WHAT WE ARGUE ABOUT WHEN WE ARGUE ABOUT REGIONALISM

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ABSTRACT: A new debate emerged in the 1990s about regional solutions to urban problems. The debate has been carried out overwhelmingly within a welfare economics framework that stresses the economic costs and benefits of regional governance structures. Unlike earlier debates about regional reforms, the new regionalists emphasize not just that more collaborative regional governance structures will improve local services but that they will enhance the competitiveness of regions in the global economy as well. The article surveys the evidence on two propositions put forth by the new regionalists: 1) whether fragmented regional governance harms economic growth; and 2) whether suburbs are dependent on cities for their economic well-being. Neither proposition is well supported by research and even if they were, the author concludes, this would not necessarily persuade citizens to support regional reforms. Research on the economic effects of regional governance needs to be supplemented with research on its political effects. The article concludes by examining the effects of regional governance structures on three core American political values.

A surge of regionalist thinking emerged in the 1990s that continues to this day. The new regionalism can be defined as a school of thought that advocates addressing urban problems either through new regional governments or through greater collaboration between existing governments (Swanstrom, 1996). Books by public intellectuals, like Rusk (1993), Peirce, Johnson, and Hall (1993), Downs (1994), and Orfield (1997), have placed the issue of regional reforms squarely on the public’s agenda. The rise of the new urbanism among architects and heightened concern with the environmental effects of urban sprawl have also stimulated interest in regional approaches (Benfield, Remi, & Chen, 1999; Calthorpe, 1993; Calthorpe & Fulton, 2001; Duany, Plater-Zyberk, & Speck, 2000). At this point, new regionalist thinking has gone further than new regionalist practice, though there are numerous regional experiments in progress, including the nation’s only elected regional government in Portland, Oregon, various statewide “smart growth” laws, and numerous ad hoc collaborative projects among municipalities.
What I am concerned with here is not so much practice of new regionalism as the theory behind it—the arguments for and against regional reforms. What we argue about when we argue about regionalism is primarily the economic costs and benefits of alternative policies and institutions for governing regions. Previously, urban policies were principally defended as ways to correct the unequal public services and blocked economic opportunities faced by residents of central cities. Viewed this way, urban policies were basically redistributive: taxpayers as a whole, mostly suburbanites, were asked to fund programs that would primarily benefit central cities.

The new regionalism can be viewed as an effort to shift the case for urban policy from the unstable terrain of values like equality and fairness to the solid rock of economic self-interest. The new regionalists argue that regional reforms can benefit inner cities and suburbs at the same time. Greenbelts, such as the one surrounding Portland, for example, will push development back toward distressed inner-city neighborhoods at the same time that they relieve the problems of congestion and loss of green space in the suburbs.

What is most distinctive about the current debate over the new regionalism, compared to earlier regional debates, is that the integration of regions into the global economy has assumed much greater importance. A central thread in new regionalist literature is that regional reforms will improve the economic competitiveness of regions in the global economy. Ultimately, therefore, they are in everybody’s economic interest—from poor ghetto dwellers to wealthy suburbanites (Barnes & Ledebur, 1998; Peirce, 1993; Wallis, 1994, 1996). Closely related is the argument that central cities are engines of regional prosperity and, therefore, the economic well-being of suburbanites depends in part on the well-being of central cities (Blair, Staley, & Zhang, 1996; Ledebur & Barnes, 1992, 1993; Savitch, Collins, Sanders, & Markham, 1993; Voith, 1992, 1998). The implication of central city-suburban interdependence is that suburbanites should favor regional reforms that will protect the economic functions of central cities.

My goal in this article is to critically examine the economic arguments for the new regionalism. My thesis is that the arguments for the economic benefits of greater regional cooperation are plausible, but the evidence is weaker than many suppose and the arguments contain hidden assumptions that limit their persuasiveness. (I hasten to add that the evidence for the opposite position—that regions benefit economically from more fragmented and competitive local governments—is equally weak.) There may be economic benefits from regional reforms, but the research suggests that regional reforms are neither necessary nor sufficient for metropolitan prosperity. The economic rationale for the new regionalism is not wrong, I argue, but radically incomplete. After concluding that economic arguments are not sufficient to carry the day for new regionalism, I explore some of the political values that are at stake in regional reform. At the center of the new regionalist debate must be a basic question: What kind of citizens do we want?

WELFARE ECONOMICS AS THE FRAMEWORK FOR DEBATING REGIONALISM

The dominant approach in public policy analysis today is welfare economics. Welfare economics addresses the question: how can society know how much of various goods to produce and how to distribute them? Welfare economics assumes that private markets, if they function properly, achieve a condition of Pareto optimality in the production and distribution of private goods and services. Pareto optimality means that the distribution of goods achieves the greatest good for the greatest number; no other distribution of goods could make somebody better off without simultaneously making somebody else worse off.
According to welfare economics, governments should intervene into markets only when there are serious market failures (Stiglitz, 2000; Stokey & Zeckhauser, 1978). A market failure occurs when the requirements of a free and fair marketplace, such as competition and knowledgeable consumers, are lacking. Externalities, or neighborhood effects, are examples of market failures. An externality is a cost or benefit of an exchange that falls on third parties who did not take part in the exchange. Negative externalities mean, other things being equal, that a good will be overproduced because some of the costs are not borne by the producer. Thus, a factory that spews out pollution as a negative externality will not pay the true costs of production. According to welfare economics, the goal of public policies should be to correct for market failures, for example, by forcing factory owners to pay for the costs of pollution.

Welfare economists frequently lamented the failure to come up with market solutions to the production and distribution of public goods, because, unlike private goods, there is no marketplace for public goods. Because everyone will benefit from a public good, there is no incentive for people to pay for them on the private market (the free-rider problem). Tiebout’s oft-cited 1956 article, “A Pure Theory of Local Expenditures,” made a breakthrough on this problem by arguing that, at least in the case of local public goods, it was possible to find market solutions to decisions about optimum provision. Tiebout hypothesized that in fragmented local government systems, consumer/citizens can “vote with their feet” in search of the best bundle of taxes and services to satisfy their preferences. Thinking of local governments as providing a marketplace for public goods enables scholars to apply market principles to the provision of local public goods. The idea of a marketplace of governments has served as the foundation of a distinct paradigm for the study of local government in the United States, public choice theory. Centered at Indiana University, public choice theory in the hands of scholars like Elinor and Vincent Ostrom, Robert Bish, Ronald Oakerson, Roger Parks, Mark Schneider, and Robert Stein has documented the advantages of the fragmented and competitive systems of local government in the United States.

More than most markets, however, the intergovernmental market for local public goods is plagued by market failures. The debate over regionalism in the United States has mostly been a debate about market failures within the system of regional governance. In this case the question is not whether governments should intervene in private markets but a second order question—whether higher levels of government should intervene into the intergovernmental marketplace for public goods in regions. In other words, are the market failures in the intergovernmental marketplace sufficient enough to justify intervention by higher levels of government, putting powers into the hands of new regional authorities or having the local governments engage in various forms of collusion?

The old regional debate that extended from the 1950s to the 1970s concentrated on the issue of how to provide local public goods and services most efficiently and effectively. Critics of fragmented local governments argued that they were too small to achieve economies of scale. Local police departments, for example, were not large enough to afford sophisticated new radio communications systems. Critics also argued that there were too many externalities in the provision of local public goods. Public goods like libraries and parks, which benefited the entire region, would be underfunded if provided locally because the benefits leak beyond the borders of the government that provides them.

Public choice theorists responded that it was possible to separate the funding and the provision of public goods (the Lakewood plan) (see Oakerson, 1999). Thus, small cities could contract with counties to provide police services more efficiently. And to the extent that there are significant externalities in the provision of local public goods—whether positive in the case of libraries and museums or negative as in the case of garbage dumps—these services
should be regionalized. Indeed, many such services have been regionalized in the special-purpose authorities that have proliferated in American metropolitan areas.

The Achilles’ heel of the public choice approach to metropolitan governance has always been the problem of inequality. Critics have long contended that the proliferation of local governments in metropolitan areas has reinforced segregation by income and race, resulting in unequal provision of local public goods and services (Hill, 1974; Long, 1967; Newton, 1975). Public choice scholars have responded that the sorting of citizens by government is mostly a reflection of different preferences for public goods. Accordingly, spending is not a good measure of the quality of local public services, especially in large central cities, and if there is a problem of inequality, it should be solved by intergovernmental grants, not by forming regional governments that reduce consumer choice (Oakerson, 1999; Ostrom, 1983; Ostrom, Bish, & Ostrom, 1988).

**DOES METROPOLITAN FRAGMENTATION HARM ECONOMIC GROWTH?**

What is different about the new regionalism debate compared to earlier debates is that the focus has shifted from the effects of fragmentation on public goods consumption to the effects of fragmentation on production, or economic growth. The issue of metropolitan inequalities is still very much alive in the debate on the new regionalism. Prominent books by Rusk (1993) and Orfield (1997) concentrate on spatial inequalities. But the argument of much of the literature is that spatial inequalities should be opposed not just because they are unfair but also because they will harm regional economic competitiveness. The argument of scholars like Peirce, Wallis, and Barnes and Ledebur is that competition in the new global economy is not so much between nation states or even cities but between regions, or what Peirce calls “citi-states.” Barnes and Ledebur argue that the American economy is a common market of regions and we ignore the regional basis of the economy at our peril. Peirce puts the matter succinctly: “To compete in this new game requires a parallel restructuring of economics and government at the regional level” (p. 294). There are really two separate, but closely related claims to evaluate: 1) that fragmentation harms economic competitiveness; and 2) that inequalities, especially between cities and suburbs, harm competitiveness. I deal first with the fragmentation hypothesis.

On the face of it this argument makes sense. Labor markets are, after all, regional in scope. People can live anywhere in a region and work in the central business district. Making the entire region an attractive place to live and do business should enhance economic growth. This may be especially true in high-tech economy when attracting workers with advanced knowledge is the key to innovation and economic prosperity. Fragmented regions may have trouble funding world-class amenities like airports, museums, convention centers, and stadia. Unplanned transportation may make it more expensive and time-consuming for employees to get to work. Separate governments competing for investors may only end up moving productive facilities from one part of the region to the other, doing little for the growth of the region as a whole.

The argument for the connection between fragmented governance and poor economic performance is plausible but there are persuasive arguments to be made against it. Fragmented governance may damage the quality of life, eventually harming economic growth, but the evidence for these causal connections, as we shall see, is weak and contradictory. If there is a relationship, it is probably loosely jointed. The quality of life only indirectly impacts the bottom line of companies. Employees, not investors, bear most of the costs of traffic congestion and longer commutes; if the commute gets longer, companies do not thereby shorten the work week or raise wages. Expensive amenities like airports and convention centers can be built by
regional authorities using revenue bonds, with few effects on regional land use planning. Competition among local governments for investors, using tax incentives, for example, will bring down the costs of doing business in the region, thus stimulating growth.

Contrary to the new regionalists, over the years many have argued that the global economy has powerful imperatives pushing not in the direction of greater regional consolidation and cooperation but toward greater fragmentation and competition. President Carter’s Commission for a National Agenda for the Eighties, the so-called McGill Commission, argued that older industrial cities were “snapshots of a bygone era” (President’s Commission, 1980, p. 13).

[Cities] are no longer the most desirable settings for living, working, or producing. They should be allowed to transform themselves into more specialized service and consumption centers within larger urban economic systems. The Panel believes that this nation should reconcile itself to these redistribution patterns (President’s Commission, 1980, p. 4).

The report states that people naturally sort themselves into separate local governments with people like themselves who have similar preferences for taxes and public services. Efforts to bring metropolitan areas under one regional government to try to save technologically obsolescent central cities would be futile, flying in the face of powerful market forces.

More recently, Garreau (1991) argued that edge cities are the wave of the future in metropolitan development because they give people what they want. Edge cities are large agglomerations of office and retail space located near interstate highway junctions. Garreau praises the fact that edge cities are often governed by overlapping and fragmented suburban jurisdictions. The advantage of fragmented governance is that it limits the ability of governments to plan. Overarching government planning would stifle the innovativeness of edge cities, that Garreau (1991) calls “astoundingly efficient” (p. 8). Shadow governments, special-purpose authorities, and private governments meet the needs of the modern edge cities much better than large general-purpose governments, such as those that govern big cities. The fragmented and often confusing multiplicity of suburban governments is not a hindrance to economic development, concludes Garreau, but an aid—promoting rapid innovation and responsiveness to consumer preferences.

Interestingly, the claim of the new regionalists that global capitalism mandates more regional governance was anticipated by two decades in the work of James O’Connor, a Marxist. In a penetrating analysis of the fiscal crisis of the state, O’Connor (1973) argued that the imperatives of capital accumulation require American metropolitan areas to embrace regional government. O’Connor pointed specifically to the problem of the gap between suburban jobs and suburban housing. Large corporations, or what he calls monopoly capital, will push for regional governments, he maintained, in order to insure “that the movement of people keeps pace with the movement of jobs” (O’Connor, 1973, p. 137). The imbalance of jobs and housing is not the only problem.

[A]s the great metropolitan areas become more and more economically integrated and as the suburbs grow in size and number, transportation, water supply, sewerage, and air pollution, as well as land-use and housing issues more and more are transformed into regional issues that require overall regional planning. In short, the development of capitalism requires the constant widening of administrative units (O’Connor, 1973, p. 137).

Needless to say, O’Connor’s prediction of the inevitable rise of regional governments proved false. With an average of over 100 local governments per metropolitan area, the United States has the most fragmented system of metropolitan governance among all developed nations, yet
its economic growth rate has been among the highest in the world (Stephens & Wikstrom, 2000). Within the United States, the evidence that fragmentation hurts regional economic development is both weak and mixed. Rusk (1993) classified 165 metropolitan areas in terms of their degree of elasticity. Elasticity was measured using the population density of the city in 1950 and the degree to which the city expanded its land area between 1950 and 1990. Rusk found little difference between elastic and inelastic regions in per capita income growth between 1969 and 1989, but metropolitan areas with elastic cities did enjoy greater metropolitan job growth (1973 to 1988) (Rusk, 1993). The main problem with Rusk’s study is that he has no systematic controls for intervening variables such as the region’s economic base. It could easily be the case that the older industrial cities of the Northeast, which historically have been the least elastic, suffered the poorest job growth because they were hurt more by deindustrialization. As the number of econometric studies employing sophisticated controls has multiplied, the results have been mixed. In a study of 287 metropolitan areas Nelson and Foster (1999) found that central city elasticity was associated with income growth (see also Blair, Staley, & Zhang, 1996). On the other hand, a study of 150 metropolitan areas found no correlation between governmental fragmentation and suburban per capita income (Post & Stein, 2000). After controlling for a wide range of economic variables, Levine (2000) concludes that the direct benefits of regional planning are “at best—elusive and debatable” (p. 24).

In short, the evidence for the claim of many new regionalists that more unified governance structures will enhance the economic growth and incomes of regions is mixed. The governance structure may play a positive role in regional prosperity, but this relationship may in turn depend on more specific conditions and strategies. It appears that low fragmentation is neither a necessary nor a sufficient condition for a prosperous regional economy. Many regions that are highly fragmented, such as Boston and Minneapolis/St. Paul, have prospered, while other regions with relatively unified governance structures, such as Baton Rouge, Louisiana, have lagged behind.

**ARE CITIES AND SUBURBS INTERDEPENDENT?**

A second hot issue in the new regionalism debates is whether cities and suburbs are economically interdependent. In the context of the new regionalism, this debate is really a subset of the debate on whether fragmentation hurts regional economies. In this case the hypothesis is that fragmentation of regional governance between the central city and the suburbs causes the economies of central cities to deteriorate, eventually dragging down economic growth in the entire region. The implication is that cities and suburbs should coordinate governance strategies to prevent central city deterioration from harming regional economic competitiveness.

Does the economic well-being of suburbs depend on the economic success of their central cities? Modeling city-suburban economic relations generates three logical possibilities (Swanson, 1996).

1) **Interdependence**: The new regionalists argue that cities and suburbs are in a win-win situation because the prosperity of one is tied to the prosperity of the other (i.e., when a corporate headquarters opens up in the CBD and spins off new jobs in the suburbs).

2) **Competition**: Cities and suburbs could be in a win-lose, or zero-sum competition, because the prosperity of one may be tied to the decline of the other (i.e., when a factory moves from a central city to a suburban location, taking the jobs and tax base with it).

3) **Independence**: Cities and suburbs could be in a situation in which the prosperity of one has no relationship to the prosperity of the other (e.g., when a suburban factory, with no connections to the city, invests to create new jobs).
The simplest way to test these three hypotheses is to correlate economic conditions in suburbs with economic conditions in cities. Three possible outcomes correspond to the three hypotheses:

1) A positive correlation is consistent with the new regionalists’ win-win hypothesis, supporting their contention that regional policies addressing central city economic decline are actually in the interest of suburbanites.
2) A negative correlation is consistent with a zero-sum relationship, with suburbs prospering at the expense of cities or vice versa.
3) No statistically significant correlation suggests that cities and suburbs are neither complementary nor competitive but rather independent of each other.

A number of scholarly studies have found statistically significant positive correlations between economic conditions in central cities and economic conditions in suburbs. Savitch et al. (1993) found a statistically significant correlation between per capita income in 59 central cities and per capita income in their surrounding suburbs, both in 1979 and 1987. (See also Ledebur & Barnes, 1993; and Voith, 1992.)

These correlational studies have many weaknesses (Hill, Wolman, & Ford, 1995; Ihlanfeldt, 1995; Weinstein, 1998). First, correlation does not prove causation. Positive correlations between economic conditions in cities and their suburbs are consistent with a number of different causal interpretations. It is quite plausible, for example, that some third factor, such as the industry mix in the regional economy, could drive both the suburban and the central city economies—as when an oil-dependent region goes up and down following the price of oil. If that is the case, the positive correlations do not imply causality; rather, a third factor is causing the economies of cities and suburbs to vary together. Another problem is that simple correlations do not test for the direction of causality. This makes a big difference in policy recommendations. It could be the case, for example, that instead of suburbs being dependent on cities, cities could be dependent on prosperous suburbs. The lesson would be that cities should aid suburbs instead of vice versa—hardly what the new regionalists had in mind. Or, again, instead of inequality between cities and suburbs harming regional prosperity, it could be that regional prosperity reduces inequalities, as when tight labor markets draw previously unemployed central city residents into jobs (Freeman, 1991; Osterman, 1991). If prosperity promotes equality instead of equality promoting prosperity, then a main premise of the new regionalists is contradicted—that reducing central city/suburban disparities will economically benefit the suburbs.

One logical response to the weaknesses of bivariate correlational studies is to conduct multiple regression studies that control for intervening variables, such as industry mix and the proportion of the regional population residing in the central city. An economist with the Federal Reserve Bank of Philadelphia, Richard Voith (1998), found significant positive correlations between suburban incomes and housing prices and the growth of income in their central cities for the period 1960 through 1990. Another study, however, found that after controlling for state economic conditions, the interdependence between cities and suburbs largely disappeared (Blair & Zhang, 1994; but see also Post & Stein, 2000). As more controls are included in multiple regression studies of the relations between cities and suburbs, the effect is to make it more difficult to come to any definitive conclusion. After conducting a complex multiple regression study, one researcher pretty much threw up his arms: “Overall, this study’s inconclusive mix of findings muddies the water considerably on the question of whether suburbs suffer from, benefit from, or are unaffected by city decline” (Weinstein, 1998, p. 83).
Lacking a theoretical model, multiple regression studies can be fishing expeditions with little chance of success. In order to better test for the relations between cities and suburbs, researchers need to specify a theoretical model for interpreting the facts. Once such a model has been specified, researchers can deduce a range of empirical relations all the way from macro relations between cities and suburbs to specific relations between central city and suburban firms. Researchers can then test for these relations using a variety of data and methods.

The main theoretical model that underlies the notion that suburbs are economically dependent on cities is based on the idea that cities have unique agglomeration economies that benefit the entire regional economy. In addition, these agglomeration economies cannot be easily replicated in the suburbs. The relationship between cities and suburbs is one of functional specialization. Economic functions that benefit from the density and diversity of central city locations, such as advanced business services and corporate decision making, locate in central cities. Other functions, like routine manufacturing and back-office, white-collar functions, are more efficiently located on cheaper land out in the urban periphery (Persky, Selar, & Wiewel, 1991). Downs expressed this idea well in his 1973 book *Opening Up the Suburbs*:

> In reality, the central city and every suburb in each metropolitan area are specialized parts of the same basic economy. They are integrally related to each other in the same way that a man’s lungs and eyes are parts of his body. It is therefore absurd for any one part of the metropolitan area to declare itself “autonomous” or “separate” from the remainder and therefore “not responsible” for bearing any of the costs of what happens in other specialized areas (Downs, 1973, p. 40).

The implication of this argument is that if central cities are allowed to deteriorate, the whole region will suffer. Essentially, this is an example of a negative externality of the intergovernmental marketplace. Central cities suffering from fiscal stress will scrimp on infrastructure, eventually undermining the viability of the central business district. Functions performed there will either not be performed at all or will have to be moved to less efficient suburban locations (Hill, Wolman, & Ford, 1995).

This argument can be criticized in two ways. Two criticisms are made of this argument. The first is that the telecommunications revolution is eliminating the need for face-to-face relations in the modern economy. The second concedes that face-to-face relations are still necessary in modern economies but argues that suburbs are capable of creating their own economies of agglomeration to compete successfully with cities (Fishman, 1987; Garreau, 1991; Muller, 1986).

The evidence supporting the first argument is weak. Although technological advances are making it possible for some economic functions to disperse, (especially low-skilled, routinized production), there is no evidence that technology is eliminating the need for face-to-face relations (Ihlanfeldt, 1995). Indeed, there has been a rediscovery of the importance of geographical clusters in modern economies, including the literature on industrial clusters, flexible specialization, and high value-added production (Clarke & Gaile, 1998; Piore & Sabel, 1984). The literature suggests that the benefits of clustering go beyond benefits that can be realized through market exchanges, such as firms having access to a more specialized and skilled labor market or have easy access to business services. Clustering also promotes the accumulation of social capital, relations of trust and reciprocity between competing firms in the same industry that encourage the sharing of cutting-edge research and information essential to high-tech innovation (Harrison, 1992; Saxenian, 1994).

The big question that looms over the debate, however, is whether suburbs can create clusters that are just as efficient and innovative as those in central cities. First, there is no doubt
that suburbs are in the process of creating new clusters that perform many of the same functions that cities used to perform. Whether called the “urbanization of the suburbs,” “tech-noburbs,” or the “polynucleated metropolis,” there is no doubt that many suburbs are no longer bedroom communities whose survival depends on jobs in the city. Increasingly, suburbs are creating their own business clusters—from shopping malls, to office complexes, to research and development parks. Garreau (1991) goes so far as to conclude that edge cities “contain all the functions a city ever has” (p. 4).

It is clear, however, that central business districts have some qualities that edge cities do not. Garreau admits that edge cities lack “soul” or a sense of history. They also do not have the diversity of functions that Jane Jacobs praised or the close-in residential uses that are often found in CBDs. It also clear that downtown businesses perform many functions for the regional economy (Schwartz, 1993). Nevertheless, suburbs clearly are performing more and more economic functions that central cities used to perform and there is no reason to believe they cannot continue to become more and more economically independent of central cities. A study of the Philadelphia area found that the effect on suburban land values associated with access to center city Philadelphia declined in the 1990s but the influence of access to the King of Prussia suburban business center increased (Voith, 2000). The percentage of the suburban workforce that works in central cities declines each year. The increasing economic independence of suburbs cuts against the new regionalists’ argument that suburbanites have an economic interest in what happens to central cities.

It would be wrong to conclude, however, that just because the suburbs are becoming more economically self-sufficient, public policies should bow to that trend (not, for example, enacting smart growth policies to redirect growth back toward the center). One of the puzzles in the interdependence argument is how both sides go from facts to normative policy prescriptions. The new regionalists assume that if we can show that suburbs depend on the economic well-being of their central cities (empirical fact), then we can conclude that they should take actions to buttress central city economies (normative prescription). Their opponents argue the reverse: if suburbs are independent of cities, then they should not have to support policies to benefit central cities. But as the British philosopher David Hume argued over two centuries ago, you cannot deduce the “ought” from the “is.”

The hidden premise in the interdependence debate is that economic relations between cities and suburbs are the result of changing consumer tastes and technology interacting in the free market and, therefore, are blessed with a normative halo. But if suburbs had deliberately built moats around themselves in order to cut off economic relations with cities, we would not conclude that policies should reinforce this independence. In fact, there are many reasons to suspect that the field of metropolitan development has been tilted against central cities and that dispersion of economic functions to the suburbs has been driven not by free choices in the market but by market failures and government policies. This is not the place to detail the voluminous literature on this topic, but a quick inventory of these arguments is in order. (For syntheses of these arguments, see Dreier, Mollenkopf, & Swanstrom, 2001; and Mills & Hamilton, 1989.) According to many analysts, suburban commuting is underpriced because does it does not take into account the costs of automobile pollution and congestion. Similarly, migrants to the suburbs do not pay the true costs of the expensive infrastructure (sewer, water, roads) needed to service their sprawled out homes. Suburban infrastructure is subsidized by central city taxpayers (Jackson, 1985; Orfield, 1997). The federal tax code artificially stimulates suburban home construction (beyond natural market demand) through the ability to deduct mortgage interest and property taxes (worth an estimated $84.0 billion in 2001) (US Bureau of the Census, 2000). There are many other federal policies that have driven excessive suburbanization, such as the interstate highway program, military spending, and the FHA and VA loan-guarantee programs.
Probably the greatest distortion of the market processes of metropolitan development is local zoning laws. Zoning laws are used not just to keep out incompatible uses but to keep out poor households and rental housing. This has meant that most of the poor have no choice but to live in central cities and inner-ring suburbs. The resulting poverty at the center of American metropolitan areas has created an exaggerated centrifugal effect. Fischel (1999) estimates that 25% of suburbanization is not due to market factors, such as the desire for larger houses or yards, but to “flight from blight.” If central cities had public amenities, such as schools, similar to suburbs, suburbanization would have been significantly less.

The upshot of this is that if suburbanization is not due to free market forces, then showing that suburbs are independent of cities has no normative implications for regional policy. Indeed, if this independence is the result of extensive market failures, the implication is that governments should step in to correct them. The debate then shifts to how to level the playing field of metropolitan development so that it is truly the result of free market decisions. Because governments at every level massively affect metropolitan development patterns, it is difficult, if not impossible, to conceive of how we could make all of these policies neutral with regard to spatial development.

THE LIMITS OF ECONOMIC ARGUMENTS FOR REGIONALISM

It would be encouraging if those of us who support greater regional cooperation and planning (and I count myself among this group) could persuade our fellow citizens to support regional reforms because they are in their objective economic interest. Unfortunately, the evidence that less fragmented policymaking would improve regional economic performance is weak and contradictory. The factors that influence economic development are so many and so intertwined that it is difficult, if not impossible, to separate out one factor from the mix. The evidence is more convincing that metropolitan fragmentation leads to greater economic and racial segregation (Burns, 1994; Dreier, Mollenkopf, & Swanstrom, 2001; Morgan & Mareschal, 1999; Orfield, 1997; Rusk, 1995; Weiher, 1991).

The contradictory evidence on the relationship between fragmentation and growth may reflect two different effects of metropolitan governance. On the one hand, there is evidence that fragmented governance, by encouraging competition for investment, discourages cities from investing in redistributive programs, like affordable housing, while encouraging them to invest more in economic development (Basolo, 2000). Thus, fragmented regions may provide more direct subsidies to investors. On the other hand, the positive effects of more coordinated regional governance may work indirectly by improving the quality of life in a region.

Although the link between regional governance structures and economic growth is weak, the link between regional governance structures and the quality of life appears strong. Regional reforms may not directly increase incomes but they may increase the ability of residents to convert those incomes into a higher quality of life. After comparing Atlanta and Portland, the quintessential fragmented metropolis versus the poster child of new regionalism, Nelson (2000) concluded that the quality of life, as evidenced by such measures as commuting time and perceptions of neighborhood quality, is significantly higher in Portland. Of course, an improved quality of life could result in greater economic growth in the long run (Nelson did find slightly higher income and job growth in Portland). With advances in transportation and communication, firms, especially those in high tech industries such as computer software, are freer to locate anywhere they choose. If this is the case, it could be that a high quality of life will attract firms that need to attract and retain highly skilled employees. Any such effect of new regionalist policies, however, is going to be indirect and long term.
Finally, it is important to note that even if new regionalist policies could be proven to enhance economic growth, this does not necessarily mean that citizens should support them. First, the benefits of growth are notoriously uneven. Renters, for example, experience rising rents and therefore lower effective incomes in booming high-tech regions (US Department of HUD, 2000). Economic growth can exacerbate income inequalities (Hill & Wolman, 1997). Environmental values may also suffer from economic growth. The fact is economic growth is not a value in itself. It is a means to an end, not an end in itself. What always needs to be asked is: Growth for what? (Dworkin, 1980). Indeed, there are important nonutilitarian values at stake in the new regionalism debates—values that are overlooked in the welfare economics debate on regionalism.

THE POLITICAL VALUES AT STAKE IN THE NEW REGIONALISM

Our economic well-being is partly at stake in the debate over new regionalism. Also, at stake, however, is our political well-being. Following Aristotle, Norton Long argued that when we study political systems, we should study not just their effects on the distribution of economic goods or political power but also their effects on the ethical life of society. “The state is characterized by its regime, which exemplifies a particular conception of the good life, be it the wealth of oligarchy, the freedom of democracy, or the martial spirit of timocracy” (Long, 1962, p. 225). In his penetrating study of American democracy in the 1830s, Alexis de Tocqueville concluded that vibrant local governments were essential to forming active democratic citizens. “A nation may establish a system of free government, but without the spirit of municipal institutions, it cannot have the spirit of liberty” (Tocqueville, 1961, p. 55). Following Aristotle and Tocqueville, we can ask ourselves: what conception of the good life, ethical values, and citizenship are nurtured by the different regimes of regional governance in the United States?

The problem with evaluating governments according to their effects on political values is that we have to reach agreement on those values. (Welfare economics purports to finesse this problem by using the value-free standard of economics—money.) Fortunately, in the United States there is a broad consensus on democratic values. There are three widely accepted values in American democracy: 1) political equality; 2) civic tolerance; and 3) local liberty. Instead of asking what effect fragmented and unequal systems of regional governance have on economic growth, we can ask what effects they have on these values. All three of these values, I hypothesize, are threatened by our present system of fragmented regional governance, with its multiplicity of local governments characterized by relatively homogeneous populations and unequal resources. While it is possible for me to briefly describe these relations here, much more research is needed on the political effects of regional governance structures.

1. Political Equality. Substantial evidence supports the proposition that the present system of fragmented governance undermines equal opportunity in the marketplace. As we noted earlier, the evidence is strong that fragmented regional governments accentuate economic and racial segregation. Where one lives in the hierarchy of places within a region, influences one’s ability to get ahead. Being confined to distressed inner-ring suburban or central city neighborhoods imposes numerous barriers to success, including poor access to suburban jobs (jobs-housing mismatch), inferior and relatively expensive public goods and services (especially education), higher exposure to crime, shoddy and more expensive retail services, redlining by lenders, and higher insurance rates. To this could be added the contextual effects of concentrated poverty, such as higher rates of crime, drug use, and single-parenthood. (For syntheses of the literature on how fragmented regional governance undermines equal opportunity in the market place, see Altshuler, Morrill, Wolman, & Mitchell, 1999 and Dreier, Mollenkopf, & Swanstrom, 2001.)
All of the above effects can be viewed as market failures, i.e., they could be treated within a welfare economics framework. The question here, however, is whether these economic inequalities generate political inequalities. Liberal democracies can tolerate economic inequalities so long as economic advantages do not translate into political advantages or vice versa. Political philosopher Walzer (1983) calls this the “art of separation.” The question is whether the economic differences between governments within metropolitan areas bestow political advantages that violate the principle of political equality. In short, as economic classes sort themselves into different jurisdictions, do economically advantaged populations acquire political advantages that violate the principle of political equality?

The 2000 electoral imbroglio in Florida raised questions about how place-based inequalities can violate the principle of “one person one vote.” An analysis conducted by the New York Times found that blacks were more likely than whites to live in counties that used punch-card systems. As a result, black precincts showed significantly higher rates of voters having no preference for president compared to those precincts having access to optical scanner systems or mechanical voting machines (Barbanel & Fessenden, 2000). The disenfranchisement of some voters was apparently not intentional, but it was still very real. One reason why counties use the punch-card system is that it is cheaper ($225 compared to $3,500 for a touch-screen computer system) (Fessenden, 2000). Higher rates of functional illiteracy in certain counties may also have contributed to higher rejection rates of ballots. In short, where you live within a metropolitan area may make a difference in whether your vote is accurately recorded, a clear violation of political equality.

The political effects of regional governance go well beyond voting irregularities. With almost a half a million elected officials, participation in local government is a key component of American democracy. But what happens when political power at the local level becomes a “hollow prize” because the resources of certain jurisdictions are much less than others (Friesema, 1969). Research shows, for example, that cities governed by minority mayors have, on average, lower per capita incomes, higher poverty rates, and more citizens living in areas of concentrated poverty (Kraus & Swanstrom, 2001). The relative poverty of central cities versus suburbs may account for why voting turnout rates in central cities have fallen considerably below the average for the rest of the state (Sauerzopf & Swanstrom, 1999). Under the principle of political equality, we think that all citizens should have equal access to public goods and services. Because of the fragmentation of local governance, however, access to local goods and services, like education, is highly unequal. As much research has shown, even if per pupil spending on education were equal across districts, the educational outcomes would still not be equal because of the burdens imposed by high poverty rates and other problems in poor districts (Kozol, 1991; Wong, 1999).

2. Civic Tolerance. Democracy requires that citizens respect each other and tolerate differences. The present system of fragmented urban governance with its economic and racial segregation has the potential to promote disrespect and intolerance. Frug (1999) argues that suburban power operates as a vehicle for protecting the home, family, and private property from outside intrusions. This emphasis on privatism means that suburbanites are less likely to rub shoulders with strangers and therefore are more likely to become intolerant of difference. Frug also contends that more heterogeneous urban settings promote greater acceptance of strangers. “Cities—and I mean all cities, including suburbs—ought to teach people how to interact with unfamiliar strangers, how to deal with the terror of the black poor or of whomever else they imagine as ‘the mob’” (Frug, 1999, p. 140).

The feeling that residents of central cities and suburbs are in the same boat has declined as the connections between cities and suburbs have declined. According to a New York Times survey of residents of suburbs surrounding New York City, between 1978 and 1991 the per-
percentage of respondents who said that events in the city had “hardly any impact” on their daily lives increased from 39 to 51% (Glaberson, 1992; Kolbert, 1991). With less personal experience of life in the city, suburban stereotypes of central cities can abound. The media covers cities primarily as sites of social and economic problems (Ettema & Peer, 1996). Cities are viewed as being plagued by crime and drugs. Through its lurid treatment of crime, which it treats as a largely black and urban phenomenon, the media fosters a negative stereotype of cities (Dixon & Linz, 2000; Entman & Rojecki, 2000; Jamieson, 2000). The media projects the higher levels of crime and drug use that plague poverty stricken neighborhoods onto the entire city. In fact, only about 2% of the population in metropolitan areas lived in areas of concentrated poverty in 1990 (Jargowsky, 1997).

Politicians have often run against cities, exploiting an “us-versus-them” attitude that is evident in the war on drugs and attacks on welfare. In March 1992, Vice President Dan Quayle attacked New York City as the symbol of the failure of the welfare state. A *New York Times* editorial called this smear on the city “The Willie Horton of 1992” (1992). (Willie Horton was a black man who was let out on a furlough program by Massachusetts Governor Michael Dukakis. Playing on racial prejudice, the Bush campaign used the Horton incident to attack Dukakis in the 1988 presidential election.) Responding to Quayle’s attack, the *New York Post* blared out in a headline: “City to Dan Quayle: DON’T DIS’ US!” (April 28, 1992). Attitudes toward cities, poor, and minorities vary, however, by type of metropolitan area and suburb. Gainsborough (2001) found that, after controlling for individual characteristics, suburban dwellers who lived in metropolitan areas that were more fragmented and had greater city-suburban gaps in percentage poor and black, had more negative attitudes toward welfare recipients and were less inclined to support redistributive programs for the urban poor and minorities (Gainsborough, 2001).

3. Local Liberty. Going back at least to Thomas Jefferson’s ideal of “ward republics,” Americans have long valued local liberty—the principle that local governments should be able to rule themselves free of outside interference as much as possible (Syed, 1966). Wood (1958) argued that this faith in Jeffersonian home rule was one of the impulses that propelled suburbanization. The value Americans place on local liberty would seem to undermine the arguments of the new regionalists who advocate local governments giving up some of their decision making powers to broader regional authorities. The reality is more complex, however.

Frug (1999) argues that local governments in the United States have few significant legal powers. Frug’s “powerlessness thesis,” however, is overstated (Krane & Rigos, 2000). The idea that cities are legally subservient to states, what has come to be known as Dillon’s Rule, does not reflect the practice of home rule that has given cities practical autonomy from state interference on many matters. At the present time, local governments in the United States have substantial legal autonomy. At the same time, however, the present system of fragmented metropolitan governance encourages a “beggar-thy-neighbor” competition between localities for tax ratables that undermines the sovereign powers of local governments to shape future development. The obsession with attracting private investment is well documented in the literature on the growth machine (Logan & Molotch, 1987). Although taxes and services may not make much of a difference between regions, within regions, where all other factors such as labor costs and access to raw materials are equal, investors do move in response to favorable policies. Poor suburbs are forced to accept whatever kinds of investment they can attract. Orfield (1997) quotes a council member from a suburb north of the Twin Cities as confessing: “To pay the bills, we build whatever is left. Hell, we’ll build anything” (p. 63). Cities become obsessed with downtown development, often ignoring the needs of neighborhoods.

Wealthy suburbs, one could argue, do possess local liberty because they do not need to worry about attracting investment. This is not true. They are as trapped as impoverished municipal-
ities by a fear that if they allowed in poor and minorities, an inexorable downward slide would begin. As a result, wealthy suburbs often make it impossible for people who work in the area, including police officers and teachers, to live in the community. The result is leapfrog development, traffic congestion, and longer commutes. Putnam (2000) reports “each additional ten minutes in daily commuting time cuts involvement in community affairs by 10 percent” (p. 213). Moreover, the homogeneity of exclusive suburbs fosters a boring and bland politics that fails to engage citizens in the political process. Controlling for individual characteristics, Oliver (2001) found that residents of homogeneous suburbs were less interested in politics, participated less, and voted less. In an earlier article Oliver (1999) argued:

"If Tocqueville is correct about the role of local politics for ‘educating’ the citizenry on “self-interest rightly understood,” then metropolitan fragmentation may be undermining the health of American democracy. In a Tocquevillian world, when public decisions become regulated by quasi-market mechanisms rather than democratic processes, citizenship skills erode and civic identity becomes overly tied to parochial concerns (p. 206)."

Nurturing local liberty where local governments can make meaningful choices is essential to a well functioning democratic system. The welfare economics approach to the issue, however, tends to frame the issue as a Hobson’s choice: either we have fragmented local governments trapped in dog-eat-dog competitions to advance their own parochial interests or they are forced to give up power to top-down regional governments that dictate policies from above. Recently there has been something of a rapprochement between the centrists and polycentrists over regional governance—with both sides recognizing the need to slip between the horns of the dilemma. The new regionalists have for the most part given up the ideal of forming powerful general-purpose regional governments. In place of regional governments, they generally advocate regional governance—informal systems of cooperation between local governments that evolve over time (Hamilton, 1999; Wallis, 1996). For their part, the public choice theorists have called for “second-generation models of rationality” that recognize that human beings are not narrow utility maximizers but can learn the value of norms of reciprocity and trust to overcome dilemmas of rational choice, such as the prisoner’s dilemma (Ostrom, 1998). Local governments need to learn how to limit competition and create “a metropolitan civil society to integrate the metropolis across multiple jurisdictions through a web of voluntary agreements and associations” (Oakerson, 1999, p. 104).

It is unlikely, however, that cooperative governance arrangements will arise spontaneously in American regions as presently constituted. The present rules of the game, set largely by the federal government and the states, favor competition over cooperation. Local governments presently possess what Isaiah Berlin called negative freedom—or freedom from outside interference (Berlin, 1969). What they lack, however, is positive freedom. This type of freedom requires not just being left alone by higher levels of government but possessing the resources and capabilities necessary to make meaningful choices. The present debate mistakenly assumes that higher and lower levels of governments are locked in a zero-sum competition for power: if a higher level of government is given authority over certain policies then lower levels of government necessarily lose power. Under social contract theory, individuals give up some of their rights in a state of nature to a sovereign to achieve greater freedom in a civil society. The sovereign can protect individuals from being invaded and oppressed by their neighbors. Similarly, a social contract among local governments in a region could free local governments from internecine competition in a regional state of nature and move them into a civic metropolis that would encourage cooperation over competition (Dreier, Mollenkopf, & Swanstrom, 2001).
The most obvious objection to the argument that regional reforms will enhance core American democratic values rests upon the tension between equality and freedom. The proliferation of suburban governments and the flight to the suburbs is usually interpreted as Americans choosing individual freedom over political equality. Most Americans view suburban flight as an expression of individual freedom and fear that metropolitan reforms will take away their freedom of choice.

There are two ways to respond to this criticism. One is to say that any sacrifice of individual freedom due to metropolitan reforms is well worth it if the result is greater political equality. But the more compelling response is to question the assumption that metropolitan reforms have a built-in trade off between individual freedom and political equality. The reality of free choice in American metropolitan areas is much less than its promise. First, free choice is dependent upon having the income to choose among many different suburbs. For those who are stuck in central cities or declining suburbs, freedom of choice through residential mobility is a hollow promise. Even for those in the upper income ranges, freedom of choice is constrained—not by inadequate income but by inadequate supply. The sameness of suburbia is well documented. It’s a little like having hundreds of different brands of detergent to choose from that are all pretty much alike. The differences among suburbs are flattened by the constant pounding of the competition for tax ratables. Even a wealthy household often has little choice if it wants to live in a community that is socially or economically diverse, has vibrant public spaces, or mixed-use pedestrian neighborhoods well serviced by public transit.

In conclusion, what we argue about when we argue about regionalism is mostly the economic costs and benefits of alternative institutional arrangements. We need to broaden the conversation. If Americans are going to be persuaded to embrace the new regionalism and create more civic metropolises, it will not simply be because such reforms will increase their annual incomes or give them more bang for the buck in local services. It will also be because regional reforms enhance deeply held political values.

REFERENCES


