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Multi-Community Cooperation in Grand Rapids Metro

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not move on; connected to a local sense of what it means to live in our city. Grand Rapids, I believe, has prided itself on being a place in which local loyalties could be honored and extended, local institutions could be continued or reinvented, and a sense of community could be preserved and built upon. To an unusual extent, Grand Rapids has relied on a technology that has evolved locally. It does not seem coincidental that it is one of the relatively few metropolitan areas in the Midwest where the manufacturing sector continues to grow.

There are nonetheless important threats to these historic successes: the ghettoization of a substantial part of the inner city; the atrophy of downtown retail business; the suburbanization, first of homes, then of retail business, and increasingly of industry; the failure of any scheme of metropolitan governance to take hold and a consequent increasing impoverishment of the old city; and substantial crime rates.

On this last point, it is worth noting that Fortune magazine's recent rating of American cities for positive business climate listed Charlotte, North Carolina as number one and Nashville, Tennessee as number two. They have been two of the most rapidly growing metropolitan areas in the country, heavily reliant on external capital. They also had among the highest crime rates in the country--higher than Cleveland or Dayton or Pittsburgh and almost twice as high as Grand Rapids. Charlotte has an infant death rate thirty percent higher than Grand Rapids. Grand Rapids people are more likely to belong to and use our public libraries. We are more likely to read The Press than Charlotte people are The Observer, or Nashville people, The Tennessean. These are all indices of community involvement. Fortune did not count them in their ratings but they are not things we want to lose.

The trick, I expect, is to encourage growth which sustains community. I think that is the only kind of sustainable growth--that we do not need the sort of growth that Flint had a half century ago--growth which the congressional report I alluded to earlier prophetically suggested was producing a civic vacuum.

Multi-Community Cooperation in Grand Rapids Metro

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*"Confusion now hath made his masterpiece."
- Shakespeare*

Confusion and complexity are terms descriptive of the maze of units of local government in the United States. In 1992 there were 86,743 units of government in the U.S. When fed-

eral, state, and school districts are excluded, the local governments remaining total 72,136. In 1942, the comparable number of government units providing local, non-educational services was 46,488. That amounts to a 55% increase over the past half century .

Within the metropolitan areas of our nation where 79% of the population lives, (compared to 63% in 1960), the number of local governments has nearly doubled in 30 years: 18,442 in 1962 to 33,004 in 1992, again excluding school districts. (Census of Government, 1992) .

Why is this significant? Why should this growth in the number of units of local government matter to the residents and businesses of metro areas such as Grand Rapids? Besides the already noted statistics regarding the growing number of citizens living in metropolitan areas and the increasing number of local government units, there are other important social, economic, and governance reasons why such concern is merited. Among them are:

1.) Inner-city problems relating to poverty, substandard housing, crime, and racial segregation are prevalent in metropolitan areas. Local government is often called upon to deal with these serious issues which impact living conditions throughout each community (Rusk, 1993).

2.) Financial inequities, or the unequal ability to generate revenues, are evident among the units of local government in metropolitan areas (ACIR, 1987).

3.) A large number of special purpose districts have been formed which can add to the complexity of service delivery (Wright, 1988). There are 13,614 existing districts in metropolitan areas of the U.S. (Census of Governments, 1992).

4.) Fragmentation (multiple units of government) and sprawl (suburban growth) are issues of major concern to land use planners (ACIR - Allegheny County, 1992).

5.) Only 16 city-county mergers have occurred in the United States since World War II, and most efforts to consolidate local units of government have been rejected by voters (Peirce, 1991).

6.) There is no generally accepted system of metropolitan government which has been agreed upon either by political theorists or by public administration professionals. The range of theory is from the views of the consolidationists to those who ascribe to the competitive model, called poly-centrists (ACIR, St. Louis, 1988, Zimmerman, 1991).

Of these several concerns, perhaps the most important is

the growing evidence that fragmentation and sprawl contribute to the racial separation and economic inequities that characterize many urban communities. There is concern that the level of interest is of crisis proportions (Rusk, 1993, Peirce, 1993).

Yet despite such serious concern, life goes on in the cities, suburbs, townships, and special districts of our nation's metro areas. Governing happens and services get delivered. Utilities, fire and police protection are provided. Streets and highways are built and maintained. While one can certainly produce ample evidence of problems, inefficiencies, inequities and even crisis in our metropolitan regions, nevertheless, things do work. Commerce gets transacted and people get to work; they go to school, to parks and to shopping areas. Society functions in metro areas, not perfectly, but overall, we do get along.

Given the maze of complexity that describes local government in the U.S., how does it manage to function? A major reason is voluntary cooperation. Even though one can point to very few examples of metropolitan government, there is identifiable, if often informal, governance. This was demonstrated in the ACIR's St. Louis County (1988) and Allegheny County (1992) case studies. A similar situation can be demonstrated through examination of Grand Rapids metro area intergovernmental activity.

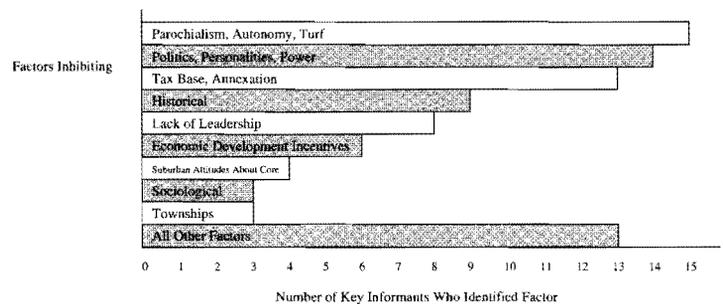
So, if voluntary cooperation is the primary means by which we must seek to improve the governance of growing metro areas such as Grand Rapids, it becomes critical to understand the factors which encourage and inhibit such cooperation. Study of the political and public administration literature on this topic reveals that the most significant factors are:

- 1.) Political conditions, which can include a broad range of factors such as partisan preferences, voting behavior citizen group activism, interest groups and dominant political philosophy.
- 2.) Economic factors which include tax benefits, access to favorable zoning and public infrastructure for development, employment opportunity, capital cost avoidance, and operational costs for public services such as utilities and public safety.
- 3.) Sociological factors such as poverty, educational levels, race and ethnic barriers, or religious identification.
- 4.) Geographic factors related to natural boundaries such as rivers and mountains, land uses, environmental concerns, soil conditions, and climate.
- 5.) Historic rivalries or traditions such as old land or political disputes or even business competitive history.

6.) Legal constraints or inducements such as laws promulgated by the state, local government personnel rules, or ordinances within the units of government.

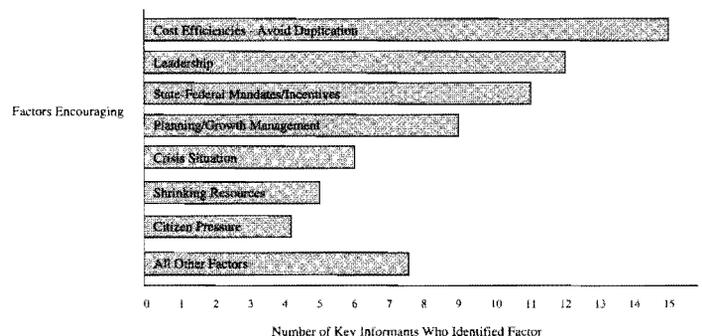
Research done in recent months by the author identified factors felt to be significant in Grand Rapids metro. Interviews were conducted with twenty-one key informants, individuals from both private and public sectors who have been long time participant-observers in metro activities. The factors which inhibit or encourage cooperation among local units of government in Grand Rapids metro are displayed on the accompanying charts.

FIGURE 5
MAJOR FACTORS INHIBITING INTERLOCAL GOVERNMENT COOPERATION
Grand Rapids Metropolitan Key Informants



Parochialism, community autonomy and turf protection factors were noted most often as inhibiting. At nearly the same level were factors relating to politics, personalities and power. What was discerned from these leaders was that in Grand Rapids, Michigan, the desire to protect one's community turf and the autonomy and independence which led to the establishment of many of these communities is a very strong feeling. When this is combined with strong and independent personalities as well as a long-standing conservative political ethic, it presents a scenario which is a major inhibiting factor for interlocal cooperation.

FIGURE 6
MAJOR FACTORS ENCOURAGING INTERLOCAL GOVERNMENT COOPERATION
Grand Rapids Metropolitan Key Informants



It is not surprising that factors relating to cost efficiencies and avoidance of duplication were rated as the strongest factors encouraging cooperation by the key informants. This is consistent with the conservative ethic of Grand Rapids metro communities. A 10-year examination of expenditure patterns of metro communities in Grand Rapids found that per capita spending by local governments in Grand Rapids metro is collectively less than 2/3 of the national average.

All this leads to the subject of leadership. Looking at the charts, one notes that when the two leadership factors are added together, all but one key informant cited leadership, or lack of it, as a major factor. Clearly, the need for metropolitan leadership is a major factor in promoting further cooperation among units of local government in Grand Rapids metro.

Two significant points need to be made in conclusion. First, the findings in Grand Rapids (and to a significant extent in other communities) make it clear that the leadership push for more inter-local cooperation will need to come from business leaders. Second, it is evident from the research that there is no formula or theory of metropolitan governance which can be generalized to all metro areas. Each is unique. While much can be learned from the experiences of other communities, the mix of factors which inhibit or encourage cooperation differs in each metropolitan area. Each must address inter-local cooperation for the delivery of public services in its own way, after thoughtful introspection and as part of strategic planning for the future of the metro region.

Note: This article is extracted from the author's doctoral research in progress, scheduled for completion in Spring, 1996.

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Bank Consolidation

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Merger mania has hit the banking industry! Virtually, every day we hear of another "mega-merger" between banks in the works. Indeed, the pace at which banking organizations have joined forces has been feverish over the last couple of years. Through the third quarter of 1995 alone, nearly 300 bank mergers deals valued at nearly \$40 billion had been announced, with little end in sight in the immediate future. While industry consolidation is hardly new, the scope and nature of the participants in this latest round is unprecedented. We've seen the alliance of titans created by the union of Chemical Bank and Chase Manhattan, a deal valued at \$10 billion, and the joining of "super regionals" such as First Union's \$5.1 billion buyout of First Fidelity and, a little closer to home, the \$5.3 billion merger of NBD and First National of Chicago.

As of the end of last year, the 2 largest American Banks (measured by assets), BankAmerica and NationsBank were engaged in merger discussions that if consummated would create a bank with \$410 billion in assets and 7% of all bank deposits nationwide. If these monoliths are ripe for consolidation, then just about any banking organization could be vulnerable.

Legislation

Under the McFadden Act of 1927, legal authority over bank branching for both state and national banks was given to the states. The original purpose of the Act was to place national banks on an equal footing with states with respect to geographic market access. In effect, the McFadden Act eliminated interstate banking. For the better part of 50 years, states legislatures, which essentially controlled geographic restrictions on banking activities, avoided taking actions that would have allowed natural interstate competition among banks.

1975 marked the beginning of a change in attitude on the part of state governments toward interstate banking. In this year the state of Maine passed the first "reciprocity" law granting branching authority to banks headquartered in other states as long as these states provided reciprocity for banks headquartered in Maine. Similar arrangements were slow to