a positive impact on cooperation in general, it is much more likely that, because of their relative consistency, they are regarded merely as contextual factors and are less easily identified as enablers.

This section analyzes the influence of each variable on intermunicipal cooperation and intensity across cases. Not all variables are equally significant, while several become more useful when slightly modified. These are explored in turn before the impact of civic capital is explored in more detail. The conclusions that emerge here are based on the evidence presented in the preceding chapters. Due to the relatively small number of cases, they should be regarded as empirically grounded but tentative, pending verification through further empirical study.

One important finding that emerges from this dissertation is that, when it comes to intermunicipal cooperation, it appears as though size matters. Size is measured in terms of populations. However, the density of local governments, which also determines the number of potential actors may also be important at certain scales. While size, measured in these terms, certainly has an effect on cooperation, a small(er) pool of potential actors is not enough in and of itself to stimulate cooperation. A small group size was cited as significant as one source of successful collaboration in the Waterloo case, and the large number of actors in the Frankfurt region was thought to make cooperation more difficult. But beyond these two cases the number of potential actors, did not appear to have an appreciable effect, either positively or negatively, on establishing cooperative relationships. This suggests that group size may only have a positive effect in very small groups. The Waterloo region has so few total actors (8) relative to the other regions and was the only case in which scale (read as number of participants) was even mentioned positively. The Frankfurt case may also provide evidence that cooperation is easier to establish in smaller groups, as most partnerships were built with far fewer actors than the regional total.<sup>147</sup> However, the total number of municipal participants in Frankfurt

---

<sup>147</sup> Bear in mind that the actual number of participants, however, was partly dictated by the *Ballungsraumgesetz*.

partnerships generally exceeds the totals in the Toronto region. If the number of actors were a more significant factor, then cooperation in the Toronto region should have been easier to establish than in Frankfurt. However, it often proved much more problematic. This leads to the possibility that there is some optimal number of participants below which cooperation is greatly facilitated, and above which cooperation may be more difficult.

Regional governance was initially hypothesized to have a positive effect on intermunicipal cooperation but, through the empirical cases, it has been shown this variable is more nuanced. The existence of a regional tier of governance may have the effect of encouraging cooperation and greater intensity in partnerships. This may happen in two ways: by reducing the potential number of actors (as regional structures may act on behalf of their constituent municipalities), and by providing the formal infrastructure through which member municipalities can communicate and establish partnerships. However, the findings from the cases suggest that the effect of regional governance on intermunicipal cooperation, and the intensity of partnerships, are not so straightforward.

In each case, governance had a slightly different effect. In Frankfurt, existing regional structures were identified as a barrier to cooperation, as they reinforced traditional city-suburb tensions. In the Rhein-Neckar, regional governance provided a positive foundation for the evolution of current partnerships. Governance in the Toronto region, primarily in the form of the GTA-EDP and GTA-MCC, was important in spawning cooperation on regional marketing. Two-tier regional government structures in Waterloo were identified as an annoyance by several actors, but not as a significant impediment to cooperation. These findings suggest that the *origin* of regional governance structures and their scale may have a closer link to partnership intensities than the existence of regional arrangements alone. In regions where regional structures emerged from below (Toronto and the Rhein-Neckar), they tended to have a positive effect on the emergence and intensity of partnerships. Where structures were imposed from above, as in Frankfurt and Waterloo, regional structures were interpreted as impediments to cooperation or of little importance. One possible reason for the neutral effect of regional government in Waterloo may be related to the scale of these structures. In contrast to the Frankfurt case, regional structures encompass all of the municipalities and townships in

the Waterloo region. As a result, the regional government functions as another tier of government rather than an actor that represents a fraction of regional participants and exacerbates existing tensions. Therefore, future investigations would be better to take the origins and scales of regional governance structures and the effect of these factors on intermunicipal cooperation into consideration.

Perhaps surprisingly, the power and leadership of mayors, or mayoral system, did not have a consistently significant effect on the establishment or intensity of intermunicipal partnerships across cases. This variable was initially expected to have an indeterminate effect. That is, institutionally strong executives may function as key leaders in initiating and supporting regional partnerships. Or, strong mayors may use their powers to block cooperation. The four cases demonstrate that mayoral support of or resistance to cooperation can have an effect on intensities, but that the actual powers of the mayors are of very little significance. In both German cases, mayors were shown to be important advocates and catalysers of regional partnerships, but in some cities they were also the most vocal opponents of collaboration.<sup>148</sup> In the Canadian cases, with few exceptions, mayors have not been very significant in shaping cooperation. The passivity of Canadian mayors, though, is not a function of their more limited powers. Ultimately, in the Toronto case, mayors have been important in supporting cooperative initiatives, but they have tended not to lead or oppose the regional agenda. Taken together, the results of these cases indicate that the personalities and politics, which determine mayoral support for regional causes, are more important than powers in affecting intermunicipal cooperation.

Party politics at the urban level is another variable on which Canada and Germany have very different experiences. This is mainly due to the fact that while Germany has party politics, Canada does not. However, contrary to the original hypothesis, party politics did not appear to have a decisive impact in the German case. This leads to the counterfactual conclusion that perhaps the creation of local political parties in the Canadian context would not have an appreciable effect on intermunicipal cooperation. In regions with political parties, it was thought that the party structures may provide another

---

<sup>148</sup> The city of Darmstadt in the Frankfurt region is one that did not participate in the regional cultural and marketing partnerships almost exclusively due to mayoral opposition.

form of infrastructure through which actors could communicate and coordinate. If this were the case, then periods of political party congruencies (i.e. when many cities are governed by leaders from the same parties) should correspond with periods of higher cooperation, support for cooperation, and/or the intensification of partnerships. However, this expectation is not confirmed by the empirical cases. There appears to be no link between party congruence and intermunicipal cooperation in either German case. One of the reasons may be that regional tensions tend to be territorially (i.e. city vs. suburbs) rather than ideologically rooted. Therefore, local territorial identities have been more relevant than political similarities in shaping collaborative partnerships. These territorial patterns are certainly replicated in the Canadian cases. Given these findings, it seems reasonable to conclude that the introduction of political parties in the Canadian context – however desirable for other reasons – would not likely play much role in either stimulating or blocking intermunicipal cooperation.

This thesis hypothesizes that where cities have lower degrees of functional responsibility – defined in terms of numbers of areas of jurisdiction – the more willing they will be to cede (greater amounts of) authority over certain areas to regional partnerships. Because German and Canadian cities have similar degrees of functional responsibility, one would expect similar results from the empirical cases. This result has largely obtained across cases, though an unexpected pattern has also emerged. While the degree of functional responsibility does not appear to either encourage or discourage intermunicipal cooperation, the degree to which the *issue* at the heart of cooperative relationships is politically critical to local administrations determines the degree of *de facto* autonomy ceded to partnerships. For instance, in almost all cases political support for regional marketing associations – characterized by generally higher cooperative intensities across cases – is supplemented by a duplication of functions at the local level. This demonstrates that, despite higher levels of cooperative intensity many marketing functions are, in fact, replicated within the administrations of member municipalities. This is particularly and most glaringly the case in the larger cities of Toronto and Frankfurt. These observations confirm those of Magnier *et. al.* (2006), who find that business attraction and retention is the most important political issue facing European mayors, and suggest that political importance, rather than degree of functional



responsibility is more significant in determining municipal commitment to regional partnerships. Therefore, while the intensity of partnerships may not be affected by this dimension, it is reasonable to expect that actual commitment will vary according to the political importance of the issue.

Local discretion is another measure of municipal autonomy, along with fiscal responsibility. Essentially, where local governments have access to a wide variety of funding tools, they may be more able and willing to finance collaborative projects. From another perspective, limited access to resources may provide a greater incentive for cooperation. Again, the empirical cases indicate that neither hypothesis is particularly accurate. German cities, for instance, have access to a wider variety of funding mechanisms than Canadian cities. Therefore, if these assumptions were to hold, German cities should demonstrate a greater willingness to cooperate than their Canadian counterparts, particularly where financial issues are a factor. This is not born out by the cases, where the effects of fiscal conditions, and access to funding tools, were not identified as a significant impediment to cooperation. What *has* emerged as a significant variable related to fiscal autonomy is the relative dependence of municipalities on one funding source. The German cities studied are dependent on the *Gewerbesteuer* - a locally based profit tax – while Canadian cities are similarly dependent on the property tax. Because these are territorially based taxes, they contribute to interlocal competitiveness, which can impede cooperation. Depending on the issue area, particularly on the degree to which those municipalities that benefit are contributing sufficiently and how much of the expenditure is funded off the tax base, fiscal considerations can be significant barriers to cooperation. This is most clearly demonstrated in the Frankfurt case, where local political actors cited competition on tax rates as undermining the trust and stability of partnerships in the region. Also, the dynamic of significant regional cultural infrastructure funded exclusively from the city of Frankfurt tax base led to very obvious tensions between the central city, surrounding municipalities, and the Hessische *Land* administration. However, similar tensions were mentioned and observable in all four cases.

Also common to all four cases was a palpable tension between central urban and suburban municipalities. In every instance, this was related to perceptions of power

asymmetry. Ultimately, *perceptions* of power – often tied to historical identities and roles – prove to be more important than actual distributions of power based on measures such as population or economic clout. It was hypothesized that where asymmetries were greater, cooperation would be more difficult to achieve. If the definition of these asymmetries is expanded to include perceptions as well as actual disparities in political and economic influence, then the expected relationships between power and cooperative intensity do tend to hold. In some cases, these perceptions of power have threatened to derail cooperative initiatives and have limited the regional reach of partnerships. In both large regions – Toronto and Frankfurt – power relations between municipalities, and local perceptions of them, are extremely complex and have had a greater impact on intermunicipal cooperation. Both Frankfurt and Toronto regions are polycentric, to the degree that there are several cities in the region of economic and population significance. However, in both cases there is one clearly discernable regional “centre”.

This central city in these cases is regarded with suspicion, envy and in some instances even dislike by some surrounding municipalities. In the Toronto region, the suburban/urban division is demarcated by telephone area codes that delimit the 416 (central) region and 905 (surrounding) municipalities. The Frankfurt case is even more complex to the degree that historical and contemporary political power fragmentation divides the ‘urban’ municipalities, while urban/suburban tensions colour regional relationships as well. In both cases, these perceptions of asymmetry were identified as affecting factors such as trust between municipalities. In neither were these tensions cited as directly affecting the establishment or shape of partnerships. However, there is no question that these issues have had an indirect impact on intermunicipal relationships. In the Frankfurt case, for instance, the non-participation of the city of Darmstadt in regional partnerships was partly related to the reticence of the mayor, shaped in part by historical relationships with the city of Frankfurt and political *perceptions* of potential impacts on local autonomy.

The Waterloo and Rhein-Neckar cases, by contrast, are ‘centreless’ polycentric regions. In these cases economic and political power is distributed, as there is a ‘dominant’ city (Waterloo and Heidelberg, respectively) though it does not constitute a regional centre. In these cases, power asymmetry conflicts are less pronounced and have

played out in relatively minor ways. In both small and larger regions, the perceptions of power asymmetries have been indirectly important in shaping attitudes of municipalities towards one another. None of the cases suggests that these perceptions have had extensive or direct impacts on intermunicipal cooperation. However, perceptions of regional disparities are more intense in the larger regions. While it is tempting to attribute this outcome to size, the 'centred' regional configuration is a likelier influence. This echoes findings of other scholars exploring the dynamics of polycentric regions (Freitag *et al.*, 2006; Hulst, 2007; Hall and Pain, 2006). The exact implications of this finding for regional cooperation are unclear, but warrant further examination.

Where government involvement has been a factor, unlike most other institutional variables, it has tended to have a positive impact on cooperation. In this context, government involvement is defined as the involvement of upper levels of government in intermunicipal partnerships, whether passive (financing) or active (through membership and decision making power in collaborative associations or binding legislation mandating cooperation). This variable has been a positive influence in both the Toronto and Frankfurt regions. Provincial and *Land* governments have not been as involved in the smaller regions of Waterloo and Rhein-Neckar. This may be due to the relatively small size of the regions or their tendencies to self-organize. Whatever the reason, government involvement has been minimal in the smaller regions studied here.

Government involvement is most significant to the emergence of cooperation in the Frankfurt region. In this case the *Land* government became actively involved in the stimulation of regional partnerships with the introduction of radical legislation. Among other things the *Ballungsraumgesetz* (2001) mandated the creation of regional associations in regional marketing and culture. This legislation was vehemently opposed by the municipalities and other regional actors, but was a significant catalyst for the regional cooperation that currently exists in these issue areas. Prior to this legislation there was no formal cooperation in marketing, and weak partnerships existed in the area of regional culture. In both cases, government involvement stimulated and intensified cooperation and, as these associations have evolved, helped to expand participation in these partnerships.

In the Toronto region, government involvement to stimulate regional cooperation for economic development has been relatively rare. Generally, where the province has played a direct role in regional development, it has been in the area of transportation, which is consistent across cases. Most recently, the Ontario government has become quite active by creating a regional transportation authority – Metrolinx. By creating the only formal regional cooperation to exist in this policy area, government involvement has played a key role in contributing to regional partnerships. While currently the association has not developed or expanded from below in quite the same way as cultural and marketing partnerships in Frankfurt, several actors have argued that Metrolinx has the potential to bring regional actors together and to stimulate further interaction. If this outcome were to result, it would suggest, rather controversially, that external intervention by senior levels of government can play a very important role in stimulating regional partnerships and catalyzing intermunicipal cooperation. The Toronto and Frankfurt cases, in particular, have demonstrated that there are a variety of political factors that shape provincial and *Land* decisions about scales and structures. In other words, government involvement along these lines will clearly not always produce optimal cooperative outcomes. Nevertheless, these cases do suggest that government involvement has the potential to spark not only collaboration, but help construct or solidify regional identities, and catalyze leaders (for better or worse) to confront regional issues.

Threats, both internal and external, may also effectively catalyze cooperation where there had been none before. In each case, threats have helped draw attention to regional issues and bring actors together to address common issues. As important as they can be as catalysts, threats will not inevitably produce cooperative outcomes. In all four cases, external threats have tended to be most significant. External threats are those factors that threaten regional competitiveness. All of the regions, except Frankfurt, have been affected by external threats to competitiveness and many have pointed to these factors as significant in stimulating regional collaboration. While, comparatively speaking, the Toronto region has fared relatively well on measures of competitiveness, it is still considered a second-tier city. The threat of losing ground in the face of increasing international competition was explicitly cited, along with the internal impacts of the late

1980s economic recession, as critical in bringing together the GTA-EDP and MCC partnerships.

Understandably, the smaller regions in this study are under more competitive pressure than the larger regions. In each case, this pressure is exacerbated by their proximity to the two larger regions. This has, arguably, contributed to an imperative to define and promote the region as a coherent whole and distinguish it from the nearby dominant and competitor regions. The Rhein-Neckar has struggled to establish itself as an EMR in Germany and define itself relative to the powerful Frankfurt and Stuttgart regions that flank it. Similarly, the Waterloo region – with an impressive record of economic performance relative to its size – both benefits from and operates in the shadow of Canada's largest city-region. Initiatives such as the Prosperity Council and CTT Inc. emerged from this need to increase the attractiveness of the region to investment and talent. In both of these smaller regions, these competitive threats can hardly be described as acute. In neither case was the performance of the regions at risk of slipping significantly over the short term without collective intervention. However, that regional actors recognize, in the context of increasing international competition, that collective action is required to become *more* competitive is quite significant and may again relate to the size of these regions.

Internal threats can be somewhat more acute. These are categorized as threats to the economic health and prosperity of the region and gauged in terms of employment growth. In most regions, partnerships have emerged in response to perceived internal weaknesses. In the Toronto region, the emergence of the GTA-EDP and GTA-MCC corresponded to economic stress related to an economic recession. In Waterloo, pressures on prosperity were relatively less pronounced. Nevertheless, regional associations such as Communitech and the Prosperity Council were responses to perceived regional weaknesses in areas such as infrastructure and employment attraction. While the region is not suffering in terms of prosperity measures, cooperation has been intensified by considerations of future prosperity. In particular, the issue of talent attraction and retention has been a central concern and catalyst to the involvement of private sector actors. Similar issues surrounding talent attraction and labour integration are also appearing on the Frankfurt regional agenda. In sum, threats may bring actors together

around issues of common concern and can act as effective catalysts to cooperation. However, the presence of threats, whether internal or external, is not enough to alone generate cooperative solutions.

This survey of the effect of environmental variables on intermunicipal cooperation reveals some interesting patterns and insights into the dynamics of regional collaboration. Most striking has been the widespread divergence of results from the original hypotheses of the project and the variation in the effect of environmental variables across cases. Each variable is compared and synthesized through the empirical cases. Some emerging patterns are discernable. However, on the basis of these four cases this dissertation concludes that environmental variables, while they certainly affect intermunicipal cooperation to varying degrees, lack consistency in their impacts. Therefore, it turns to civic capital to help explain the dynamics and intensities of intermunicipal cooperation for regional economic development.

#### *Civic Capital: Substitute and Stimulant*

One of the principal theoretical aims of this thesis has been to develop and apply the concept of civic capital to explore the dynamics of regional economic development cooperation between municipal governments. While this project explicitly recognizes the important impact that environmental variables may have in the emergence and intensity of intermunicipal cooperation, it argues that regions with higher levels of civic capital are ultimately more likely to exhibit more intense cooperative relationships. Furthermore, the results from the empirical cases suggest that, under the right circumstances, civic capital is a more consistent predictor of intermunicipal cooperation than the environmental variables. This theoretical position is, however, confronted with the challenge of the 'Waterloo puzzle'. This section reiterates how civic capital may operate to overcome barriers to cooperation between municipal governments, enumerates some key findings from the cases, and suggests a modification to the theoretical approach that untangles the challenges posed by the Waterloo case.

Civic capital is embodied in local and regional networks that, while perhaps substantively unrelated, share a common conception of territorial identity, expectations, and goals. These networks encompass public and private sector as well a community

actors. They can be highly inclusive or siloed, constructed around a single issue or broadly based, or characterized by institutionalized or informal and diffuse linkages. However, the hallmark of civic capital is its regional orientation and the role of leadership within these networks. Leaders, or civic entrepreneurs, are critical in constructing this regional orientation and intensifying and formalizing these collaborative networks within and between communities. Civic entrepreneurs are bridge builders and help to connect localized networks and different communities of actors with one another. These leaders understand the importance of collaboration and coordination and through their leadership bring various groups of actors together to negotiate regional goals.

The concept of civic capital was initially developed to explore the sources of success in highly performing regions. However, the same principles underpin intermunicipal cooperation. In regional economies, civic capital explicitly links economic, social, and political actors to collectively coordinate development. From this perspective, civic capital is embodied in the formal associations and networks that mediate development and economic activity. The relationship between civic capital and intermunicipal cooperation is less explicit. The central argument of this thesis is that regions in which civic capital is extensively developed are more likely to produce more intense formal political collaboration between municipalities. Civic capital translated into collaborative political action in two specific ways – each with active and passive dimensions. First, these regionally oriented networks can both pressure and influence public officials to pursue regional solutions. Passively, civic capital translates a regional perspective to locally oriented political actors. The demonstration effect of regional networks may begin to broaden the realm of political solutions. More explicitly, institutionalized regional networks and their leaders may lobby public actors to engage in collaborative solutions or help shape those regional solutions. Secondly, these networks of interaction can become conduits of coordination and communication between political and other relevant actors. In this instance, networks constitute passive infrastructure. However, these networks institutionalized in the form of regional associations can also be active and important partners in regional collaboration. As such, civic capital can both actively and passively underpin intermunicipal cooperation for regional economic development. Therefore, where civic capital networks are more highly developed and

dense, it is more likely that the region will be characterized by (more intense) intermunicipal cooperation.

On balance, the empirical cases analysed in this dissertation confirm this hypothesis. Regions with low and fragmented civic capital, such as Toronto and Frankfurt, are characterized by low issue-specific and aggregate cooperative intensities. Regions with higher levels of civic capital have comparatively higher aggregate and issue-specific cooperative intensities. This suggests that the hypothesis regarding the link between civic capital and intermunicipal cooperation is correct. There does remain, however, one specific case. The Waterloo region is characterized by high levels of civic capital and a higher aggregate value for cooperative intensity. However, with the exception of a high intensity score on regional marketing, issue-specific scores are currently comparatively low. While this does not weaken the civic capital thesis developed – especially since recent trends, particularly in the area of culture, indicate a significant intensification of cooperation – it does raise questions about the potential implications of the approach in the case of intermunicipal cooperation. These challenges can be at least partially addressed by modifying the thesis somewhat to allow for a paradoxical, rather than singular, effect of civic capital on cooperation and intensities.

In hindsight, it is not all that surprising that civic capital might have more than one possible effect on intermunicipal cooperation. The supposition that it could be supportive of collective political action is not flawed. However, because of the very nature of civic capital as a regional network of actors that can be mobilized by civic leaders, it can also potentially act as a *substitute* for formal political action. That is, civic collective action may replace, or even compete with, formal political action – thus rendering cooperation less evident or less intense.

The Waterloo case is an excellent example of this phenomenon in action. This smaller region is characterized by dense networks of civic capital, some with deep historical roots. In the realm of cultural cooperation, a good deal of regional coordination is currently happening between cultural institutions and actors. The consensus of the actors interviewed was that, while formal municipal coordination could be helpful, it was not, until recently, necessary. Therefore, as municipal actors failed to see a need to coordinate on cultural issues, and cultural actors themselves were engaged in



coordinating themselves through alternative forums, the imperative (and therefore, incentive) for intermunicipal cooperation was not there. In this sense, private cooperation has tended to substitute for public action. Interestingly, there is evidence that this is beginning to change in the ways predicted by the civic capital thesis. Regional leaders backed by cultural networks are beginning to pressure local officials for formal cooperation on specific issues. This has yet to result in intense cooperation, but the case of tourism also followed a similar trajectory to produce a partnership as intense as the regional marketing association. This pattern suggests (as have local actors in culture) that a similar result may yet emerge from the cultural realm.

While these findings appear to confirm the modified civic capital thesis, they raise still more questions. For instance, why has strong civic capital in the Rhein-Neckar region not produced similar alternatives to intermunicipal cooperation? What factors ultimately determine when strong civic capital will function as a substitute or a stimulant? A thorough exploration of these questions is beyond the scope of this dissertation, though that will constitute an important next step in an emerging research agenda. However, on the basis of the empirical cases, it is possible to posit several factors that might determine the outcome of the civic capital puzzle.

Three potential determinants stand out: the civic embeddedness of municipal governments, the stage of regional development, and the appropriateness of intermunicipal cooperation versus other solutions. Region size likely also plays an important role, but can be subsumed as a part of the latter two determinants. Because the Rhein-Neckar case does not demonstrate the same paradoxical relationships between cooperation and civic capital, size alone can not be a decisive factor.<sup>149</sup> One potential explanation for the difference between the Rhein-Neckar and Waterloo may be the degree to which municipal governments have been historically embedded within civic capital networks. The history of civic capital evolution in the Rhein-Neckar has been inextricably shaped by local governments. In this case, institutions matter. By contrast, civic capital evolution in the Waterloo region has been primarily driven by active members of the private sector. Consequently, local governments in the Waterloo region

---

<sup>149</sup> Granted, there is a disparity in size between the Waterloo and Rhein-Neckar regions. However, as this dissertation has argued that the regions are similar enough to remain comparable they are regarded as such in this analysis. Without doubt, future research should test this contention.

have adopted a responsive rather than pro-active attitude towards regional networks. Local governments participate when asked, attempt to accommodate the needs of the community, but rarely lead within networks. Because much regional civic activity in Waterloo has not required formal governmental involvement, municipal governments are often excluded from governance processes (i.e. in such key moments as the founding of the University of Waterloo). As such, these may be characterized as weakly embedded. In such circumstances, civic networks may be more inclined to bypass formal government solutions in favour of alternative approaches to regional governance. While his approaches differ slightly, Kantor (2008) has also identified regional governance networks as potentially blocking the emergence of intermunicipal cooperation by providing a functional alternative.

While it is true that some regional governance efforts can bypass local governments, not all can. Therefore, the appropriateness of the issue to formal governance solutions is an important factor to take into consideration. While the issue at hand is certainly relevant, the issue combined with the stage of development of the region may also be a factor. Returning to the Waterloo case, regional transportation and culture exhibited relatively weak cooperation. This may in part be due to the complexity of the regional issues that face local actors. Cultural collaboration had been, until recently, managed outside of the municipal government sphere. As the region grows and develops, cultural actors are evolving as well and are learning about potential benefits to collaboration of municipal government cooperation. As a result, civic capital networks have become more receptive to incorporating municipal governments and more vocal in connecting cultural and regional political agendas. Though this constitutes a sample of one, it appears as though issue complexity linked to the stage of regional development may have an impact on the propensity of regional networks to seek formal political support. This development/complexity argument may also potentially be tied to the size of the region.

On a broader level, the 'stage of development' argument may be alternatively construed as an issue of *timing*. The regions in this study have evolved and developed at vastly different speeds and over varying degrees of time. The historical development of the German regions has occurred over a much longer period than that of the Canadian

regions. As a result, there have been comparatively more opportunities for cooperation to evolve at the regional scale. While it is important to recognize the issue of timing and development trajectories, it is equally important not to overstate them. If the relationship between time and cooperation were linear, the Rhein-Neckar and Frankfurt regions should be relatively more cooperative. While none would make this argument, the impact and shadow of historical development are factors that have not affected the Waterloo region to the same extent as the larger, and older, city-regions.

While the issue of regional transportation may also be explained by a stage of regional development/issue complexity argument, another alternative is that, in this particular case, functional and effective alternatives to governance solutions are already in place. In the Waterloo case, regional transportation is being effectively handled by the regional municipality. Intermunicipal cooperation is unnecessary and will not likely emerge as an alternative regardless of levels of civic capital. In this region, this outcome is tied to size and scale of regional government. The regional government encompasses the entire metropolitan region, and can therefore internalize local externalities in areas within its jurisdiction. In more complex regions – where regional governments are not congruent with functional regional boundaries and where effective regional solutions must be *built* – transit is an appropriate case for intermunicipal cooperation. It just so happens that in this case it is not.

### ***Conclusion***

*Regional cooperation is not invariably the best solution to regional development issues.* However, as Kantor (2008) argues, it is increasingly being explored, by both local and senior levels of government, as a flexible and attractive alternative to formal government reform. The dynamics that affect cooperative relationships, while the subject of a modest degree of scholarly inquiry, are typically explored in a narrow range of circumstances and issues. Consequently, these dynamics remain poorly understood. This dissertation has had multiple aims. It was primarily designed to discover what factors affect cooperation between municipal governments for regional economic development, as a critique of the existing approaches, and an exploration of theoretical alternatives.

Within the context of this project, civic capital remains the most consistent explanation for differences in intensity of intermunicipal cooperation for regional economic development. This thesis has also demonstrated the inconsistent effects of environmental variables and the link between region size, civic capital, and cooperative intensities. An analysis of the varying effects of environmental variables also reveals the flaws in some of the hypotheses of rational choice approaches to intermunicipal cooperation, which supports the need for a deeper inquiry into the dynamics of regional cooperation across multiple issues and cases.

This main aim of this dissertation has been to test and develop a theoretical approach to intermunicipal cooperation. However, its findings hold a number of insights of policy relevance. Chief among these is that institutions and other environmental variables often have unexpected consequences for the emergence of cooperation. While institutional reform is not advocated here as a solution to stimulating cooperative outcomes, it is worth considering what factors, unique to particular regions, may emerge as barriers. Civic capital cannot be directly created by public policy. However, it can be encouraged through public support of engagement of regional associations and networks. Finally, government involvement is not necessarily a bad thing. In regions where cooperation is slow to emerge or has failed to materialize at all, senior levels of government can table 'coercive' legislation, as was the case in the Frankfurt region, to stimulate partnerships. This undoubtedly controversial proposition comes with a significant caveat: a policy of regional government involvement needs to be extremely carefully considered and the *scale* of intervention logically established. It is likely that the *Ballungsraumgesetz* would have been just as vehemently opposed regardless of its limiting boundaries. However, the scale of the legislation may have itself limited its potential impact on the design of and participation in cooperative partnerships. Regardless, this coercive legislation was an important, and relatively effective, stimulant of cooperation in a region where there had been very little.

Intermunicipal cooperation is more than just an instrument of regional economic development, more than an attractive policy alternative. It has the potential to do more than overcome externalities, harmonize policies, and coordinate behaviours. While its utility as a mechanism to increase regional cooperation is becoming more widely

acknowledged, it has the potential to transcend economic considerations. Cooperation brings actors together to build a collective regional identity, and consequently can empower regions to develop innovative approaches to their own governance and development. Local governments have too long been regarded as passive policy-takers and implementers. Working together cities can become the architects of regional strategies, help shape their collective and individual destinies and potentially develop the capacity to negotiate the policies that affect them most with senior levels of government

This thesis makes original theoretical and empirical contributions. It constructs a more comprehensive theory of intermunicipal cooperation. This theory is built on a critique of existing rational choice approaches that conceive cooperation largely as a function of costs, which are very locally determined and issue specific. One of the weaknesses of these approaches is that their comparative scope is limited given the particularities of the issue and unique local institutional contexts. In response to this critique, this thesis reconceptualizes and reorders the variables associated with rational choice approaches as environmental variables, which emphasize structures and institutions. In this way, this 'new' theoretical approach acknowledges (and subsequently tests) the impact of rational choice variables on intermunicipal cooperation. However, in conceiving these as environmental variables that function as relatively stable, exogenously determined structures that shape municipal choices, this permits a much broader scope for comparison.

The project makes a theoretical contribution to literature on regional governance and broader collective action literatures by introducing and testing the concept of civic capital, itself a critique of social capital literature. As with the reimagining of rational choice variables, civic capital represents a refinement and extension of social capital literature and a contribution to ongoing theoretical debates in this field. From the perspective of intermunicipal cooperation, this approach re-emphasizes local agency and its role in building regions from below. Finally, by approaching these questions via a set of cross-national cases and across three distinctive regional development issue areas simultaneously, this dissertation attempts to fill several gaps in the literature and provide a broader understanding of regional economic governance. This is an area that has been dominated by single case studies, focused on a narrow range of issues, and on American

cities (Pierre, 2005). While the project would benefit from the exploration of more cases, it is an important step towards analysing regional governance broadly and systematically across a variety of national contexts.

## References

Akyeampong, Ernest (2007) 'Canada's Unemployment Mosaic, 2000-2006' *Perspectives on Labour and Income*. 8(1).

Almond, Gabriel (1989) *A Discipline Divided: Schools and Sects in Political Science*. New York: Sage.

Amin, Ash and Thrift, Nigel. (1995) 'Institutional issues for the European regions: from markets and plans to socioeconomics and powers of association', *Economy and Society* 24(1): 41-66.

Amin, Ash and Thrift, Nigel. (1994) "Globalisation, institutional 'thickness' and the local economy' in Healey, P., Cameron, S., Davoudi, S., Graham, S. and Madani-Pour, A. (Eds) *Urban Management*. Belhaven.

Atkins, Patricia. (1995) 'Techniques of Regional Cooperation in the United States' paper presented at the annual conference of the American Planning Association, Toronto, Canada.

Baldwin, David A. (1979) 'Power Analysis and World Politics: New Trends Versus Old Tendencies' *World Politics*. 31(2).

BallrG (Ballungsraumgesetz) (2000) Gesetz zur Stärkung der kommunalen Zusammenarbeit und Planung in der Region Rhein-Main vom 19. Dezember 2000. *Gesetz- und Verordnungsblatt für das Land Hessen*, I(9).

Barnes, William R and Ledebur, Larry C. (1998) *The New Regional Economics: The US Common Market and the Global Economy*. Thousand Oaks: Sage.

Basolo, Victoria (2003). 'US Regionalism and Rationality' *Urban Studies*. 40(3): 447-462.

Baxter, Lorrain, Hughes, Christine, and Tight, Malcolm. (2002) *How to research*. Milton Keynes: Open University Press.

Becker-Marx, Kurt (1999) 'Von der Kurpfalz zur Region Rhein-Neckar: Entstehung des Raumordnungsverbandes' in Becker-Marx *et al.* (Eds.) *Aufbau Einer Region: Raumordnung an Rhein und Neckar*. Schwetzingen: Schimper: 8-37.

Bish, Robert. (1971) *The Public Economy of Metropolitan Areas*. Chicago: Markham.

Bish, Robert and Ostrom, Victoria. (1974) *Understanding Urban Government: Metropolitan Reform Reconsidered*. Washington: American Enterprise Institute for Public Policy Research.

- Blatter, Joachim (2005) Metropolitan Governance in Deutschland: Normative, utilitaristische, kommunikative und dramaturgische Steuerungsansätze. *Swiss Political Science Review*. 11(1): 119-155.
- Blotevogel, Hans H. and Schulze, Karl. (2007) 'Zum Problem der Quantifizierung der Metropolfunktionen deutscher Metropolregionen' in Jörg Knieling (Ed.) *Metropolregionen - Innovation, Wettbewerb, Handlungsfähigkeit*. Hannover: IKM
- BMO. (2008) 'Canada's Technology Triangle: Economic Outlook for the Waterloo Region'. February. [http://www.techtriangle.com/UploadedFiles//2008-02-12\\_BMO\\_Waterloo-Guelph\\_Econ\\_Outlook.pdf](http://www.techtriangle.com/UploadedFiles//2008-02-12_BMO_Waterloo-Guelph_Econ_Outlook.pdf)
- Bouma, Gary D. and Atkinson, G.B.J. (1995). *A Handbook of Social Scientific Research: A Comprehensive and Practical Guide for Students*. 2<sup>nd</sup> Edition. Oxford: OUP.
- Bourjol, Maurice (Ed) (1995) *Intercommunalite et development du territoire*. Paris: Libraries Generale de Droit et de Juriprudence, EJA.
- Bourne, Larry (1999) 'Alternative models of managing metropolitan regions: The challenge for North American cities' paper prepared for the *International Forum on Metropolitanization*, Santa Cruz, Bolivia, March 11-12.
- Bradford, Neil. (2005) 'Place-Based Public Policy: Towards a New Urban and Community Agenda for Canada' CPRN Research Report F|51.
- (2003) 'Cities and Communities that Work: Innovative Practices, Enabling Policies' CPRN Working Paper 20411: June.
- Brady, David and Collier, Henry. (2004) *Rethinking Social Inquiry: Diverse Tools, Shared Standards*. New York: Rowman & Littlefield.
- Bramwell, Allison (2008) 'Under the Radar: Workforce Development Networks and Urban Governance in Ontario' paper presented at the annual meeting of the Canadian Political Science Association. University of British Columbia, Vancouver, BC. June 5.
- Brender, Natalie, Cappe, Marni and Golden, Anne (2007) *Mission Possible: Successful Canadian Cities*. Toronto: Conference Board of Canada.
- Broadbent, Alan (2008) *Urban Nation: Why We Need to Give Power Back to the Cities to Make Canada Strong*. Toronto: Harper Collins.
- Bunell, Timothy and Coe, Neil (2001) 'Spaces and scales of innovation', *Progress in Human Geography*. 25(4): 569-589.
- Cioc, Mark (2002) *The Rhein: An Eco-Biography, 1815-2000*. Seattle and London: University of Washington Press.



- City of Cambridge (2007) 'Statement of Financial Accounts 2007'.
- City of Kitchener (2007) 'Statement of Financial Accounts 2007'.
- City of Mississauga (2006) 'Statement of Financial Accounts 2006'.
- City of Toronto (2007) '2007 Annual Financial Report'.
- City of Waterloo (2007) 'Consolidated Financial Statements 2006'.
- Clarke, Susan, and Gaile, Gary (1998) *The Work of Cities*. Minneapolis: University of Minnesota Press.
- Clingermeyer, James C and Feiock, Richard. (2001) *Institutional Constraints and Policy Choice: An Exploration of Local Governance*. Albany, NY: SUNY Press.
- Coase, Richard (1960) 'The Problem of Social Cost' *Journal of Law and Economics*, 3(1): 1-44.
- Coleman, William D. and Grace Skogstad, eds. 1990. *Policy Communities and Public Policy in Canada*. Toronto: Copp Clark Pitman.
- Cooke, Phillip and Morgan, Kevin. (1993). 'The Network Paradigm' *Environment and Planning D: Society and Space*, 11(5): 543 – 564.
- Cooke, Phillip, and Morgan, Kevin. (1998) *The Associational Economy Firms, Regions, and Innovation*. Oxford and New York: Oxford University Press.
- COTA (2006) City of Toronto Act, 2006. Ontario Provincial Legislature.
- Coulson, Andrew and Ferrario, Caterina. (2007). 'Institutional Thickness: Local Governance and Economic Development in Birmingham, England' *International Journal of Urban and Regional Research*. 31(3): 591-615.
- Courchene, Thomas J. (1999) 'Responding to the NAFTA Challenge: Ontario as a North American Region State and Toronto as a Global City-Region' Paper prepared for *Global City-Regions Conference*, UCLA School of Public Policy and Social Research, Los Angeles, October 21-23.
- Cowan, Spencer. (2006) 'Anti-snob land use laws, suburban exclusion, and housing opportunity. *Journal of Urban Affairs*. 28:3: 295-313.
- CTT (2008) 'Community Partners'  
<http://www.techtriangle.com/OurPartners/CommPartners.cfm>

Davies, Jonathan. (2005). 'The Social Exclusion Debate: Strategies, Controversies, and Dilemmas'. *Policy Studies*, 26(1): 3-27.

Davoudi, Simin. (2008) 'Conceptions of the City-Region: A Critical Review', *Urban Design and Planning*, 161(2): 51-60.

Demographia (2008). 'World Urban Areas: Population and Density'. Belleville: Demographia.

Donald, James (1999) *Imagining the Modern City*. Minnesota: University of Minnesota Press.

Eckardt, Frank and Lutzky, Nicolai. (2002) 'Enhancing Regional Cooperation in Frankfurt : The Metropolitan Initiative as a Partnership between Business and the Public Sector' paper prepared for the annual conference of the International Institute of Administrative Sciences, New Delhi.

Elkins, David (1995) Testing Competing Explanations for the Adoption of Type II Policies. *Urban Affairs Review* 30: 809-39.

Eurostat (2004) *Urban Audit Methodological Handbook*. Luxembourg: European Commission.

Falger, Monica (2001) Regionalreform – zwischen Hierarchie und Netzwerk in Esser, J and Schamp, E.W. (Eds.) *Metropolitane Region in der Vernetzung: der Fall Frankfurt/Rhein-Main*. Frankfurt am Main: Campus

FAZ (2007) Darmstadt forciert Standortmarketing. 21.05.2007, Nr 116: 51.

FAZ (2005) Region formert sich gegen Koch. 23.09.2005, Nr 222: 68.

FAZ (2005) Dies Kulturregion findet sich selbst – ohne Umverteilung von Geldern. 17.05.2005 , Nr 112: 53.

Feiock, Richard and Clingermeier, Jonathan C. (1986) 'Municipal Representation, executive power, and economic development policy administration' *Policy Studies*. 15(2): 211-229.

Feiock, Richard, and Kim, Jaehoon (2000) 'Form of Government, Administrative Organization, and Local Economic Development Policy' *Journal of Public Administration Research and Theory*. 11(1): 29-49.

Feiock, Richard, Jeong, Moon-Gi and Kim, Jaehoon (2003) 'Credible Commitment and Council-Manager Government: Implications for Policy Instrument Choices' *Public Administration Review*. 63(5): 616-625.

Feiock, Richard (2007) Rational Choice and Regional Governance. *Journal of Urban Affairs*. 29(1): 47-63.

fDi (2008) *Cities of the Future Rankings*. [http://www.fdimagazine.com/cp/10/FDI\\_052-055\\_0208-2.pdf](http://www.fdimagazine.com/cp/10/FDI_052-055_0208-2.pdf) last accessed: January 1, 2009.

Florida, Richard (2003) *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life*. New York: Basic Books.

----- (2008) *Who's Your City? How the Creative Economy is Making Where you Live the Most Important Decision of Your Life*. New York: Basic Books.

Foster, Kathryn (2002) *Regionalism on Purpose* Cambridge, MA: Lincoln Institute of Land Policy.

Fredrickson, H. George, Johnson, Alan G., and Wood, Curtis (2004), 'The changing structure of American cities: a study of the diffusion of innovation', *Public Administration Review*. 64(3): 320-30.

FR (2004) Auf der Suche nach konkreten Ideen. 29.01.2004.

Freund, Bodo. (2003) The Frankfurt Rhein Main Region in Salet, William, Thornley A, and Kreukels, A (Eds) *Metropolitan Governance and Spatial Planning*. London: Spoon.

Frey, William H. and Alden Speare (1992). 'Metropolitan Areas as Functional Communities: A Proposal for a New Definition.' PSC Research Report No. 92-245.

Frey, William H. and Zimmer, Zachary (2001) 'Defining the City' in Paddison, Ronan (Ed.) *The Handbook of Urban Studies*. New York: Sage.

Freytag, Tim., Hoyler, Michael, Mager, Christoph. and Fischer, Christian. (2006) Rhine-Main: making polycentricity work? In: Hall, P. and Pain, K. (eds.) *The Polycentric Metropolis: Learning from Mega-City Regions in Europe*. London: Earthscan: 163-172.

Frisken, Frances and Norris, Donald (2001) 'Regionalism Reconsidered' *Journal of Urban Affairs* 23(5): 467-478.

Frisken, Frances (2007) *The Public Metropolis: The Political Dynamics of Urban Expansion in the Toronto Region 1924-2003*. Toronto: Canadian Scholars Press.

Frug, Gerald E. (1999) *City Making: Building Communities Without Building Walls*. Princeton, NJ: Princeton University Press.

Gall, Lothar (Ed.) (1994) *FFM 1200: Traditionen und Perspektiven einer Stadt*. Thorbecke.

Gerber, Elisabeth and Gibson, Clark (2005) 'Balancing Competing Interests in American Regional Governance' Paper presented for the Program in American Democracy Speaker Series, Notre Dame University, February, 1.

Gertler, Meric S., Florida, Richard, Gates, Gary and Vinodrai, Tara (2002) 'Competing on Creativity: Placing Ontario's Cities in North American Context'. A report prepared for the Ontario Ministry of Enterprise, Opportunity and Innovation and the Institute for Competitiveness and Prosperity, November.

Granovetter, Mark (1973) 'The Strength of Weak Ties', *American Journal of Sociology*. 78(6): 1360-1380.

----- (1985) 'Economic Action and Social Structure: The Problem of Embeddedness', *American Journal of Sociology*. 91(3): 481-510.

Gray, Virginia and Eisinger, Peter. (1997) *American States and Cities* (2<sup>nd</sup> Ed.) New York: Longman.

Gombu, Phinjo (2008) 'Hurricane' Hazel spoils for a fight' *Toronto Star* (Ontario edition) January 23: A7.

GTMA (2007) 'Economic Overview'  
[http://www.greatertoronto.org/investing\\_demo\\_00.htm](http://www.greatertoronto.org/investing_demo_00.htm) last accessed: January 1, 2009.

GTTA (2007) 'Championing Change: A Corporate Strategic Plan for the Greater Toronto Transportation Authority', Oct 26.

Gualini, Enrico (2002) 'Institutional Capacity Building as an Issue of Collective Action and Institutionalization: Some Theoretical Remarks' in Cars, Goran, Healey, Patsy, Mandanipour, Ali, and de Magalhaes, Claudio (Eds.) *Urban Governance, Institutional Capacity and Social Milieux* Aldershot: Ashgate.

Guilati Ranjay and Gargiulo, Martin. (1999) 'Where do interorganizational networks come from?' *American Journal of Sociology*. 104(5): 1439-1493.

Hackathorn, Douglas and Maser, Steven (1987). Bargaining and the Sources of Transaction Costs: The Case of Government Regulation. *Journal of Law, Economics and Organization*. 3: 69-98.

Hall, Peter (2006). 'Aligning Ontology and Methodology in Comparative Research' in James Mahoney and Dietrich Rueschemeyer (Eds) *Comparative Historical Analysis in the Social Sciences*. Cambridge: Cambridge University Press.

Hall, Peter and Pain, Kathy (2006) *The Polycentric Metropolis: Learning from Mega-City Regions in Europe*. London: Earthscan.

Hall, Peter and Soskice, David. (Eds.) (2001). *Varieties of capitalism*. New York: Oxford University Press.

Heinelt, Hubert and Hlepas, Nikalaos (2006) Typologies of Local Government Systems. In Back, Henry, Heinelt, Hubert, and Magnier, Annick (Eds.) *The European Mayor: Political Leaders in the Changing Context of Local Democracy*. Wiesbaden: VS Verlag für Sozialwissenschaften: 21-42.

Helmke, Gretchen and Levitsky, Steven (2004) 'Informal institutions and comparative politics: A research agenda', *Perspectives on Politics*. 2(4):725-740.

Henton, Douglas (1997) *Grassroots Leaders for a New Economy: How Civic Entrepreneurs are Building Prosperous Communities*. NY: Jossey-Bas.

Hesse, Joachim and Sharpe, Laurence. (1991) Local Governments in an International Perspective: Some Comparative Observations, in Hesse and Sharpe (Eds. ) *Local Government and Urban Affairs in International Perspective. Analyses of Twenty Western Industrialized Countries*. Baden-Baden: 603-621.

Hessisches Gemeindeordnung (2005) Vom 25. Februar 1952 GVBl. S. 11 in der Fassung vom 1. April 2005 GVBl. I S. 142;

[http://www.hessenrecht.hessen.de/gesetze/33\\_Kommunalwesen/331-1-hgo/hgo.htm](http://www.hessenrecht.hessen.de/gesetze/33_Kommunalwesen/331-1-hgo/hgo.htm) last accessed: January 1, 2009.

Hill, Richard C. (1974) 'Separate but Unequal: Governmental Inequality in the Metropolis' *American Political Science Review*. 70 (March).

Hilligardt, Jan (2005) 'Regionale Kooperation der Landkreise, Städte und Gemeinden / Stand - Potenziale – Perspektiven', *WAR-Schriftenreihe*, 164, Darmstadt.

Hirst, Paul (1994) *Associative Democracy: New Forms of Economic and Social Governance*. Cambridge, MA: Polity Press.

Hodgson, Geoffrey (2006) 'What are Institutions?' *Journal of Economic Issues*. XL(1): 1-25.

Hoffend, Andrea (2005) *Politik Ohne Grenzen: Hermann Heimerich – Motor und Mentor der Metropolregion RheinNeckar*. Diesbach Medien.

Hooghe, L and G. Marks (2001). *Multi-Level Governance and European Integration*. Lanham: Rowman and Littlefield Publishers.

Horak, Martin (2008). 'Governance Reforms from Below: Multilevel Politics and Toronto's 'New Deal' Campaign' SSHRC-MCRI Working Paper.

Hoyler, Michael, Freytag, Tim and Mager, Chris (2006) Advantageous Fragmentation? Reimagining Metropolitan Governance and Spatial Planning in Rhein-Main. *Built Environment*. 32(2): 124 -136.

Hrbek, Rudolph and Bodenbender, Jan Christopher. (2007) 'Municipal-Federal Relations in Germany' in Harvey Lazar and Christian Leuprecht (Eds.) *Spheres of Governance: Comparative Studies of Cities in Multilevel Governance Systems*. Montreal & Kingston: McGill-Queen's University Press.

Hulst, Rudie and van Montfort, Andre. (2008). 'Intermunicipal Cooperation: A Widespread Phenomenon' in Rudie Hulst and Andre van Montfort (Eds.) *Intermunicipal Cooperation in Europe*. Dordrecht: Springer.

IHK Forum Rhein Main (2007) 'FrankfurtRheinMain in Zahlen' available at: [http://hanau.ihk.de/index.php?cms\\_id=404](http://hanau.ihk.de/index.php?cms_id=404) last accessed January 1, 2009.

IHK Wirtschaftsforum Rhein-Neckar Dreieck (2003) 'Vision Rhein-Neckar Dreieck 2015' available at: <http://www.pfalz.ihk24.de/produktmarken/standortpolitik/kooperationen/anhaengsel/Visi-on-Tabelle.pdf> last accessed: January 1, 2009.

IKM Monitoring (2006) 'Regionales Monitoring 2006: Daten und Karten zu den Europäischen Metropolregionen in Deutschland' Initiativkreis Europäische Metropolregionen in Deutschland.

Jacobs, Jane. (1969) *The Economy of Cities*. New York: Random House.

James, Royson. (2007a) 'Miller council petty, divided and stubborn; In time of crisis, mayor's new powers are hobbled by lack of political allies' *Toronto Star* (metro edition). September 22: A1.

------(2007b) 'The big squeeze on T.O.' *Toronto Star* (Ontario edition) February 24: A24.

Jessop, Brian. (1998) 'The rise of governance and the risks of failure: the case of economic development' *International Social Science Journal* 50(155): 29-45.

Jonas, Andrew and Ward, Kevin. (2007). Introduction to a debate on 'city regions': New geographies of governance, democracy and social reproduction. *International Journal of Urban and Regional Research*. 31(1): 169-178.

Jobert, Bruno. (1992) 'Représentations sociales, controverses et débats dans la conduite des politiques publiques. *Revue Française de Science Politique*. 42(2): 219-234.

Jönsson, Christer (1981) 'Bargaining Power: Notes on an Elusive Concept'. *Cooperation and Conflict*. XVI: 249-257.

- Jouve, Bernard and Lefevre, Christian (Eds) (2003) *Local Power, Territory and Institutions in European Metropolitan Regions*. London: Frank Cass.
- Kalinowski, Tess and Benzie, Robert (2008) 'Premier backs TTC Takeover' *Toronto Star* (Ontario Edition) February 15: A1.
- Kalinowski, Tess and Gillespie, Kerry (2008) 'Ontario cuts transit red tape' *Toronto Star* (Ontario Edition) February 8: A1.
- Kantor, Paul. (2008) 'Varieties of city regionalism and the quest for political cooperation: a comparative perspective', *Urban Research and Practice*. 1(2): 111-129.
- Kettl, Donald F. (2002) *The Transformation of Governance*. Baltimore: Johns Hopkins University Press.
- King, Gary, Keohane, Robert D., and Verba, Sidney (1994) *Designing Social Inquiry: Scientific Inference in Qualitative Research*. Princeton: Princeton University Press.
- KPMG (2008) *Competitive Alternatives: International Guide to Business Location 2008*. <http://www.competitivealternatives.com/highlights/cities.html>
- Krenzlin, Annelise. (1961) Werden und Gefüge des rhein-mainischen Verstädterungsgebietes: Ein Versuch landeskundlicher Darstellung in Lehmann, Herbert *et al.* (eds) *Frankfurter Geographische Hefte*. Frankfurt am Main: Verlag Waldemar Kramer.
- Krueger, Skip and McGuire, Michael. (2005). 'A Transaction Costs Explanation of Interlocal Government Collaboration'. Paper presented at Eighth National Public Management Research Conference, Los Angeles, CA, September 29 – October 1, 2005.
- KulturRegion Rhein-Main (2008) <http://www.kirm.de/> last accessed: January 1, 2009.
- Langhagen-Rohrbach, Christian and Fischer, Robert. (2005) Region als Prozeß? Regionalwerkstatt FrnakfurtRheinMain. *Angewandte Geographie* 2: 76-80.
- Lehmann-Grube, Hinrich and Dieckmann, Jochen. (2000) 'The Administration of German Cities' in Köning, Klaus and Siedentopf, Heinrich (Eds.) *Public Administration in Germany*. Baden-Baden: Nomos Verlasgesellschaft: 183-196.
- Leibovitz, Joseph. (2003) 'Institutional Barriers to Associative City-Region Governance: The Politics of Institution Building and Economic Governance in "Canada's Technology Triangle"' *Urban Studies*. 40(13) December: 2614-2642.
- Leuprecht, Christian and Lazar, Harvey. (2007) 'From Multilevel to "Multi-order" Governance?' in Harvey Lazar and Christian Leuprecht (Eds.) *Spheres of Governance*:

*Comparative Studies of Cities in Multilevel Governance Systems*. Montreal & Kingston: McGill-Queen's University Press.

Lewington, Jennifer (1999) 'GTA transit plan inching forward' *Globe and Mail* (Toronto Edition) June 26: A3.

Lewis, Paul G. (2004) 'An Old Debate Confronts New Realities: Large Suburbs and Economic Development in the Metropolis' in Richard C Feiock (Ed.) *Metropolitan Governance: Conflict, Competition and Cooperation*. Washington, DC: Georgetown University Press.

Libcap, Gary (1989) *Contracting for Property Rights*. Cambridge: Cambridge University Press.

Lightbody, James (2006) *City Politics: Canada*. Toronto: Broadview.

Lindblom, Charles (1955) *Bargaining: The Hidden Hand in Government*. (Santa Barbara: RAND)

----- (1959) 'The Science of "Muddling Through"' *Public Administration Review*. 19: 79-88.

----- (1979) *Usable Knowledge: Social Science and Social Problem Solving*. New Haven: Yale University Press.

Long, Norman. (1967) 'Political Science and the City' in LF Schnore and H Fagin (Eds.) *Urban Research and Policy Planning*. Beverley Hills: Sage.

Lowery, David (2000) 'A transaction cost model of metropolitan governance: Allocation versus redistribution in urban America' *Journal of Public Administration Research and Theory*, 10(1): 49-78.

Lu, Vanessa (2008) 'City floating on new funding streams' *Toronto Star* (Ontario edition) January 6: A4.

Lubell, Mark, Schneider, Mark, Scholz, John T., and Mete, Mihriye (2002) 'Watershed partnerships and the emergence of collective actions institutions' *American Journal of Political Science*. 46(1): 143-158.

Magnier, Annick, Navarro, Clement, and Russo, Pippa (2006) 'Urban Systems as Growth Machines? Mayors' Governance Networks Against Global Indeterminacy' in Bäck, Henry, Heinelt, Hubert, and Magnier, Annick (Eds.) *The European Mayor: Political Leaders in the Changing Context of Local Democracy*. Wiesbaden: VS Verlag für Sozialwissenschaften: 201-219.



- March, James and Olsen, Johan (2005) 'Elaborating the "New Institutionalism"' Arena working paper #11, University of Oslo.
- Markusen, Ann R, Lee, Yong Sook, and DiGiovanna, Sean (Eds.) (1999) *Second Tier Cities: Rapid Growth Beyond the Metropolis*. Minneapolis: University of Minnesota Press.
- Maskell, Peter (2000) 'Social capital and competitiveness', in: Baron,S., Field,J. and Schuller,T., (Eds.) *Social Capital. Critical Perspectives*. Oxford: Oxford University Press.
- McAllister, Mary Louise (2004) *Governing Ourselves: The Politics of Canadian Communities*. Vancouver: UBC Press.
- McMillan, Melville (2006) 'Municipal relations with the federal and provincial governments: a fiscal perspective' in in Harvey Lazar and Christian Leuprecht (Eds.) *Spheres of Governance: Comparative Studies of Cities in Multilevel Governance Systems*. Montreal & Kingston: McGill-Queen's University Press.
- McLaughlin, Kenneth. (1997) *Waterloo: The Unconventional Founding of an Unconventional University*. Waterloo: Waterloo University Press.
- Miller, David. (2007) Speaking Notes to Toronto City Summit Alliance annual meeting, *Toronto Star*. February 17: A18.
- Miller, Gary J. (2000) 'Above politics: Credible Commitment and Efficiency in the Design of Public Agencies'. *Journal of Public Administration Research and Theory*. 10(2): 298-328.
- Moloney, Paul and Lu, Vanessa. (2007) 'Toronto's spiralling debt to hit \$2.6 billion' *Toronto Star* (Ontario edition) December 12: A17.
- Mouritzen, Poul Erik and Svava, James H. (2002) *Leadership at the Apex: Politicians and Administrators in Western Local Governments*. Pittsburgh: University of Pittsburgh Press.
- MRN (2008) 'Europäische Metropolregion Rhein-Neckar: Region of Excellence'. Ludwigshafen: MRN. <http://www.rhein-neckar-dreieck.de/publikationen.0.html> last accessed: January 1, 2009.
- Mumford, Lewis. (1937) 'What is a City?' *Architectural Record*, LXXXII (November).
- Nelles, Jen (2007) 'The Effect of Local Autonomy on Policy Outcomes: A Critical Approach to Local Autonomy Debates in Canada' paper presented at the annual meeting of the Canadian Political Science Association. Saskatoon, Saskatchewan, May 30-June 1, 2007.

Nelles, Jen, Bramwell, Allison, and Wolfe, David (2005) "History, Culture and Path Dependency: Origins of the Waterloo ICT Cluster," in David Wolfe and Matthew Lucas, Editors. *Global Networks and Local Linkages: The Paradox of Cluster Development in an Open Economy*. Montreal and Kingston: McGill-Queens University Press for Queen's School of Policy Studies.

Nelson, Richard R. and Nelson, K. (2002). 'Technology, institutions and innovation Systems' *Research Policy* 31: 256-272.

Newton, Kenneth. (1975) 'American Urban Politics: Social Class, Political Structure and Public Goods'. *Urban Affairs Quarterly*. 11.

Norris, Donald (2001a) 'Prospects for Regional Governance Under the New Regionalism: Economic Imperatives Versus Political Impediments' *Journal of Urban Affairs* 23(5): 557-571.

----- (2001b) 'Whither Metropolitan Governance' *Urban Affairs Review* 36(4): 532-550.

North, Douglas. (1990) *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.

Novae Res Urbis (2007) City of Toronto edition.  
<http://www.nrublishing.com/AnniversaryEdition.aspx> last accessed: January 1, 2009.

Nunn, Samuel and Rosentraub, Mark (1997) 'Dimensions of Interjurisdictional Cooperation' *The Journal of the American Planning Association*. 63(2): 205-219.

Oakerson, Ronald. (2004) 'The Study of Metropolitan Governance' in Richard Feiock (Ed) *Metropolitan Governance: Conflict, Competition and Cooperation*. Washington, DC: Georgetown University Press.

OECD (2006) *Competitive Cities in the Global Economy*. Paris: OECD.

Olson, Mancur. (1965) *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge, MA: Harvard University Press.

Otgaar, Alexander, van den Berg, Leo, van der Meer, Jan and Speller, Carolien. (2008) *Empowering Metropolitan Regions Through New Forms of Cooperation*. Aldershot: Ashgate.

Orfield, Myron. (1997) *Metropolitica: A Regional Agenda for Community and Stability* Washington: National League of Cities.

Ostrom, Elinor (2007) 'Collective Action and Local Development Processes' *Sociologica* 3: 1-31.

-----  
 (2005) *Understanding Institutional Diversity*. Princeton, NJ: Princeton University Press.  
 -----(1986) 'An Agenda for the Study of Institutions' *Public Choice*. 48: 3-25.

Ostrom, Vincent, Bish, Robert and Ostrom, Elinor. (1988) *Local Government in the United States*. San Francisco: Institute for Contemporary Studies.

Ostrom, Vincent, Tiebout, Charles and Warren, Robert. (1961) 'The Organization of Government in Metropolitan Areas: A Theoretical Inquiry' *American Political Science Review* 55 (December): 831-842.

Pagano, Michael and Bowman, Ann. (1995) *Cityscapes and Capital*. Baltimore: Johns Hopkins University Press.

Park, Hyung Jun, and Feiock, Richard (2005) 'Collaborative Approaches to Economic Development: Regional Development Partnerships and Social Capital' paper presented at the American Public Administration Annual Meeting, April 2-5. <http://www.fsu.edu-localgov>

Park, Robert E. (1925) 'Suggestions for the Investigation of Human Behaviour in the Urban Environment' in Robert E Park, Ernest W Burgess and Roderick D McKenzie, *The City*. Chicago: The University of Chicago Press.

Parks, Robert and Oakerson, Ronald. (2000) 'Regionalism, Localism, and Metropolitan Governance: Suggestions from Research on Local Public Economies' *State and Local Government* 32(3), Fall: 169-179.

Parr, John (2005) 'Perspectives on the City-Region' *Regional Studies*, 39(5): 555-566.

------(2004) 'The Polycentric Urban Region: A Closer Inspection'. *Regional Studies*, 38(3): 231-240.

Patschke, Wolfgang (1989) 'Öffentlicher Personenverkehr' Mannheim: Raumordnungsverband Rhein-Neckar.

Penrod, Janice., Preston, Deborah B., Cain, Richard E., and Starks, Michael T. (2003) 'A discussion of chain referral as a method for sampling hard-to-reach populations', *Journal of Transcultural Nursing*, 14(2) 100-107

Peters, Guy and Pierre, Jon. (2004) 'Multi-Level Governance and Democracy: A Faustian Bargain?' in *Multi-level Governance*, I. Bache and M. Flinders (Eds.), Oxford: Oxford University Press.

- Peterson, Paul E. (1981) *City Limits*. Chicago: University of Chicago Press.
- Phares, Donald (Ed) (2004) *Metropolitan Governance without Metropolitan Government?* Aldershot: Ashgate.
- Pierce, Neil. (1996) *Citistates: How Urban America Can Prosper in a Competitive World* Washington, DC: Seven Locks Press.
- Pierre, Jon (2005) Comparative Urban Governance: Uncovering Complex Causalities. *Urban Affairs Review*. 40(4): 446-462.
- Pierson, Paul and Skocpol, Theda (2002) 'Historical Institutionalism in Contemporary Political Science' in Katznelson, I and Milner, H (eds) *Political Science: The State of the Discipline*. New York: W W Norton.
- Plunkett, Thomas J. (1968) *Urban Canada and its Government*. Toronto: Macmillan.
- Post, Stephanie (2004) 'Metropolitan Area Governance and Institutional Collective Action' in R. Feiock (Ed.) *Metropolitan Governance: Conflict, Competition and Cooperation*. Washington, DC: Georgetown University Press.
- Preville, Philip (2008) 'The Perfect Swarm' *Toronto Life*. February: 29-33.
- Priebs, Axel (2006) 'Stadt-Umland-Problematik, in: Akademie für Raumforschung und Landesplanung' (Hg.), *Handwörterbuch der Raumordnung*, 4. Aufl., Hannover: 1096-1103.
- Przeworski, Adam and Teune, Henry (1970) *The Logic of Comparative Social Inquiry: Comparative Studies in Behavioural Science*. New York: Wiley Interscience.
- Putnam, Robert (1993) *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton: Princeton University Press.
- Ragin, Charles (1992). *What is a Case?: Exploring the Foundations of Social Inquiry*. Cambridge: Cambridge University Press.
- Reese, Laura (1997) *Local Economic Development Policy: The US and Canada*. New York: Garland.
- Reese, Laura and Rosenfeld, Raymond (2002) *The Civic Culture of Local Economic Development*. New York: Sage.
- Region of Waterloo (2006) 'Community Fact Sheet', Waterloo: Planning, Housing and Community Services.

Rhodes, Richard A. (1996) 'The New Governance: Governing Without Government'. *Political Studies*, XLIV: 652-667.

RMV (2008) 'RMV in Zahlen' available at:  
<http://www.rmv.de/coremedia/generator/RMV/WirUeberUns/RMVinZahlen> last  
 accessed: January 1, 2009.

Rowe, M. (Ed.) 2000. *Toronto: Considering Self Government*. Owen Sound: Ginger Press.

(Ed.) 2003. *The New Urban Canada. Ideas That Matter*. 3(1).

(Ed.) 2005. *Towards a New City of Toronto Act. Ideas That Matter*.

Rusk, David (1999) *Inside Game/Outside Game: Winning Strategies for Saving Urban America*. Washington, DC: Brookings Institution Press.

----- (1995). *Cities without Suburbs*. Washington DC: Woodrow Wilson Centre Press.

Salet, William, Thornly, Andy and Kreukels, Anton. (2003) *Metropolitan Governance and Spatial Planning*. London and New York: Spoon Press.

Sancton, Andrew (2006) 'Why Municipal Amalgamations?' in Young, R and Leuprecht, C (Eds) *Canada: The State of the Federation 2004 – Municipal Federal Provincial Relations in Canada*. Montreal and Kingston: McGill-Queen's University Press.

----- (2001) 'Canadian Cities and the New Regionalism', *Journal of Urban Affairs*, 23(5): 543-555.

----- (1994) *Governing Canada's City Regions*. Montreal: IRPP.

Savitch, Harold V and Kantor, Paul. (2002) *Cities in the International Marketplace: The Political Economy of Urban Development in North America and Western Europe*. Princeton: Princeton University Press.

Savitch, Harold V and Vogel, Ronald K (2000) 'Introduction: Paths to New Regionalism' in HV Savitch and RK Vogel (Eds.), Symposium on the New Regionalism and its Policy Agenda. *State and Local Government Review*, 32(3):158-168.

Schneider, M and Teske, P (1993) 'The progrowth entrepreneur in local government' *Urban Affairs Quarterly*. 29: 316-327.

Schmitz, Gottfried (1994) 'Erfahrung mit großräumigen grenzenüberschreitenden Organisationsstrukturen' in UVF *Ansichten zur Region*. Dokumentation einer Anhörung zur Funktionalreform am 9 September 1994 im Umlandverband Frankfurt.

- Schmitz, Gottfried (2005) 'Metropolregion Rhein-Neckar: Modellregion für einen Kooperativen Föderalismus' *Raumforschung und Raumordnung*. 5: 360-366.
- Scholz, John T, Feiock, Richard and Ahn, T.K. (2004) 'Policy Networks and Institutional Collective Action' Wayne State University Digital Commons – Working Group on Interlocal Service Cooperation working paper.
- Schenider, Mark and Teske, Paul. (1992) Toward a Theory of the Political Entrepreneur. Evidence from Local Government. *American Political Science Review*. 86: 737-47
- (1993) The ProGrowth Entrepreneur in Local Government. *Urban Affairs Quarterly*. 29: 316-27.
- Sellers, Jeffrey. (2002) *Governing from Below: Urban Regions and the Global Economy*, Cambridge: Cambridge University Press.
- Sharp, Elaine B. (1991) 'Institutional Manifestations of Accessibility and Urban Economic Development Policy' *Western Political Quarterly*. 44: 129-147.
- Shrestha, Manoj and Feiock, Richard. (2007) 'Interlocal Cooperation in the Supply of Local Public Goods' Working Group on Interlocal Services Cooperation, Wayne State University Digital Commons. [http://digitalcommons.wayne.edu/interlocal\\_coop/29](http://digitalcommons.wayne.edu/interlocal_coop/29)
- Simmel, Georg (1903) *The Metropolis and Mental Life*. Dresden: Petermann.
- Slack, Enid (2007) 'Managing the coordination of service delivery in metropolitan cities: The role of metropolitan governance' Prepared for the Development Unit of the World Bank.
- Spears, John (2008) 'GTA cities go solo on silk road to China' *The Toronto Star* (Toronto Edition), March 18: A4.
- Statistisches Bundesamt (2004) *Finanzen und Steuern: Jahresrechnungsergebnisse kommunaler Haushalte*. Fachserie 14 Reihe 3.3. Wiesbaden.
- Statistisches Bundesamt (2008) *Finanzen und Steuern: Jahresrechnungsergebnisse kommunaler Haushalte*. Fachserie 20 Reihe 4.5. Stuttgart.
- Statistics Canada (2006) Population and Dwelling Counts , for Canada, census metropolitan areas, census agglomerations and census subdivisions (municipalities), 2006 and 2001 censuses. *2006 Census of Population*. Ottawa: Statistics Canada.
- (2004) *Public Sector Statistics: Financial Management System*. Ottawa: Statistics Canada.

- Statistik Hessen (2006) *Steuereinnahme des Landes*. Wiesbaden.  
<http://www.hsl.de/themenauswahl/finanzen-personal-steuern/index.html> last accessed:  
 January 1, 2009.
- Stein, Robert. (1986) 'Tiebout's Sorting Hypothesis' *Urban Affairs Quarterly*. 23(1):  
 140-160.
- Steinacker, Annette. (2004) 'Metropolitan Area Governance and Institutional Collective  
 Action' in Richard Feiock (Ed) *Metropolitan Governance: Conflict, Competition and  
 Cooperation*. Washington, DC: Georgetown University Press.
- Stevenson, Doug and Gilbert, Richard. (1994) 'Background paper with respect to the  
 question on the ballot, City of Toronto municipal elections' Toronto: Canadian Urban  
 Institute.
- Stoker, Gerry. (1998). 'Governance as Theory: Five Propositions'. *International Social  
 Science Journal* 50(155): 17-28.
- Svara, James H. (1999) 'The Shifting Boundary Between Elected Officials and City  
 Managers in Large Mayor Council Cities' *Public Administration Review*. 59.
- (1990) *Official Leadership in the City: Patterns of Conflict and  
 Cooperation*. Oxford: Oxford University Press.
- Swanstrom, Todd (2001) 'What we about when we argue about New Regionalism'.  
*Journal of Urban Affairs*. 23(5): 479-496.
- Teaford, Jon C. (1979) *City and Suburb* Baltimore: Johns Hopkins Press.
- Teske, Paul, Schneider, Mark, Mintrom, Michael and Best, Samuel. (1993) 'Establishing  
 Micro Foundations for Macro Theory: Information, Movers and the Competitive Local  
 Market for Public Goods' *American Political Science Review* 87(3): 702-713.
- Thompson, Lyke. (1997) 'The Interlaced Metropolis: Cities in Layered Networks and  
 Confederations in the Detroit Urbanized Area' Detroit, MI: College of Urban Labor and  
 Metropolitan Affairs. Unpublished paper.
- Thurmaier, Kurt and Wood, Curtis. (2002) 'Interlocal Agreements as Overlapping Social  
 Networks: Picket Fence Regionalism in Metropolitan Kansas City' *Public Administration  
 Review*. 62(5): 585-598.
- Tiebout, Charles. (1956) 'A Pure Theory of Local Expenditures'. *Journal of  
 Political Economy* 64 (October): 416-424.
- Tindal, C Richard and Tindal, Susan Nobes (2004) *Local Government in Canada*.  
 Toronto: Nelson Educational.



- Todaro, Michael (2009). *Economic Development*. Boston : Pearson Addison Wesley.
- Town of Markham (2007) 'Statement of Financial Accounts 2007'
- Town of Oakville (2007) 'Statement of Financial Accounts 2007'
- Tsebelis, George (1991) *Nested Games: Rational Choice in Comparative Politics*. Berkeley: University of California Press.
- TTC (2006) '2006 Operating Statistics'  
<http://www.toronto.ca/ttc/pdf/operatingstatistics2006.pdf>
- Vanberg, Viktor. (2002) Rational Choice Versus Program-Based Behaviour: Alternative Theoretical Approaches and their Relevance for the Study of Institutions. *Rationality and Society*. 13(1): 7-54.
- Vetter, Angelika and Norbert Kersting (2003) 'Democracy versus Efficiency? Comparing Local Government Reforms Across Europe' in Norbert Kersting and Angelika Vetter (Eds.) *Reforming Local Government in Europe: Closing the Gap Between Democracy and Efficiency*. Opladen: Leske + Budrich.
- Vital Signs (2008) 'Waterloo Region's Vital Signs' <http://www.wrvitalsigns.ca/> last accessed: January 1, 2009.
- VRN GmbH (2007) 'Die Aufgaben des Zweckverbandes Verkehrsverbund Rhein-Neckar' <http://www.vrn.de/ueberuns/artikel/03303/> last accessed: January 1, 2009.
- Walker, David (1987) *Manufacturing in Kitchener-Waterloo: A Long Term Perspective*. Waterloo: University of Waterloo.
- Wallis, Allan D. (1996) 'Regions in Action: Crafting Regional Governance Under the Challenge of Global Competitiveness'. *National Civic Review*. Spring – Summer: 15-24.
- Walter-Rogg, Melanie (2004) 'Metropolitan Governance in Germany'. Paper presented at the IPSA Workshop International Metropolitan Observatory in Bordeaux, January 9-10.
- Williamson, Oliver E (1989) 'Transaction Cost Economics' in Schmalensee, R and Willig, R (Eds.) *Handbook of Industrial Organization, Volume 1*. Amsterdam: North-Holland.
- Wolf, Klaus D. (1999). 'The New Reason D'Etat as a Problem for Democracy in World Society'. *European Journal of International Relations*. 5(3): 333-363.
- Wolfe, David A (1997) in *The Nation State in a Global Information Era: Policy Challenges*, ed. Thomas J. Courchene, Bell Canada Papers on Economic and Public



Policy 5 (Kingston: John Deutsch Institute for the Study of Economic Policy, 1997): 205-40.

Wolfe, David A. and Gertler, Meric S. (2002) 'Local Social Knowledge Management: Community Actors, Institutions and Multilevel Governance in Regional Foresight Exercises', Paper prepared for the STRATA-ETAN Expert Group Action on *Mobilising the regional foresight potential for an enlarged European Union*, Brussels, May 2002.

Wolfe, David A. and Nelles, Jen (2008) 'The Role of Civic Capital and Civic Associations in Cluster Policy' in Charlie Karlsson (Ed.) *Handbook of Research on Innovation and Clusters*. Cheltenham: Edward Elgar.

Wollman, Helmut (2004) Urban Leadership in German Local Politics: The Rise, Role and Performance of the Directly Elected Mayor. *International Journal of Urban and Regional Research*. 28(1): 150-165.

Woolcock, Michael (1998) 'Social Capital and Economic Development: Toward a Theoretical. Synthesis and Policy Framework', *Theory and Society*. 27(2): 151-208.

Woolstencroft, Lynne (2004) 'The Role of the Mayor' in McAllister, Mary Louise, *Governing Ourselves: The Politics of Canadian Communities*. Vancouver: UBC Press.

Yin, Robert K. (2002) *Case Study Research: Design and Methods*. 3<sup>rd</sup> Edition. Newberry Park: Sage.

**Appendix A:**

Table 2.1: Intermunicipal Cooperation Literature (should be on PG 24)

Approach	Factor	Impact	Literature	Determined by:	Issue	Regional structure	Institutions
<b>Rational Choice</b>	Density of local actors	limits potential partners - cities can't choose their neighbors	Post, 2004; Feiock, 2007	geography/context		the number of municipalities - which partners are congruent	
	Number of local actors	the larger number of partners, the less likely cooperation will emerge	Olson, 1965	geography/context, issue, <i>institutions</i>	number of actors depends on the scope of the problem and requirements of the solution	the number of municipalities - which partners are congruent	the institutional environment will determine how many overlapping authorities and/or local actors should be involved
	Compatibility of goals/potential for joint gains	necessary, but not sufficient, for cooperation	Olson, 1965; Perri 6, 2002; Libcap, 1989; Steinacker, 2004; Post, 2004	issue	issue will determine whether joint gains are possible, whether goals are compatible, and structure of costs and benefits		to the extent that they affect transaction costs and distribution of benefits
	Power Asymmetry	potential for stronger partners to coerce the weaker into participating; potential for exploitation; costs for the weaker partner may make cooperation a necessity	Steinacker, 2004; Jonsson, 1981; Feiock, 2007	issue, <i>institutions</i> , geography/context	power is issue-specific	central nodes may be more powerful by default, or economic contexts may put them at a disadvantage relative to suburban partners	shape costs and benefits, particularly agency/political costs of action or inaction
Costs and Benefits	Transaction Costs		Kruegar and McGuire, 2005; North, 1990; Shrestha and Feiock, 2007; Hackthorn and Maser, 1987				
	information costs		Kruegar and McGuire, 2005; North, 1990; Hackthorn and Maser, 1987	issue, institutions, geography/context	more actors, higher costs	more actors, higher costs - more geographical dispersion affects cost of collecting information	govern transparency and (official) channels of communication and negotiation
	monitoring costs	cooperation is more likely to occur where transaction costs are low	Feiock, 2007; Shrestha and Feiock, 2007	issue, institutions, geography/context	more actors, higher costs	more actors, higher costs - more geographical dispersion affects cost of monitoring	related to information costs; institutional structure affects the ability of actors to enforce agreements
	negotiation costs		Jonsson, 1981; Hackthorn and Maser, 1987; Feiock, 2007	issue, institutions	more actors, higher costs		related to power asymmetry, also, how easily can actors commit to agreements
	agency costs		Shrestha and Feiock, 2007; Steinacker, 2004; Peterson, 1981	issue, institutions	affects incentives to act or not: more divisive/controversial issues tend not to be subject to collaborative solutions		shape incentive environments: resources, security of elected positions, autonomy of officials, ability to leverage political support, etc.
	Benefits	where benefits are easily identified and assigned cooperation will likely be more forthcoming	Krueger, 2006; Post, 2004; Lubell et al. 2002	issue	issues will determine the extent to which benefits are transparent, quantifiable and easily assigned		
Autonomy	local capacity	where impact on local autonomy is low cooperation is more likely	Basolo, 2003; Frug, 1999;	issue, institutions	divisive/controversial issues will not likely be engaged at the regional level		institutions shape local capacity - where cities have lots of areas of jurisdiction/resources cooperation may be more forthcoming
<b>Institutionalism</b>	formal institutions		North, 1990; Wolfe and Gertler, 2002; March and Olsen, 2005; Feiock, 2007				
	informal institutions		Helmke and Levitsky, 2004; Ostrom, 2005				
<b>Civic Capital</b>			Nelles and Wolfe, 2006; Nelles and Wolfe, 2008				

**Appendix B:****Interview Guide: Intermunicipal Cooperation for Economic Development**

(\* interviews should take approximately 30-45 minutes to complete)

All questions can be asked of all participants – whether specifically members of the organization in question, outside observers, or political actors. In the latter two cases these questions look to uncover impressions/perceptions/evaluations of the functioning of the regional marketing association and its position in regional governance.

- (1) What are the origins of this marketing alliance? For example, where did the initiative come from? Under what circumstances did it emerge? Did any other organization precede this one?
- (2) Describe the role of this organization in the region relative to other government organs or private sector associations.
- (3) Has it been successful in fulfilling its mandate? Provide specific examples.
- (4) What have been the key reasons, in your opinion, for the success/lack of success of this organization?
- (5) What are the major challenges that face this organization – financially, politically, etc?
- (6) Describe how this organization is governed. For example, what is the decision making process? Are decisions binding on all members, or is there an opt-out clause?
- (7) What role do municipal governments play in the governance of the organization?
- (8) How strong is the commitment of municipal members to this organization?
- (9) Are there any key individuals or actors that have facilitated cooperation? Who are the leaders in the region?
- (10) Would you consider this a good model to organize intermunicipal cooperation for regional marketing? For other issues? Why or why not?