Why Metropolitan Municipalities Do Not Collaborate: An Argument from Decision-making Institutions

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Abstract

One of the main barriers to the implementation of sustainable urban policies in Mexico is the lack of collaboration between metropolitan municipalities. Although incentives have been increased for urban municipalities to collaborate with their neighbors in the governance of cities, there has not been a significant increase in collaboration between Mexican municipalities (Cabrero & Arellano, 2010). The literature focused on analyzing the issue from the rational choice theory emphasizes that collaboration occurs if the transaction costs between the parties involved are overcome (Feiock, 2004). However, this paper argues that local government structures are organizations with decision-making institutions (Brunsson, 2007), i.e., patterns of action known and linked to rules that everyone takes for granted. Decisions produced by these organizations are not always the outcome of a rational optimizing process but are often spawned in an automatic and thoughtless process, based on organizational routines and ideologies. So, the decision to collaborate implies an organizational change in the structure of each metropolitan local government.

The change to collaboration can only take place if a contingency that must be addressed cannot be solved through the local and independent municipal decision-making institutions. Moreover, it would be necessary that the contingency (perceived as an internal failure) could only be solved through collaboration, and not just with a modification of internal decision institutions of each municipality. Such failures would define the propensity of urban municipalities to collaborate. The perception of the problem, combined with the institutional strength of municipalities, creates different collaboration arrangements.
Introduction

The debates on the best way to govern the large urban areas, constituted by a multitude of smaller politically and administratively independent municipalities, insist that the collaborative mechanisms of government (ie, coordination and cooperation) between each part generate better results than acting separately. It is often argued that collaborative mechanisms of government are essential, in view of fragmentation and plurality of large urban areas. It is possible to govern a politically fragmented city by ruling its parts separately, but it is emphasized that the results are better when collaborative ties are developed. Several authors have documented the advantages of cooperation and coordination in this regard (eg, Feiock, Tao, & Johnson, 2004, Morgan & Mareschal, 1999, Sharp, 2004).

The complex reality of large cities and the evidence of the benefits of joint action could lead to believe that the establishment of collaborative governance mechanisms in the metropolitan areas is an automatic consequence of the deepening of the functional links of the parties forming them. However, this is not the case, and the resistance to the emergence of collaborative government mechanisms in large cities it is usually seen as a problem that must be solved. In Mexico, for example, it has been suggested that the lack of coordination in metropolitan areas is a drawback that limits their growth and development and that, therefore, it is necessary to encourage or even make collaboration mandatory with legal provisions (Iracheta, 2010).

However, incentives are not a sufficient condition for the emergence of collaboration mechanisms. Since the 1999 reforms to the municipal regime, in Mexico there are no strong restrictions for urban municipalities to collaborate. In fact, it was expected that reforms encouraged associations between urban municipalities for the provision of public services. Contrary to this expectation, more than a decade later, Arellano & Cabrero (2011) report a reality that is still existing in Mexico: the lack of coordination mechanisms and metropolitan and municipal association in general; as well as the aversion to collaboration between metropolitan and suburban municipalities, in favor of an inexplicable municipal autarchy, while the growth management of Mexican cities becomes even more complex and problematic.

Mexico is not the only case, also in other cities we can observe that although conditions for collaboration exist, it does not always occur (see, for instance, LeRoux & Carr, 2007). The purpose of this paper is to propose some considerations on collaborative governance mechanisms built to govern large urban or metropolitan areas from recent discussions regarding decision making and organizations. To propose these considerations, the starting point is a brief review of the approach of Institutional Collective Action, one of the theoretical frameworks most used today to approach metropolitan collaboration.
The explanation of Institutional Collective Action to metropolitan collaboration

Understanding the factors intervening and allowing the governance of large urban and metropolitan areas it has become an essential matter. The new role economic, social, and international actors who, from different policy arenas, promote agendas and visions of the city added to the complexity of local governments and their relationships. In turn, the role of cities as centers of economic and political power transcends the local level, making necessary to expand the vision of urban policy towards multiple levels of influence (Kübler & Pagano, 2012).

In the new setting of broader and varied interests and influences, a central concern of metropolitan governance relates to the creation of formal or informal collaborative structures that enable better delivery of public services and more effective governments in big cities. Although the issue of collaboration refers, in broad terms, to the establishing of links with different agents, such as businessmen, civil organizations, international organizations, workers, etc., according to diverse goals, the collaboration between local governments hosting the same urban area is especially interesting, due to the main role of local governments in the governance of metropolitan areas.

There is an extensive literature trying to explain the reasons that lead local governments to look for collaboration agreements in order to provide public services or adopt metropolitan policies. Andrew (2009) finds three approaches to study the adoption of interjurisdictional agreements among metropolitan local governments. The first is rational choice, which seeks to explain the motivations of local officials to establish agreements and contracts between them. The second approach uses network analysis to examine how the relationships weaved by local actors allow agreements that reach collaboration. Finally, the perspective of case studies (which can also serve to test hypotheses of the other two approaches) seeks to know in depth each concrete collaborative arrangement between metropolitan local governments (Andrew, 2009). Among the three approaches rational choice prevails, not just for the theoretical strength of its foundations in economic theory and contracts theory, but also because it can be complemented with the other two approaches to raise questions and relevant hypotheses about the phenomenon in question.

Within the theory of rational choice, the theoretical framework of the Institutional Collective Action (ICA) has been developed to explain the way in which interlocal collaboration agreements are reached. The ICA perspective sees cities like an arena where diverse institutional actors interact constantly (cities, civil servants, public agencies, civil organizations, businessmen, etc.), producing agreements and contracts between them. The central argument of the ICA is that interlocal collaboration arrangements occur if the transaction costs to achieve such agreements are less than the benefits that will be obtained from them (Feiock, 2007, 2009). Research based on the ICA framework has focused on identifying the factors that reduce transaction costs and, consequently, make more likely the adoption of collaborative arrangements between local governments.
From the ICA it is argued that the characteristics of the community, as well as local, formal, and informal institutions, reduce the transaction costs that allow collaboration agreements to be reached. (Fellock, 2007). In the same sense, the literature details that some factors influencing the transaction costs that define the creation of collaborative arrangements between local governments are the specificity of the assets, the measurability of the public services offered jointly (Andrew & Hawkins, 2012), as well as the diversity of population, some regional economic factors and external influences (Gerber & Gibson, 2005). In the case of Mexico, Meza (2016) points out that political alternation, levels of marginalization between municipalities and the institutional capacity of local governments increase transaction costs for local governments to collaborate in the provision of public services.

From the institutional and network theories, it has also been found that interjurisdictional coalitions allow local governments to be more successful in the search for federal subsidies, which is also an incentive to seek cooperative efforts (Bickers & Stein, 2004). On the other hand, Carr, LeRoux & Shrestha (2009) show evidence about how professional public managers networks reduce transaction costs for interlocal cooperation, by simplifying communication between various government officials, who share codes, visions, and common interests. Brown & Potoski (2003) reach to similar conclusions; they find that the membership of local officials to professional associations of managers contributes to collaborative practices between governments for the provision of public services. According to the authors, governments choose these mechanisms to manage the transaction costs associated with the provision of public services.

Outside the United States, the ICA framework has not been tested systematically, although there is research about the elements influencing the formation of interlocal collaborative arrangements. For example, in Mexico, the probability that municipalities (not necessarily urban) get associated is a function of their degree of marginalization, the existence of advisory bodies for municipal governments to achieve this goal, geographic location and state legislation (Rodríguez-Oreggia & Tuirán Gutiérrez, 2006). In the specific case of metropolitan municipalities, Ramírez (2012) notes that Mexican urban governments have responded to the challenges of interlocal collaboration through the creation of specific agencies for the management of metropolitan services (eg, water) of diverse characteristics and scope. Finally, in Argentina, Cravcuore & Clemente (2006) find that municipal associations tend to be more successful when they are accompanied by political support from higher authorities and other agents, regional strengthening plans, medium-term action plans, and marketing strategies.

Partially influenced by the American experiences of interurban collaboration, the recommendations to improve metropolitan and intermunicipal management go in the same direction as the arguments and findings described so far. In Spain, for example, it is proposed to improve the management of the territory through the creation of networks of cooperation between cities and the creation of metropolitan planning institutions (Hildenbrand Scheid, 2006). Something similar happens in Mexico (Cf. Iracheta, 2010).
Limitations and assumptions of ICA framework

Despite the usefulness of ICA to explain some cases of metropolitan collaboration, the evidence provided by research that tests the ICA hypothesis is ambiguous (Andrew, 2009), and shows the limits of this framework to explain why when there are low transaction costs for collaboration, it does not occur. For example, LeRoux & Carr (2007) find positive conditions for interurban collaboration in Michigan, USA (in terms of economies of scale, initial costs, and asset specificities) for local governments to cooperate for the provision of basic public services. However, they do not do it, even though it is a shared priority. A similar story was presented at the beginning of this document on Mexico, where the municipalities have not responded as expected to change in legislation, which favored the establishment of intermunicipal collaborative mechanisms.

The ICA approach accepts that high heterogeneity of urban jurisdictions (in size, population, economic resources, etc.) may even become unreachable intraurban collaborative arrangements, while each part of the metropolitan area has different priorities that may not align with each other, or with the goals of the city (Feiock, 2013). However, under ICA framework, the differences between the components hosting the urban area would have to be considered as part of the transaction costs that prevent collaboration, which places us in the same problem of the previous paragraph.

ICA framework seems to be based on three basic assumptions. The first is that metropolitan local governments always have the latent volition to collaborate with their counterparts for the provision of public metropolitan services, the elaboration and execution of urban policies, etc., in specific or systematic activities, for a short or a long time. However, volition do not take action until two events occur: 1) the alignment of priorities and interests between local governments involved on the issue of the local public agenda that will be addressed through the collaborative arrangement, and 2) transaction costs less than the benefits. The alignment of priorities is the second assumption. Although it is secondary to the other two, empowers local governments collaboration, ie, it introduces local governments into the effective processes of management and negotiation that involves establishing the collaborative arrangement and verify, actually, if the transaction costs are less than the benefits.

The third assumption is that local governments have enough capabilities for administration and management to start and operate the collaborative arrangement, for as long as necessary. Ie, it is assumed that each government has the resources, personnel, relationships and expertise necessary to carry out the collaboration, in the same circumstances as its counterparts, so that the arrangement takes place under equitable conditions in this matter.

In summary, ICA argues that willingness of local metropolitan governments to collaborate is always present, as well as their management capabilities. Therefore, collaborative arrangements rise when the priorities of the governments involved match on
time (in one or more policy areas or of urban services), and when the transaction costs linked with collaboration are lower than the benefits. The alignment of priorities shows the time when the willingness to collaborate transforms into an effective exercise of rapprochement and negotiation which, ultimately, will define and weigh the transaction costs against the benefits of the collaboration.

The assumptions that support the mechanism described by the rational choice theory are doubtful. The following sections present theoretical elements that aim to help the understanding of collaboration between governments of large urban areas, from a different organizational perspective.

Some alternative ideas on metropolitan collaboration

Organizations as decision-making institutions

Common and ideally organizations are considered “rational machines”, whose main function is decision-making to define their targets, use their resources, choose their procedures and achieve their goals. Needless to say, this tends to be the vision of rational choice theory. Implicitly it is assumed that, in conducting organizational activities, to decide is equivalent to choose. However, this statement is not exact.

According to Brunsson (2007, p.1), decision-making is an institution, ie, a known pattern of action, subject to rules that everyone takes for granted. Therefore, what is called decision is an action produced by those rules. Thus, decisions are predictable, systematic and recognizable by those who belongs to the organization.

Second, decisions are not always the result of a rational optimizing process. Brunsson (1985) points out that there are organizational ideologies that work as shortcuts to rationality: in a common situation, organizations replace the slow process of rational reflection by the usual action taken in similar cases, without deliberating if there could be a better alternative. As is to be expected, ideologies are fallible, but they facilitate action.

Thirdly, for the organization to work, decision and action cannot be disconnected, so its dissociation has disadvantages. When a decision is made following a purely rational model, it provides less means for action. On the contrary, when a decision is intended to provoke action it must consider action through expectations, motivations, and commitment of organization’s people (Brunsson, 1985).

Decision without action is discourse, whose expression may fit within the institutional rules of decision-making, but which is not necessarily aimed at generating later actions. Action, without a prior discursive or rational decision, is actually a legitimate decision, as long as it does not contradict the content of the institutional norms of decision-making. In the second case, the action is probably explained ex post as a decision (or discourse) that rationalizes “backwards” (according to the rules) the action carried out.
The previous point focuses on action as the main element. However, it also advances—as the fourth feature—that there are ambiguous and sometimes hypocritical discursive uses of the decision. According to Brunsson (2007), this way of using decisions has the purpose of generating legitimacy for the actions and those who take them, as well as attributing or taking responsibility for the action and its results. We should assume, as suggested before, that this way of proceeding is also tacitly or explicitly accepted in the institutional rules of decision-making. In this regard, March (1994) also argues that decisions have a social and symbolic dimension and are matter of later interpretations.

Fifth, several of the above features cause organizations to be inflexible to change. To consider that decision-making is an institution, composed by rules and ideologies that prevent rethink processes, and there is an ambiguous discursive use of decisions to justify certain actions seems to leave little room for reform.

The question here is: Why would organizations change if they are built to stay? Firstly, it should be noted that, when we say that an organization must change, we often judge it with criteria strange to those that guide its institutional rules. This kind of judgment does not make sense, because they are disconnected from the organization: Attempts of change will not succeed if do not come from the organizational structure itself. As Brunsson (1985) points out, change is also a form of organizational action, but it is still true that organizations are built to last. So, the question that precedes “how organizations change?” is “when do they do it?”.

From this view, one could say that organizations change when institutional norms are modified, when organizational ideologies are questioned, when the action does not resolve problems, or when the discourses are not sustainable, but such events can only be evident by organizational failures. These may be real or take the form of a threat that, like the real failure, cannot be processed with the rules and procedures in force. It is a failure like these when the organization reviews its institutions, ideologies, actions, decisions, etc., but not before, when all its elements allow it to survive without too many problems.

If the change always comes from inside and occur because of the failures, they are also internal. As Perrow argues (1999), systems inevitably produce “normal accidents”. For Perrow, a normal accident is a systemic failure produced by the operation of the organization itself. There could also be accidents outside the organization, but if they threaten or damage it, they become internal failures, which behaves as if they were accidents produced by the organization.

When a contingency occurs, the process of change and organizational adaptation starts. The organization reconstructs part of itself, taking in consideration both the previous institutional rules, as well as the contingency that has occurred, in order to avoid or prevent that similar events affect the organization in the future.

Obviously, a contingency is solved until it happens. For this reason and for the way of acting of a “normal” organization (based on stable rules, ideologies, shortcuts, etc.) it is very difficult paying attention to the trivial or trying to prevent all the events that could arise, or give up to simplifications, as suggested by Weick & Sutcliffe (2007).
It is inevitable that contingencies happen. In fact, in the way it has been proposed here, we would say that if organizational change were a goal in itself, the event of contingencies would be necessary for such a change to occur. If the change was not a goal (as it could be, for example, for organizations captured by certain groups, who care that things remain the same), the occurrence of contingencies would be an undesirable problem, but would also require organizational reforms.

**Decision institutions in metropolitan areas:**
*questioning the assumption of the latent volition to collaborate*

Based on the above theoretical considerations, the goal of this section is to discuss the mechanisms of decision or government that usually work in fragmented or metropolitan urban areas, ie, in those cities formed by fractions of territory political and administratively divided, although integrated by physical continuity or by economic and social functionality.

These big cities have two central characteristics. The first is that, despite the artificial separation that political-administrative boundaries represent, there is such an urban integration that the city works as a unit. It has been assumed that, in terms of government, this means that what happens in a certain portion of the city is the responsibility of all the others, because of the consequences (positive or negative) that may result for each jurisdiction in particular.

Second, being these cities the most complex human conglomerates, a great variety of public, private and social actors coexist there, defending diverse interests and ideas about urban public problems, trying to intervene in the definition and solution of such problems, influence decisions about them, and participate in actions tending to their resolution. Given this setting, in many cities form government mechanisms, which have the function of deciding on the city and the policies that are carried out in it, integrating the plurality of existing actors, and trying to capture the complexity that implies govern these wide spaces.

From the perspective of the ICA, it is assumed that the incentives and transaction costs, under different forms, are crucial to generate a decision to favor collaboration, assuming that there is a clear vision of reality, an analysis of the advantages and disadvantages of collaboration and, finally, a decision or choice in this regard. However, as argued in the previous section, deciding is not choosing. If decision-making is an institution, then local governments do not choose collaboration: collaboration is the product of the local governments’ system of institutional rules, therefore, the latent willingness to collaborate it does not exist as something that local governments can use absolutely freely. It is the local (internal) decision-making institutions that lead to the option of building a collaborative arrangement, and not external incentives. In this sense, the rational discourse tissue around incentives just is intended to justify certain decisions and allocate or evade responsibilities within organizations (ie, metropolitan local governments).
In this way, it makes little sense to pretend setting up a policy of metropolitan collaboration or trying to force the collaboration of actors and jurisdictions by legal ordinances. The attempt to structure a collaborative government arrangement will hardly be successful if it does not come from the local institutional rules.

This could lead to suppose that only local governments whose decision-making institutions are prone to collaboration will be able to build collaborative governance mechanisms with each other. However, it is not like that. This “institutional determinism” must be discarded because the decision-making institutions change over time, according to the changes in the context. Conjecturing on the reasons for these changes will allow us to elaborate some ideas about the reasons that lead a group of municipalities and diverse actors to meet and act together in a collaborative urban governance mechanism.

In the discussion on decision making, it is argued that the failures or contingencies of the organizations are one of the factors causing organizational change, in such a way that it is possible that these failures are the ones that lead to the modification of the institutional rules of a city government towards a collaborative arrangement. This argument can be better illustrated with an example.

Imagine a set of independent political-administrative urban units: municipalities, for instance. Each municipality has—in addition to its own government and its public, private and civilian agents—an institutionalized system of rules, that is, a particular institution of public decision-making, which responds to its interests and context, and which only works in its jurisdiction.

With time, the municipalities get functionally integrated to form a large metropolitan area. However, the fact of constituting a single urban area is not sufficient cause to make that each municipal institution of decision-making is broken to create a metropolitan institution of the same kind, even though the characteristics of fragmentation and plurality, mentioned before, are present. Each municipal government will continue to decide on its own and according to its organizational rules and ideologies until an event is presented that is considered an internal failure, ie, as a contingency that having to be processed by the municipality, it cannot be solved through the local and current decision-making institutions.

In order for a collaborative mechanism of government to be constructed from such an event, it would also be necessary that the aforementioned contingency could only be addressed through collaboration with neighboring municipalities, and not simply with a modification of the internal rules of each municipality. This suggests that for collaboration to emerge there would have to be failures that systematically and persistently show the inability of jurisdictions to face, on their own, the urban public problems in their jurisdictions. Assuming all this, two general propositions to explain that metropolitan governments build collaborative arrangements are:

1. **Some local decision-making institutions are more prone to collaboration than others.**
2. *The probability of changing the local institution decision-making towards institutions more prone to collaboration increases if failures or contingencies on priority issues for local governments occur, which cannot be solved by the existing independent decision-making institutions.*

**How priorities get aligned?**

Following the previous reasoning, it cannot be argued that there is an absolutely objective choice of problems and public priorities by local governments. Because the decision-making institutions are conformed by norms, ideologies, discourses, and automatic response systems (shortcuts rationality), these institutions also form a lens through which the actors, who share organizational codes, identify certain situations as “public problems that deserve attention and must be resolved”. It is these same institutions which define how important a problem is in relation to another, that is, the degree of priority. In short, public problems are created through local institutions (and independently to other local governments) and are always internal, otherwise they would not be called “problems”.

As in the ICA approach, the alignment of the priorities of potentially collaborating urban municipalities happen when their local government agendas match totally or partially in one or several topics of interest, which would have the immediate consequence of inducing local governments to look for a collaborative arrangement. It is from this point that ICA approach is extremely useful in explaining the following negotiation processes.

However, ICA perspective does not delve into the reasons that lead to the alignment of priorities among the local governments involved, in the first place. From the vision that we have followed up to here, the occurrence of a coincidence between the interlocal priorities seems even unlikely. The general situations that can be foreseen are the following:

3. *If local independent decision-making institutions evolve in a similar way, they are more likely to be similar.*

4. *If the social, economic, and urban growth dynamics lead metropolitan municipalities to similar contexts, similar decision-making local institutions are more likely to emerge.*

5. *If local independent decision-making institutions are similar to each other, they are more likely to have similar priorities too.*

6. *If priorities between local governments are similar, they encourage interurban collaborative arrangements, assuming that the local decision-making institutions are prone to collaboration, in terms of propositions 1 and 2.*
Questioning the assumption of management capabilities

Administrative and management capabilities are understood as the availability of resources (human, financial, and material) necessary and sufficient for the local government to fulfill its functions and mandates satisfactorily. These skills are associated with the actual management (ie, action) that allows, first, that the interlocal collaborative arrangement be formed and, second, that it works efficiently on time.

According to the argument developed thus far, organizational decision and action are not divided. This means that local decision-making institutions creates their own management tools (more or less technical, political, formal or informal); otherwise, these institutions would not work or could not be sustained over time, as they would not have means for action. That is why the third assumption of ICA is reasonable.

However, local governments (especially in countries such as Mexico) usually have differentiated administrative capacities, in terms of their professionalization and the availability of resources. Such differences are part of the factors that prevent or facilitate collaboration, not only by increasing or decreasing transaction costs, but also because they are a reflection of local decision-making institutions.

The combination of administrative capabilities with the perception of local problems can lead to different types of collaborative arrangements, as shown in the following table.

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References


