



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

ABSTRACT

ANALYSIS OF SELECTED INSTITUTIONAL FEATURES
OF REGIONAL PLANNING AND DEVELOPMENT
ORGANIZATIONS IN NORTHERN MICHIGAN

By

James David Mullan

Individuals and groups have different preferences for the types of planning and development efforts that are undertaken by governmental agencies. Some people prefer programs aimed at alleviating unemployment situations. Others prefer programs designed to improve the natural environment, or to provide better recreation facilities, or to supply needed human resource services. The question is how are these tastes and preferences expressed to the relevant institutions of society responsible for planning and development activity?

In Michigan, one of the more recent developments has been the authorization of regional (i.e., multi-county) planning and development organizations to prepare plans, conduct studies, and advise county and local units of government on a comprehensive range of development issues. These regional commissions have been organized under a variety of rules and procedures in compliance with both Federal and state legislation and guidelines. The primary purpose of this study is to explore the impact of selected structure and conduct rules on the expression of tastes and preferences for employment impact programs (e.g., recreation, environmental-ecologi-

Performance

1. Have the regional commissions established area-wide goals?
2. Are the regional commissions supplying grant application and planning assistance to local governments?
3. How many Federal program funding sources are used in the program agenda of the regional commissions?
4. What proportion of the Federal program budget administered by the regional commissions is allocated to employment impact type programs?

The method of analysis used in this study consists of setting up a number of static group comparison tests. The results of this quasi-experimental design produced only weak evidence suggesting possible causal relationships explaining the observed performance behavior.

Some evidence was found to suggest that a rule requiring members representing city (as opposed to county-wide or rural) interests is related to preference for allocating planning funds to employment impact programs. Also, some weak evidence was found suggesting that a rule requiring members holding publicly elected positions is related to a preference for selecting a wide range of Federal funding sources to be listed on the program agenda of the regional commissions.

Some very interesting questions arise for decision makers and interest groups as a result of this evidence. Although no conclusive recommendations based upon the rather weak evidence can be made, nevertheless it was demonstrated that some rules do have the potential for affecting the type of performance behavior generated. Unfortunately, those Federal and state officials currently making decisions on rule and procedure guidelines for regional planning

ANALYSIS OF SELECTED INSTITUTIONAL FEATURES
OF REGIONAL PLANNING AND DEVELOPMENT
ORGANIZATIONS IN NORTHERN MICHIGAN

By

James David Mullan

A PLAN B PAPER

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of
MASTER OF SCIENCE

Department of Agricultural Economics

1974

ACKNOWLEDGEMENTS

The author extends his sincere appreciation to Dr. A. Allan Schmid, major professor and advisor, without whose guidance and encouragement this paper would not have been possible. The author also wishes to thank Dr. Schmid for his devotion to teaching and sharing his humanistic economic thought.

Appreciation is also extended to Dr. Daniel Chappelle, Dr. Lawrence Conner, Dr. James Shaffer, Dr. Lawrence Libby and Josef Broder and Shirely Pryor for their suggestions and constructive criticisms.

The author is grateful to all of those in State Government and Regional Agencies , especially Mr. Leonard Bronder and Mr. David Milstien. Also, the author thanks M. Jean Griffin and Jennifer Luders for their assistance in preparing the final copy.

Finally, the author wishes to thank Sally L. Mullan for her patience, dedication, and editing ability, and his parents, Joseph and Jean Mullan for their constant encouragement.

TABLE OF CONTENTS

<u>CHAPTER</u>	<u>PAGE</u>
I INTRODUCTION-----	1
Problem Setting-----	1
Objectives-----	3
Statement of Hypotheses-----	4
Scope of Region-----	5
Scope of the Study-----	6
Methodology-----	8
II MODELING THE PUBLIC POLICY PROCESS-----	11
Introduction-----	11
Eco-System Model of the Public Policy Process-----	12
Institutional Organization-----	17
Concepts of Institutional Choice-----	24
III INSTITUTIONAL CATEGORIES OF INSTREST-----	27
Introduction-----	27
Structure and Conduct-----	27
Performance-----	33
IV INSTITUTIONAL ARRANGEMENTS IN NORTHERN MICHIGAN-----	34
Introduction-----	34
Eco-System Relationships-----	34
Structural Categories-----	37
Conduct Categories-----	56
Performance Categories-----	60
V IMPACT OF INSTITUTIONAL FEATURES-----	68
Introduction-----	68
Analysis of Structure, Conduct, and Performance-----	68
Quasi-Experimental Design-----	75
Experimental Results-----	79
VI CONCLUSIONS AND RECOMMENDATIONS-----	85
Introduction-----	85
Summary and Evaluation of Evidence-----	85
Policy Implications-----	87
Areas of Further Research-----	91

APPENDICES

<u>APPENDIX</u>	<u>PAGE</u>
A STATIC GROUP COMPARISON TESTS-----	95
Introduction-----	95
Structure Tests-----	95
Conduct Tests-----	100

LIST OF TABLES, MAPS, AND FIGURES

TABLES

1 Multi-County Regional Bodies By Type And Function----	6
2 Institutional Model For Regional Planning And De- velopment Organizations-----	28
3 Population, Housing, And Family Income-----	35
4 Land Use In Northern Michigan-----	36
5 Employment By Source In Northern Michigan-----	46
6 Earnings By Source In Northern Michigan-----	47
7 Apportionment Of Clientele Representation-----	50
8 Actual Commission Membership By Public Affiliation--	52
9 Private Occupation Affiliation Of Commission Members	53
10 Committee Structure of Northern Michigan Regional Planning And Development Commissions-----	58
11 Program Design And Non-Local Funding Sources-----	65
12 Program Structure By Planning Fields-----	66
13 Allocation Of Federal Budget Dollars In 1973-----	67
14 Summary Of Structure, Conduct, And Performance-----	69
15 Performance Differences As Observed In Jan.-Feb,1973	71
16 Expected Relationships Between Structure/Conduct Features And Performance-----	76

MAPS

1 Michigan's Planning And Development Regions, 1973---	7
--	---

FIGURES

1 Eco-System Model Of The Public Policy Process-----	15
--	----

CHAPTER I

INTRODUCTION

Regional organization of public activity has become an increasingly important aspect in the American system of federalism. From interstate compacts to community planning districts, regional organizations are performing a greater share of the task of delivering public goods and services to satisfy the demands of concerned citizens. There has been significant emphasis placed upon developing regional organizations capable of multi-functional planning and coordination of the complexity of regional problems by the Federal and state governments. This study focuses upon selected institutional characteristics of regional planning and development organizations in northern Michigan.

Problem Setting

In 1968 Governor Romney issued Executive Directive 1968-1 establishing thirteen planning and development regions for Michigan.¹ Two general purposes for establishing these regions were given; "first, as a regional framework for the coordination of functional planning activities of state agencies, and second, and the focus of planning by regional agencies."²

Emphasis was given to the coordination of planning activities for all levels of government--Federal, state, and local. Seven bene-

¹"Planning and Development Regions for Michigan," Technical Report No. 14, Office of Planning Coordination, Bureau of Programs and Budget Development, Executive Office of the Governor, February, 1968.

²Ibid., p. 1.

recognition of one and only one general purpose organization in each of the planning and development regions. The intent of this State policy is to make the planning and development organizations the focal point for regional policy decision making.

Objectives

The institutional economic analyst is concerned with studying and describing the public policy process. This entails elucidating the institutional factors which define the environment in which choices are made and analyzing the performance (end-results) of the policy choices made among scarce resources at a given point in time. The focus in this study will be upon the institutional aspects of regional planning and development organizations in order to illustrate the relationship between alternative rules and procedures (e.g., structure and conduct) and policy choices made by decision makers.

The main objectives of this study are:

1. Develop a conceptual model of the public policy process and demonstrate the relationship of rules and procedures to public choice opportunities.
2. Select and describe institutional categories of interest (i.e., rules) for northern Michigan planning and development organizations.
3. Evaluate the differences in institutional categories of interest and determine the effect of the selected rules on selected performance categories.
4. Relate those institutional features found to affect selected performance of planning and development organizations to the relevant choices which confront decision makers.

Each of these hypotheses are directed toward decision makers, and the process they use to make choices, deliver goods and services and thereby allocate resources of regional planning and development organizations.

Scope of Regionalism in Michigan

A 1970 study by the State of Michigan's Office of Planning Coordination inventoried the extent of regional organization of public activity in Michigan.⁵ This study found that there were 98 regional bodies operating within a wide range of geographical and institutional arrangements. Table 1 shows the extent of multi-county organizations by type and function; where the functional nomenclature used by the State is defined as follows:

Single purpose: interests or activities are restricted to a single functional area.

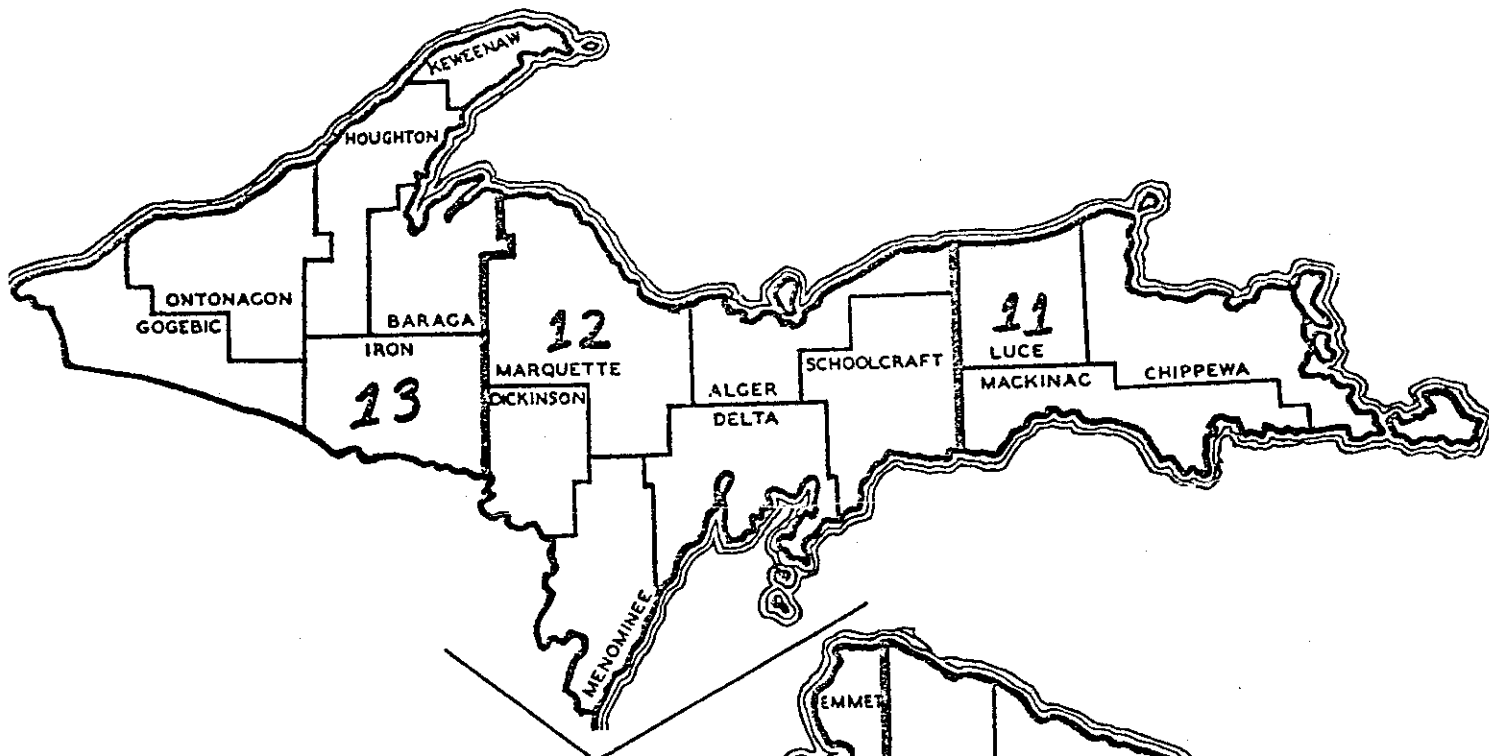
General purpose: interests or activities are comprehensive, ranging over a wide functional realm.

Advisory: research, administration, planning, programming, policy recommendation.

Operational: aquisition or operation of property, and implementation of plans and/or programs.

The regional planning and development organizations are represented by the first group of organizations in the table, consisting of approximately 15 percent of all regional activity in Michigan. This is the only organizational type classified as general purpose, and in 1974, these organiztions were limited to advisory functions.

⁵"An Investigation of Locally Established Regional Bodies in Michigan," Information Memorandum Ala, Office of Planning Coordination, Bureau of Programs and Budget Development, Executive Office of the Governor. December, 1970.



MAP 1

Michigan's Planning and Development Regions -- April, 1974



one conduct variable, establishing advisory committees is included. The performance categories are related to goal establishment, local assistance, Federal funding source choices, and choice of employment impact type programs.

These categories of interest will then form the foundation of a quasi-experiment⁶ designed to describe the difference in institutional arrangements by illustrating that differences in structure and conduct affect performance as observed in northern Michigan. The method employed for this evaluation is to construct a matrix made up of the regional organizations and the categories of interest. Each cell in the matrix (or intersection of region and category) is one observation. A static group comparison test is set up for structure and conduct variables to determine which institutional variable or combination of variables have an effect on performance. The results of the static group comparison experiment will then be used to draw conclusions and make recommendations.

Chapter II of this study develops a general model of the public policy process to serve as the operational framework for analyzing institutional arrangements of regional planning and development organizations. Chapter III develops institutional categories of interest for the five regions under study. In Chapter IV the similarities and differences in the institutional arrangement found in the regions will be described in detail. Then in Chapter V, these similarities and differences will be evaluated by a static group

⁶Campbell, Donald T., and Stanley, Julian C., Experimental and Quasi-Experimental Designs for Research, Rand McNally and Co., Chicago, 1963.

CHAPTER II

MODELING THE PUBLIC POLICY PROCESS: A CONCEPTUAL BACKGROUND

Introduction

The intent of this chapter is to present a conceptual background for constructing a policy (i.e., choice) model from which observations of selected institutional categories of interest found in northern Michigan's regional planning and development organizations can be made. Presentation of the specific model is deferred until Chapter III. The concepts and issues which will be analyzed in this chapter will form the background for a general decision/choice model of the public policy process upon which the specific model of regional planning and development organizations will be based.

The first step in heading down the road to modeling the policy-decision process of regional planning and development organizations is to carefully define the public policy process. The definition presented here, however, is more a description of the nature of the policy process than a definition because in the final analysis the model itself will constitute the definition of the public policy process for regional planning and development organizations.

D1. Public Policy Process: the flow of events relating a series of collective decisions or choices made by public officials to the outcome (end results) of those choices.

As viewed from this definition, the policy process encompasses the entire range of choices that are made by decision makers. Choices are continually being made from knowledge and factual situations which are continually changing. It is necessary, therefore, to

entailing the selection of key variables to be acted upon and the abstracting of others to be held constant. This yields a pragmatic solution subject to continuous changes inherent in the operation of the general eco-system. It can be seen that policy decision making is a selective process continuously being bombarded with change. The purpose here is to construct a conceptual model of the entire policy process so that order may be introduced into this dynamically functioning system.

Components of the Eco-System

There are four components which make the whole of the eco-system. They are:

1. the physical universe
2. population
3. technology
4. institutional organization

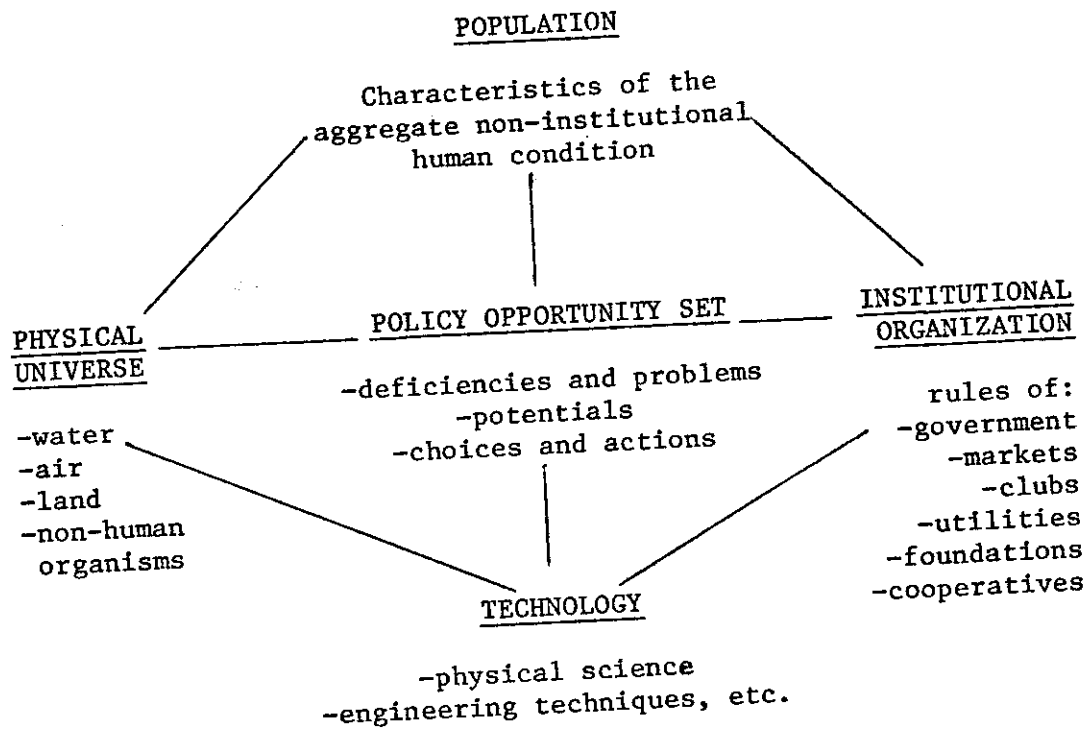
Each of these components represent a major sub-system operating within an eco-system frameowrk. Each of these sub-systems are defined as follows:

- D3. Physical Universe: the aggregate of the physical environments confronting people which include: land, water, air, and non-human organisms.
- D4. Population: the characteristics of the aggregate non-institutional human condition (e.g., physical and mental health).
- D5. Technology: the current state of human knowledge of the physical, social, and engineering techniques (i.e., production function relationships).
- D6. Institutions: "ordered relationships among people which define their rights, exposure to the rights of others, priveleges, and responsibilities."⁸

⁸Schmid, A. Allan, "Analytical Institutional Economics: Challenging Problems in the Economics of Resrouces for a New Environment," American Journal of Agricultural Economics, December, 1972, p. 893-901.

FIGURE 1

ECO-SYSTEM MODEL OF THE PUBLIC POLICY PROCESS



institutional sub-system because, at the most fundamental level, rights only exist in relationships among and between people. The policy opportunity set in the eco-system model is based upon rights, power, and change. It is, therefore, directly dependent upon institutional organization. In isolating this sub-system it is implicitly assumed that the physical universe, population, and technology are held constant. In this context these three sub-systems function as exogenous sources of opportunity, and are the objects, albeit important, rather than the subjects of institutional analysis.

Institutional Organization

As soon as an individual organism extends itself to gain control over its existence, a social relationship is formed. Here it is worth while to heed John R. Commons' dictum that institutions are: "Collective action in control of individual action."¹¹ That is, in social relationships collective action becomes necessary to define the parameters of individual or group action, but with the recognition of two important points. First, in order to define the parameters of action, rights based upon power must be cognitively structured and enforceable, which requires the authority of a sovereignty (i.e., a state of government), or are internalized in the human personality, i.e., learned behavior. Second, that the structuring of rights through power involves the use of the state by individuals (through their power), and that the defining of parameters to action may liberate some people, but not necessarily all people. Institutional organization, therefore, is the sub-system of

¹¹ Commons, John R., Institutional Economics, Vol. I and II, University of Wisconsin, 1934.

Public Policy Opportunity Set: The Institutional Concept

As we focus upon the institutional sub-system of the general eco-system model, we become increasingly aware of human experience and behavior, especially the circumstances which cause differences in behavior. It is necessary, therefore, to begin to focus upon the individual.

Each individual is affected by the set of circumstances and experiences that one faces and learns by. This is commonly referred to as environment, which may be defined as:

D8. Environment: "the aggregate of all external conditions and influences affecting the life and development of an organism."¹²

Individual opportunity sets form the core of the institutional sub-system. In the context of our definition of environment, however, each entity (person, group, corporation, etc.) is confronted by an aggregate of external factors (i.e., environment). The individual opportunity set is that part of the environment where rights are mutually determined by interaction. The individual's opportunities are potentially limited by the opportunities of others, and particularly by the actual choices and actions taken by others as the parties interact.

The public policy opportunity set is somewhat analogous to Warren Samuels' "social" opportunity set, where the latter is made up of the aggregate of all individual opportunity sets.¹³ Individuals do the choosing, as constrained by the choices (actual or potential) of

¹²Bromley, et. al., Planning and Evaluation, p. 32.

¹³Samuels, "Welfare Economics," Chapter 1. The family of choices which Samuels calls "social" include choices made by individuals through the private market and non-profit social, cultural, or religious organizations (among others), as well as governmental choices.

power, will be endogenously defined and determined within the model. Thus, the foundation of institutional organization is built upon rights and power.

The concept of power is a very amorphous one because power is a ubiquitous phenomenon in all social relationships. When one begins to grapple with a definition of power, the results are either a statement so general as to be meaningless, or so specific as to one particular form of power as to be non-inclusive of all forms of power. For example, Bertrand Russell prefers a broad brush approach to the scope of power: "Economics as a separate science is unrealistic, and misleading if taken as a guide in practice. It is one element . . . in a wider study, the science of power."¹⁵ If power is to be relevant in the public policy process, then the scope of power must take a narrower meaning than Russell's "science of power." For institutional analysis, the general scope of power can be conceived of as the capacity or will to participate (directly or indirectly) in the choices selected by public leaders, and this capacity originates in the individual or group opportunity set environment.

Thus, the following relationships emerge. First, the public policy opportunity set consists of the problems, potentials, and choices that are particular to the governmental (or quasi-governmental) collectivity of society. Second, even though the public decisions are made in the name of a collective public, it is individuals who make the choices. The public policy opportunity set is comprised of an aggregation of specific (i.e., selected individual opportunity sets.

¹⁵ Bertrand Russell, Quoted in: Power in Economics, ed., K. W. Rothchild, Penguin Books, 1971, p. 7.

- D9. Structure: the characteristics of the "game" and the "players."
- D10. Conduct: the strategies adopted by the "players" of the "game."
- D11. Performance: the payoff or consequence to all "players and "non-players" of the "game."¹⁶

In this analogy the public policy opportunity set becomes the "game" and decision makers become the "players." Structure becomes the external rules or constraints of the "game," the internal working rules, and the classification of rights and power confronting the "players" of the "game." Conduct becomes the interpretation of the rules and the (power) play of the "game." Performance becomes the results of the choices made during the "game." The important point of the "game" version of the model is that the "game" (the public policy process) can, and must, change over time, space, values held, rules, and "player" constituency. The public choice analyst is concerned with describing the performance of the process, which is accomplished by observing the relationship between structure and conduct in terms of rights, power and change.

The market-system-game approach to performance evaluation is pragmatic because the primary focus is upon identifying problems and elucidating alternative prescriptive action. For example, an analyst might observe a schism between some person's or group's selected goals and identified problems, and performance (solutions), then attempt to identify the cause of the performance gap. New policies may be recommended for adjustment of the choice system structure or conduct to effectuate a more desired performance in attaining the

¹⁶Sosnick, Stephen, "Towards a Concrete Concept of Effective Competition," American Journal of Agricultural Economics, Vol. 50, No. 4, November, 1968, p. 927-953.

choices made within the traditional concepts of the policy decision making process:

- D12. Policies: collective choice from among unlimited problems and from among scarce resources; specific outcomes of the policy process as a whole (i.e., from the model).
- D13. Goals: normative value choices made by public representatives based upon some perceived set of problems--social, economic, political, legal, natural, etc.,--yielding statements of social direction or progress.
- D14. Programs: functional or operational choices of alternative courses of action, constrained by the goals selected, which define specific objectives for goal attainment.
- D15. Projects: specific "brick and mortar" action choices from among scarce resource inputs designed to achieve the program objective outputs. (Project decisions may be thought of as the public counterpart to the classical economic entrepreneurial decision based on production function relationships).

Traditional policy analysis had focused upon the decisions made given institutional arrangements, and until recently has usually ignored the relationship of individual decision making to institutional arrangements. Aggregation of individual opportunity sets under different institutional arrangements in regional planning and development organizations will be the major concern of this research effort. No examination of program and project performance by such current techniques as benefit-cost analysis, cost effectiveness, or program budgeting will be attempted. Rather, goals, programs, and projects will be analyzed in terms of selected institutional indicators. Those experiments in Chapter V and Appendix A will show how choices made from alternative institutional arrangements (e.g., with different structure or conduct indicators) affect selected programs and goals performance indicators and groups interested in these issues. We now follow the institutional policy concepts to an institutional model of selected categories of interest for regional planning and

CHAPTER III
INSTITUTIONAL CATEGORIES OF INTEREST FOR REGIONAL PLANNING
AND DEVELOPMENT ORGANIZATIONS

Introduction

In this chapter structure, conduct and performance categories of interest for regional planning and development organizations are outlined. Within the operational framework of rights, power, and change, the role of change will be limited to that change occurring within the institutional structure, conduct, performance categories. Table 2 shows, in outline form, the institutional model for regional planning and development organizations.

Structure and Conduct

Structure and conduct, as with rights and power, are mutually determined. Structure characteristics of regional planning and development organizations are the structure of rights as affecting power; and conduct is the strategies of the power play within the defined structure. Conduct becomes an extension of structure, where structure can be modified. Examining either structure or conduct characteristics in isolation yields an incomplete picture of the interaction which occurs. It is this interaction which allows observance of critical differences among regional planning and development organizations.

It becomes necessary at this point to insert a normative reminder. In classifying the structure and conduct characteristics of regional organization, I have established categories of interest within gen-

eral issues which I feel are of relevant concern to those in Michigan who are making regional policies. This classification is selective in that not all possible issues or items of interest may be included. I also want to emphasize that these categories are descriptive of what exists, not criterion for what should exist. In this respect I hope to obtain descriptive observations and identify alternative prescriptive actions which follow from these observations. Major categories of structure and conduct are now classified.

Jurisdiction

There are two categories of interest under the heading of jurisdiction. The first is geographic in nature, describing the boundaries as between, for example, city, state, and nation. Although boundaries have an obvious geographic nature, the drawing of boundaries to define regions is based upon many issues; social, economic, environmental, etc.

The second jurisdictional category is purpose or function. In the American system of federalism there are three functional branches of government: legislative, executive, and judicial. Regional organizations have not typically been endowed with all three functions, which means that they cannot be classified a general governmental forms. As far as regional organizations do operate some administrative functions (e.g., executive) they must be classified as special governmental forms.

Procedural Rules

Procedural rules establish the internal working structure of the regional organizations. These rules may include, for example, membership apportionment, voting rules, etc. The incidence of inter-

Once a jurisdiction has been established and the "players" defined, the question becomes whose vote, or what interest group clientele is powerful enough to dominate the governmental leadership? Those who can form coalitions and adopt strategies that gain the power to win position in government can then interpret the rules, or change them if possible, to benefit key clientele within the coalition. Again the interaction of structure and conduct can be observed. The main purpose of the formation of coalition groups (e.g., political parties) is to secure government position, and though positions gain bargaining strength to alter the working level structure of the organization.

Position power is the status and prestige of leadership separating those holding authoritative office or influential status from their clientele. Before one can effectuate change in the institutional structure, that person must be in a position of influence. Or, in terms of "playing the game" one must first be a "player" and then from some position of respect or status, the "player" can become a controlling figure in the "game". Position power is not simply the holding of public office, but can extend to the other status positions within the society. Such positions may include leaders of industry, labor, religion, civil rights, the wealthy, non-political civil leader, or non-office holding political party leaders. But no matter what position the individual holds, the key to extending position power is role identification. Does the "player" with position power "play the game" actively or passively? As Reynolds points out: "Government is not a neutral arbiter in economic (institutional) matters, but tends to reflect the action

have been presented are, for the most part, internal to the regional organization, that is, under the direct contact of the members of the "game". Regional organizations, however, do not exist in a vacuum; in fact, their existence depends directly upon the granting of rights and power by other, external, levels of government. It will be necessary, therefore, to document the constraints imposed from external sources in order to fully comprehend institutional structure and conduct of the regional planning and development organizations.

Performance

It has been shown here that the structure and conduct of rights and power mutually determine the institutional arrangements from which performance, the consequences or "pay-off" of the "game", can be observed. The categories of interest selected for evaluation represent the institutional opportunity set of the public policy opportunity set. This set represents choices made from within alternative institutional arrangements, holding population, physical universe, and technology constant.

Four broad categories are established: commitment by the regional organization to local units of government, establishing development goals, and exhibiting preferences for Federal funding sources and employment impact programs.

TABLE 3

POPULATION, HOUSING, AND FAMILY INCOME IN NORTHERN MICHIGAN:1970

Item	Northeast	Northwest	West. UP	Cent. UP	East UP	State
Total Population	94,107	148,333	89,742	165,744	48,861	8,875,083
% change (1960-1970)	13.4	12.2	-7.8	5.1	-4.8	13.4
% of State	1.1	1.8	1.0	1.9	0.6	100.0
% urban	28.3	30.6	37.0	59.4	49.8	73.8
net migration	+2,423	+8,316	-9,394	-6,155	-8,327	+34,484
Education						
Median school years completed						
male	11.1	11.7	10.8	11.6	11.5	12.0
female	11.8	12.1	11.9	12.1	11.9	12.1
Housing						
% seasonal and migrational	26.2	19.3	14.6	8.9	21.2	3.8
% occupied by:						
owner	64.3	65.0	67.8	66.7	56.6	69.5
renter	11.8	14.8	18.7	22.0	25.8	23.9
vacant	23.8	20.2	13.5	11.4	17.7	6.6
% households lacking plumbing facilities (families below poverty level)	15.3	14.0	21.2	16.4	17.9	7.9
Income						
No. of families	23,586	39,872	22,804	41,060	11,560	2,190,269
% families below poverty level	13.3	10.8	15.2	10.4	14.0	7.3
mean family income	8,816	9,330	7,706	8,278	8,165	12,196

Source: County and Regional Facts, Michigan State University, Michigan Department of Commerce, and Executive Office of the Governor, 1972.

areas play a far less important role. As far as population, technology, and physical universe are concerned, these five northern regions possess comparable similarities. (This should not be interpreted as meaning that these regions are identical, for there are some social and cultural differences.)

It is hypothesized that differences in the performance of the regional organizations that can be observed are a result of differences in the institutional system of the public policy opportunity set, while the other components are held constant. Structure, conduct, and performance category indicators specific to the selected regional planning and development organizations are established to provide a framework for decision makers to evaluate the consequences of different institutional arrangements on choices made from within the institutional opportunity set.

Structural Categories

External Structure--State and Federal Guidelines

No regional organization can exist without enabling legislation from either state or Federal government. In Michigan the two main laws enabling the establishment of regional planning and development organizations are Public Act 281 (1945) known as the Regional Planning Commission Act, and Public Act 45 (1966) known as the Economic Development Commission Act. The 1972 state adopted "Guidelines for State Recognition of Regional Planning and Development Organizations" is the most current state policy with respect to regions.

¹⁹ The state guidelines were adopted by September, 1972 at the state level, but there has not been sufficient time for regional commissions to fully change bylaws in compliance with the guidelines.

State Guideline Policy

After the initial regionalization in 1968, only about half of the regions, mainly those already organized as councils of government or economic development districts, were organized.²¹ As of September, 1972, the state guideline policy was issued as an incentive for the others to become organized and for the organizations to be uniformly structured. Basically the guideline seeks to recognize one and only one organization in each region with the incentive to organize being a total of \$750,000 annually in state grant money for technical aid and planning purposes.²² This grant is based upon a one for one matching formula of state and local dollars with a minimum of \$25,000 and maximum of \$100,000 per region. The following prerequisites were enumerated in the guidelines for recognition:

1. a multi-county jurisdiction, consisting of at least three contiguous counties;
2. the organization must represent more than fifty percent of the population of the delineated planning and development region;
3. a membership requirement of more than fifty percent elected officials from general purpose government, and mandatory options offered to the three largest municipalities in the region for membership;
4. a full time executive director with qualified staff;
5. assurance of a financing mechanism for local contributions (matching money);
6. and performance of multi-functional planning and program development.

The first of the prerequisites alter the 281 formula by allowing

²¹These were the five northern Michigan regions, plus Tri-County (Lansing), Southeast Michigan Council of Government (Detroit) and East Central (Saginaw, Bay City and Midland).

²²The first state planning grant was awarded at the beginning of Fiscal Year 1974 (July, 1973).

- single redevelopment area;
- (B) the proposed district contains two or more redevelopment areas;
- (C) the proposed district contains one or more redevelopment areas or economic development centers identified in an approved district overall economic development program as having sufficient size and potential to foster the economic growth activities necessary to alleviate the distress of the redevelopment areas within the district...

EDA rules and Michigan's regionalization scheme are both based upon central places. Therefore, the two types of regions are being meshed into one organization. Other recent Federal enabling laws include:²³

1. the Housing and Urban Development Act of 1954 and 1965;
2. the Demonstration Cities and Metropolitan Development Act of 1966;
3. the Intergovernmental Cooperation Act of 1968; and
4. the Environmental Protection Act of 1969.

A-95 Review--The second of the Federal guidelines is OMB Circular A-95. The Circular was prepared pursuant to Section 401 of the Intergovernmental Cooperation Act of 1968:

The President shall...establish rules and regulation governing the formulation, evaluation, and review of Federal programs and projects having a significant impact on area and community development....

President Johnson authorized the Project Notification and Review

²³The most important of these laws that the regional organizations are also organized under, in addition to EDA, is the Department of Housing and Urban Development (HUD). Basically, HUD rules do not explicitly spell out requirements for organizing a regional planning and development agency. HUD rules simply state that the Governor of the State can designate regional (or metropolitan) planning agencies with approval of the Secretary: "provide that such regional agencies should... be composed of or responsible to the elected officials of the unit or units of general local government for whose jurisdiction they are empowered to engage in planning." This means that state guidelines can be used to set rules and procedures.

there are two major components to federalism: vertical and horizontal separation of power.

Vertical separation of powers is, in part, the traditional hierarchy (levels) of governmental units: national, state, and local; where local units are composed of townships and villages, municipalities, and counties. Each of these traditional levels of government is usually divided horizontally into legislative, judicial, and executive branches.

Both vertical and horizontal separation of powers involve checks and balances. The primary difference is that the vertical component of federalism is the separation of powers by representation, whereas the horizontal component is the separations of powers by functional area, that is by duties performed and authority to act. The vertical component of federalism is the boundary problem to be discussed later.

The regional planning and development organizations do not conform to the traditional horizontal system of checks and balances. These organizations do not perform the judicial function, and possess only limited legislative powers. The main horizontal function of regional organizations is the executive, the development of policies and programs specific to area-wide problems and this is limited to an advisory role. The regional planning and development organizations also do not possess the traditional powers of taxation.

It was shown in the previous section that the functional limitation of regional planning and development organizations originate from external, state and Federal, sources. Functionally, these organizations represent the executive branch of regional government, and are, therefore, not themselves a government per se. Regionaliz-

Regions were formed around urban cores because politically, it was found that a region based on central places represents the most appropriate "community of interest" for planning and policy purposes. Four prominent features of regions based upon central urban places were outlined:

1. transportation and communications;
2. employment and trade;
3. mutual problems; and
4. focus on growth centers for policy making.

Transportation and Communications--Transportation facilities in northern Michigan include fair highway development (Interstate 75 and U.S. 2), poor rail and air service, and a strong linkage to water transportation modes. Communications are assumed consistent throughout the northern portion of the state, but are lacking the quality of the urbanized portion of the state.

Employment and Trade--Tables 5 and 6 show employment and earnings by source for each region, and it will be noted that employment and earnings are derived from similar sources; less manufacturing and more trade, services, and government than the state average. Most of the trade linkages are to southern Michigan, Wisconsin, and Illinois, and raw materials make up the dominant volume of trade.

Mutual Problems--Similarities in resources, lack of major manufacturing or industrial activity, high seasonal unemployment, low relative earnings, and a dispersed rural population (with concentration in small cities), create many of the same problems which economic development planners must solve.

Growth Centers--This last boundary jurisdiction feature, based on

TABLE 6

EARNINGS BY SOURCE IN NORTHERN MICHIGAN: 1970

	North- east	North- west	West. UP	Cent. UP	East. UP	State
Total Earnings (000,000)	189	352	175	349	115	29,608
% Farm	1.1	3.5	0.7	1.4	0.7	1.1
% Government	12.0	19.4	29.9	26.6	61.0	12.0
% Manufacturing	45.5	26.8	10.3	20.0	2.7	45.4
% Mining	0.1	0.0	7.8	0.0	---	0.1
% Construction	5.7	7.3	4.5	5.6	4.0	5.7
% Utilities	4.9	5.5	4.1	7.9	5.2	4.9
% Trade	13.9	18.5	9.3	15.0	12.3	13.9
% Finance, Insurance, and Real Estate	3.2	2.4	0.6	0.6	0.2	3.2
% Services	12.2	15.9	9.0	10.5	9.5	12.2
% Other	0.2	0.5	0.4	0.3	0.3	0.2

Source: County and Regional Facts, Michigan State University, Michigan Department of Commerce, and Executive Office of the Governor, 1972.

government the eligibility for representation on the commissions. Each of these units becomes the clientele of the commission. Apportionment of membership is a critical structural factor because the membership rules define who controls the commission and, therefore, the commission's activities. This is the first category where major deviations occur among the regions.

The important issue here is the formula adopted for the apportionment of representative clientele groups. The Northeast, Northwest, and Eastern Upper Peninsula Commissions allocate clientele representation by counties on the basis of population. The Central and Western Upper Peninsula Commissions allocate clientele representation equally among the counties regardless of population.

Table 7 shows characteristics of the apportionment rules in each of the regional commissions. It is interesting to note that only counties are given direct membership on the commissions, except for the Northeast region where the three largest municipalities (Alpena, Cheboygan, and Rogers City) are each allotted one member from the respective county total.

Publicly Elected Members (X-4), Local Members (X-5), and Private Occupation Affiliation of Members (X-6)

For purposes of this research (and the experiment that tests institutional relationships), three membership qualifications have been selected as key indicators in the category of membership. The three indicators are: degree to which members are people holding elective office of general government (as opposed to special districts such as schools, or appointed officials, or non-governmental people); degree to which members are from cities (as opposed to counties or

rural areas); and the degree to which people with business and industry affiliations are members of the commission. These structural features are partly a direct function of the rules and partly due to other variables; but, it is the effect that is to be tested, i.e., what performance would result if these features were all required by law.

The bylaws of the regional commissions are not consistent in this category. Unlike other units of government, the regional commission members are not directly elected by the constituency of eligible voters within the region. Rather, commission members are appointed by the units of government in each region which are designated with this authority in the bylaws. Thus, if a representative from ones' voting district is not also a regional commissioner, then that person has no direct regional representation. The bylaw rules in each region regarding members and the actual membership for each region are given below.

Northeast--The regional representative are from county government, except in the cases of Alpena, Cheboygan, and Presque Isle, where the rules require that one position shall be offered to the largest city in the county: Alpena, Cheboygan and Rogers City respectively. The representatives of the commission are appointed by the county boards of supervisors in each county. The representation is implicitly, but not necessarily, greater than fifty percent public officials, which also complies with state guideline policy. There is no rule requiring any particular mix of occupational background for members.

The actual commission membership by public office affiliation is shown in Table 8. The membership total is eight, with all but

TABLE 9
PRIVATE OCCUPATION AFFILIATION OF COMMISSION MEMBERS

Affiliation	North- east	North- west	East. UP	Cent. UP	West. UP
Total Membership	8	11	19	21	30
Business and Industry	7	7	16	6	15
Government	1	2	0	15	8
Education	0	0	1	0	6
Agriculture	0	2	2	0	0
Religion	0	0	0	0	1
% Business and Industry	88	63	84	28	50

Source: 1970 O.E.D.P. for each region.

the commission chosen must be greater than fifty percent public officials, nor is explicit membership offered the largest municipalities.

From Table 8 it can be seen that the Northwest Commission is actually one-hundred percent composed of publicly elected, county level members with no city or township members. Seven of the eleven members of the commission, or 63 percent, are affiliated with business and industry private occupations (Table 9).

Eastern Upper Peninsula--The three Upper Peninsula regions have by-laws that are all very similar with respect to commission membership. The bylaws of the Eastern Upper Peninsula Commission require at least three members from each county, but does not require them to be elected officials, plus two members "at large" appointed by the county boards of supervisors. No direct membership is given to cities.

the commission represents local government, cities, villages, or townships. Of the thirty commission members, fifteen, or one-half, are affiliated with business and industry occupations.

To summarize, it can be seen that the Northwest Commission is the only region completely dominated by elected county members. The Northeast and Central Upper Peninsula have a membership that is divided between local and county public members. The Eastern and Central Upper Peninsula regions have a membership that is divided between public office holders and non-public office holders and the Western Upper Peninsula is actually dominated by private interests. Only the Eastern Upper Peninsula fails to reach the state guideline of at least fifty percent public officials. The dominant private occupational affiliation is business and industry in all regions except for the Central U.P. region which is dominated by people with public positions (e.g., post office).

Other Structural Characteristics

Staff, meetings, recordkeeping, etc. are basically house keeping provisions which each regional organization has included in the bylaws. These features will not be included in the experiment.

Financing Mechanism

The local funding mechanism is based upon contributions by county governments of each region. The formula for contributions, however, differs among the regions. The Northeast region collects local funds based upon state equalized property valuation. The Northwest and Eastern Upper Peninsula regions collect revenues based upon population, and the Western and Central Upper Peninsula regions collect revenues on an equal basis among the counties.

Committee structure plays the important role of channaling program dollars to different kinds of projects. Committee structure also serves as a surrogate for identifying regional priorities.

The three Upper Peninsula regions all have the same two committee provisions in the bylaws: 1) ad hoc committees as needed, and 2) a technical resource committee composed of area specialists (e.g., university research and extension personnel). The Northwest Commission has no specific provision for special committees, but the bylaws establish the regional council made up of community leaders in agriculture, business, labor, and special and minority interests to serve in the capacity of recommending commission membership. The Northeast Commission, on the other hand, has in the bylaws a very detailed listing of nine advisory committees and the membership structure of each. The nine committees are: youth, education, social and cultural, commerce and industry, manpower, natural resources, public services, public safety, and health and welfare. This specificity of committee structure in the Northeast Commission means that local coordination of regional plans and programs have a greater potential for more local involvement.

Each of the regional organizations has established a set of committees which often have varied from the bylaw provisions. These committees are shown in Table 10.

Northeast

Of the nine committees outlined in the bylaws, only two have been functional; commerce and industry and public safety. The public safety committee was organized to administer grants to local units of government from the Federal Law Enforcement Assistance Act. The

commerce and industry committee can be seen as the bargaining power gained through the position attained by business and industry on the commission

Northwest

The Northwest Commission has established four committees: law enforcement planning, transportation, manpower planning, and comprehensive health. These four committees represent the utilization of grant monies by a commission dominated by county board members. Transportation and manpower planning can be seen as some evidence of the power of commerce and industry, but not as directly as the Northeast Commission.

Eastern Upper Peninsula

There are four committees established by the Eastern Upper Peninsula Commission: recreation, land use, airport development, and industrial planning. Again these committees reflect the bargaining and position power of a commission dominated by business and industry private interests.

Central Upper Peninsula

This Commission has established no committees, which may reflect the split in public power positions and the lack of bargaining power resulting from the non-dominant position of business and industry.

Western Upper Peninsula

This Commission has established three committees: human resources, natural resources (land use), and solid waste management.

be to alleviate unemployment and promote diversified economic growth; programs aimed at this goal might include industrial expansion, commercial-tourism development and manpower development; while projects would be building industrial parks, establishing vocational education curriculum in high schools, or constructing marinas and campgrounds. Although performance in each of these areas is important, this research will be limited to the first two areas, goals and programs.

Problem Identification

It has already been shown the the regions have many mutual problems, and that each was organized for the purpose of improving economic conditions, albeit differences of opinion exist as to the extent of economic development programs. Each region qualified to recieve grants under Title IV of EDA by being designated a depressed economic area.²⁶ Thus, the area-wide economic problems of unemployment, lack of industry and dependence upon the natural resource base brought regional planning into northern Michigan. The cognizance of the other area-wide problems such as health, education, transportation,

²⁶Section 401 of Title IV of the Economic Development Act of 1965 states the following rules for area (multi-county) grant eligibility:

- A) ...the current rate of unemployment is 6 percentum or more and has averaged a least 6 percentum in addition to the following specifications:
- B)
 - 1. 50 percentum above the national average for three of the preceding four calendar years, or
 - 2. 75 percentum above the national average for two of the preceding three calendar years, or
 - 3. 100 percentum above the national average for one of the preceding two calendar years.

Additional qualifying requirements are:

- 1. areas where the median family income is not in excess of 40 percentum of the national median;
- 2. distressed Federal of state Indian reservations; and
- 3. areas expecting to experience loss of a major employment source

2) stimulate recreation and tourism; and 3) improve natural resource utilization.

Central Upper Peninsula

The general goals of this Commission are to enhance economic, social and local development. Specific goals include providing assistance in planning for industrial growth, water and sewer projects, housing, health, transportation, manpower training, education, natural resources, recreation and tourism, and environmental control.

Western Upper Peninsula

The general goal of this Commission is to solve economic and social problems. Specific goals include: 1) increase job opportunities; 2) improve the transportation system; and 3) improve community facilities (health, housing, etc.).

As can be seen, even in 1969 and 1970 these goals represent a rather comprehensive, i.e., multi-functional, scope. As with all attempts to set comprehensive goals, however, these sets of regional goals are very general and vague.

Local Assistance (0-2)

In complying with Federal rules and guidelines, notably the Economic Development Act and the Housing and Urban Development Act, each of the regional commissions has sought local support. Support from counties, cities, and townships, especially counties, is also necessary for state run programs, including the new direct regional grant program. Also, many of the review requirements such as A-95 require close coordination between regional and local organizations.

As of 1973, the northern Michigan regions had a history of local

TABLE 11

PROGRAM DESIGN AND NON-LOCAL FUNDING SOURCES: 1972-73^a

Region	Federal Program Sources	State Program Sources ^b
Northeast (A)	EDA ^c 54.5% direct 17.5% UGLRC 37.0% HUD 12.9% LEAA 8.0% PEP 17.5% Total number of programs=5	General grant 8%
Northwest (B)	EDA 35.0% HUD 24.0% LEAA 17.0% EEA 14.0% Total number of programs=4	General grant 10%
Eastern Upper Peninsula (C)	EDA 51.5% HUD 36.0% LEAA 4.5% Total number of programs=3	General grant 8%
Central Upper Peninsula (D)	NO AGENCY BREAKDOWN AVAILABLE	
Western Upper Peninsula (E)	EDA 48.0% HUD 33.5% Total number of programs=2	General grant 18%

EDA-----Economic Development Administration
 HUD-----Housing and Urban Development
 LEAA-----Law Enforcement Assistance Administration
 PEP-----Public Employment Program
 EEA-----Emergency Employment Act
 UGLRC----Upper Great Lakes Regional Commission

^a Total equals Federal plus state grant funds. Source: Telephone interview

^b Not State planning grant, but other grant programs.

^c EDA funding from two sources UGLRC (EDA sponsored) and direct EDA aid.

range of funding sources been established (e.g., one or two)?

Degree of Allocating Funds to Employment Impact Programs (0-4)

For this category, the intent is to show which of the program areas is receiving the greatest dollar support in the grant program. It is my perception that a preference for allocating scarce budget dollars to say, employment impact programs aimed primarily at generating jobs and income (e.g., EDA) is revealing of the choice of groups to be represented on the regional commission. Table 13 shows how each regional organization has allocated funds relative to employment impact related programs (data based on Table 9).

TABLE 13

ALLOCATION OF FEDERAL BUDGET DOLLARS IN REGIONAL PLANNING
AND DEVELOPMENT COMMISSIONS IN NORTHERN MICHIGAN IN 1973

Region	Percent of Total Funds to Employment Impact Programs	Percent of Total Funds to All Other Program Areas
Northeast	72% (EDA, PEP)	28%
Northwest	49% (EDA, PEP)	51%
Eastern Upper Peninsula	52% (EDA)	48%
Central Upper Peninsula	na	na
Western Upper Peninsula	48% (EDA)	52%

Source: Telephone interview. na = not available

It can be seen that all of the regions have allocated nearly half, or in some cases more, of the grant funds to employment impact programs.

TABLE 14
SUMMARY OF STRUCTURE, CONDUCT, AND PERFORMANCE CATEGORIES^a

Categories of Interest	North-east A	North-west B	East. UP C	Cent. UP D	West. UP E
Structure					
X-1	no	no	no	no	no
X-2	yes	yes	yes	no	no
X-3	yes	yes	yes	no	no
X-4	87%	100%	45%	95%	53%
X-5	50%	0%	na	47%	13%
X-6	88%	63%	84%	28%	50%
Conduct					
Y-1	2	4	4	0	3
Performance					
O-1	yes	yes	yes	yes	yes
O-2	yes	yes	yes	yes	yes
O-3	5	4	3	na	2
O-4	28%	51%	48%	na	52%

^aSee key for category descriptions

na = not available

Source: Telephone interview.

performance relationships is given, in turn, for each of the four performance categories.

Establishing Regional Goals (0-1)

TABLE 15

Performances Differences as Observed in Jan.-Feb., 1973

<u>Regions</u>	<u>0-1</u>	<u>0-2</u>	<u>0-3</u>	<u>0-4</u>
A-B	xx	xx	23%	1
A-C	xx	xx	21%	2
A-D	xx	xx	NA	NA
A-E	xx	xx	24%	3
B-C	xx	xx	2%	1
B-D	xx	xx	NA	NA
B-E	xx	xx	1%	2
C-D	xx	xx	NA	NA
C-E	xx	xx	4%	1
D-E	xx	xx	NA	NA

NA = not available
xx = no difference

Setting of regional goals is a vital first step in defining program performance of a regional planning and development organization. The purpose of establishing goals is to give basic direction for achievement and action to program and project decisions. The choice of setting planning goals is a first indicator of preference by the regional commissions. Each of the five northern Michigan regional planning development commissions have adopted functionally comprehensive, area-wide goals. There is, therefore, no measurable difference among the regions in this category (Table 15) and this evidence suggests that the preferences of the regional commissions are similar.

One explanation for this preference is that the rules of Fed-

sources to this programming element.

It appears that the structure and conduct category differences (Table 15) do not account for the similar preferences of the regional commissions in local assistance efforts. For the local assistance category, 0-2, the general functional relationship may be written:

$$0-2 = f(\text{economies of scale advantages and support of county, city, village, and townships})$$

Federal Program Sources (0-3) and Degree of Allocating
Federal Funds to Employment Impact Programs (0-4)

Once the goals of a region have been established, two choices follow which reveal the preferences of the regional commission members. The first choice is which programs are to be placed on the regional commission's priority list or agenda. Performance category 0-3 is set up to measure the number of Federal programs included on the regional priority list.

The availability of Federal programs is the same for each region. That is, each regional commission can choose from among the programs available that combination which best suits the commissioners perception of the planning and development needs of the region. Any observable differences among the regions therefore suggests that internal factors may be causing the differences in priority lists. It is hypothesized that structure and conduct rule differences are important. The general functional relationship may be expressed as:

$$0-3 = f(x-1, x-2, x-3, x-4, x-5, x-6, \text{ and } y-1)$$

The second program choice that is made by the regional commissions follows from the priority list of selected programs from Federal

expressed as:

$$0-4 = f(x-1, x-2, x-3, x-4, x-5, x-6, \text{ and } y-1)$$

The experimental testing which follows will develop the relationship between structure and conduct features and performance categories 0-3 and 0-4 to a greater degree of specificity for each region. Both Table 14 and Table 15 show that not every regional commission is structured in the same way. Table 16 summarized the possible relationships that could exist with respect to the regional commission's structure and conduct features.

Quasi-Experimental Design

The Static Group Comparison Test

Background

The mechanics of the static group comparison test are explained in Donald T. Campbell and Julian C. Stanley's 1963 text on experimental designs. Any experimental design consists of two primary elements defined by Campbell and Stanley as follows:

An X will represent the exposure of a group to an experimental variable or event, the effects of which are to be measured; 0 will refer to some process of observation or measurement... ²⁹

The primary purpose of the static group comparison test is to determine the effect of the experimental variable--X. The test entails comparing, at a given moment in history (thus, static) the difference between one group which has been exposed to the presence of X (the treatment) and another group which has not been exposed to X.

The generalized symbolic representation used by Campbell and

²⁹Campbell and Stanley, Designs for Research.

Stanley to illustrate the static group comparison test is:

Group A: X_a O_a

Group B: O_b

where X_a = experimental aggregate of structure and
conduct features

O_a = performance observation with treatment X_a

O_b = performance observation without treatment X_a

A solid line separates two groups, one exposed to X_a with observation O_a , and one not exposed to X_a (blank.) with a different observation, O_b . In this study, the structural features are designated X, the performance features are designated O, and conduct is designated Y. The meaning of the Y variable is that conduct could be considered both an outcome of treatment (O) or a causal factor in explaining performances differences. The test then exposes one group to an experimental treatment and compares the results or observations to a group that has not been exposed to the experimental treatment.

For the purpose of the quasi-experimental test, an important assumption will now be made concerning the relationship of structure and conduct rules as stated in the regional bylaws and the observed features. It will be assumed that the rule and the actual feature are the same and the test will be for the effect of a rule requiring the actual feature. In this way the effects of an institutional change can be explored without actually observing particular rule changes.

Sources of Invalidity

Campbell and Stanley describe the potential sources of invalid-

As with all analyses using statistical testing of hypotheses, the results do not "prove" truth. Rather, the results show cases where the evidence suggests no casual relationship, or at least provides some evidence that a particular result suggests that a relationship might exist. The question of the degree to which the evidence is accepted should be left open for further research.

Experimental Results

Exclusion of Uniform Features

The first step in the test is to identify the uniform treatment features that are common to each of the regional commissions. Observation of a structure or conduct category common to each region will be cause for eliminating that category as an ingredient in the aggregate experimental variable. The logic of this step is that if each regional commission possesses the same exposure or non-exposure to a category is the same for each regional commission, that category will be excluded from the treatment.

It is observed in Table 14 that none of the regional organizations fulfill all legislative, judicial, and executive functions, i.e., none are exposed to X-1. The reason for this is that external state and Federal functional rules are imposed uniformly for the regions and, thus, all are subject to the same degree of externally enforced conformity of non-treatment in this category. Not only does this mean that functional jurisdiction does not affect differences in performance, it also means that, with exclusion of one major source of external influence, internal institutional features will tend to have greater affect on performance.

As described earlier, the two performance categories 0-1--goal

A	X-2, X-3, X-4, X-5, X-6	0-4 = 72% to employ. programs
E		0-4 = 48% to employ. programs

This results in a substantial difference (72% - 48%) of funds being allocated to employment impact programs, i.e., the aggregate of variable suggests a difference. Next, we find an alignment of regions where some of the structure features are the same:

feature	B(N.W.)	E(W.U.P.)
X-2	yes	no
X-3	yes	no
X-4	100%	53%
X-5	0%	13%
X-6	63%	50%

Here we can see that X-5 and X-6 are not substantially different, and we delete these features from the experimental aggregate to form X_b . The second test is:

B	X-2, X-3, X-4	0-4 = 49% to employ. programs
E.		0-4 = 48% to employ. programs

The results show virtually no difference in preferred allocation of funds to employment impact programs. This evidence suggests, for performance category 0-4, that structure categories X-2, X-3, and X-4 are not important rules when lumped together. This further suggests that features X-5 and X-6 may be the important causes in the variance of preferences observed in the initial test.

Finally, a test is set up for feature X-5 alone. This is done by comparing the Northeast (A) and Northwest (B) regions:

feature	A(N.E.)	B(N.W.)
X-2	yes	yes
X-3	yes	yes
X-4	87%	100%
X-5	50%	0%
X-6	88%	63%

We will now assume that only X-5 is a substantially different feature between the two regions, and the test is:

some income in agriculture, even if they are underemployed. Therefore when city members are present, they might try to get more funds budgeted for employment impact type programs. This would also be the case for counties where the cities dominate the county board. It might be expected that X-3, apportionment by population would complement the rule of city members and aid in the advancement of city interests. In rural counties, however, it is typical that even the largest city may not comprise a majority of the county population and thus not control the county board which appoints members to the regional commission. It may be the case that a more populous county may get more members without city interests getting any more direct membership. Additionally, rural county officials have a more diverse constituency, and therefore must be aware of a wide variety of issues that arise, for example, in election campaigns.

The fact that unemployment is more visible in cities does not singly explain the observation on the membership rule. Where interests are more homogeneous and of a greater magnitude for each individual group member, an interest group will have lower decision costs in organizing and making its views count. In cities where unemployment hits certain people hard--when they have few alternatives--this interest group will find it easier to organize and gain officials attention. Thus, in cities where groups affected by unemployment and under-employment can organize around these basic economic issues, they may be capable of influencing public officials on their preferences for employment impact programs.

In the more rural areas where the effects of unemployment and underemployment are more diffuse, there are higher decision costs

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

Introduction

The evidence produced in this investigation of northern Michigan regional planning and development organizations has suggested that choice of structure and conduct rules has some affect upon choice of program funding sources and preferences for allocating funds to employment impact programs. This chapter provides a summary of that evidence and an evaluation of its degree of specification for recommending action. Also, policy implications will be analyzed. Finally, recommendations for further research are suggested.

Summary and Evaluation of Evidence

The intent of this research has been to analyze how selected structure and conduct rules affect a particular performance that may be desirable by different interest groups. Although the many imperfections in the tests substantially affect the strength of the results, the following statements summarize the conclusions that are suggested by the evidence found.

First, if an interest group seeks to advocate its particular preferences (whatever those might be) on the regional planning level, then the evidence suggests that institutional structure and conduct rules should be considered in formulating a strategy to achieve the group's ends.

Second, if a group is interested in seeing more funds allocated to employment impact programs, then there is weak evidence to suggest that a rule requiring city (as opposed to rural) members to be on the regional commission may be desirable for that group.

Policy Implications

One of the basic concepts of public choice theory is that all decisions (public or private) involve some form of trade-off, and therefore can be discussed in terms of (decision) costs. In general, there are five categories of groups that are concerned with the effect of rules on performance in regional planning and development commissions. These categories of groups are:

- Federal rule-makers (elected or bureaucratic)
- State rule-makers (elected or bureaucratic)
- Local rule-makers (elected or bureaucratic)
- Regional Commissions
- Special interest or advocacy groups (e.g., labor unions, the Sierra Club, neighborhood and lake associations, etc.)

Rules and procedures established by Federal and state agencies and legislatures form that set of rules which are external or beyond the direct control of regional commissions. As described earlier, however, these rules and procedures guidelines must be adhered to by regional agencies in order to qualify and secure the benefits of the Federal or state programs. This means that decisions on operating rules made by Federal or state agencies have an impact on determining the rules of regional commissions, and, as we have seen, some of these rules have impact upon whose (i.e., which group) preferences are expressed in terms of choice of programs and funding allocations.

A good practical example of the costs of making decisions on rules applied to northern Michigan regional planning commissions is the uncertainty regarding the Economic Development Administration

At best, the evidence is suggestive of tendencies and possible casual relationships. The process of adjusting bylaw rules might include say, changing from EDA requirements to state guideline requirements, and possibly if EDA is continued, back to EDA requirements again. The evidence suggests that this type of uncertain adjustment process could have some impact on performance. The problem is that without more reliable data there is still a lack of precise knowledge of the impact of rules. It would not be advisable for example, to commit millions of dollars of program funds on the basis of the weak evidence provided here (i.e., the cost of the lack of more reliable evidence is the insufficient knowledge of impacts).

When state or Federal rule-makers contemplate changes, they should not use the findings presented here as their sole source of information on rules. However, if no other information on impacts of rules exist, and little research is available supplying knowledge of this type on regional commissions in Michigan, then any suggestion of possible casual relationships related to behavior may be useful. If specific decisions are required by state or Federal rule-makers, regional commissions, or advocacy groups, then acting on insufficient knowledge of the impact of rules on performance, may result in haphazard or "hit or miss" results, when particular objectives (e.g., unemployment relief or environmental upgrading) are established as performance targets. In this case, the cost of operating programs without sufficient knowledge of rule impacts may be very great.

One reliable policy implication is that making rule decisions

relief of unemployment) then making rule decisions will require more information than supplied in this research.

Other areas of policy concern that may have some implications due to (changes in) institutional rules include:

1. Full compliance with the state policy guidelines by the regional commissions by adjusting bylaw rules.
2. Designation of regional commissions as A-95 clearinghouses (with the powers of project review, comment, and approval recommendation).
3. Change in the role of state planning functions (i.e., reorganization of state planning Bureaucracy).
4. Change in the functions of regional planning and development organizations to include service delivery functions.
5. Designating regions as well as states, counties, and municipalities as direct recipients of annual revenue sharing funds from the Federal government.

Areas of Further Research Needed

In this section areas of further research possibilities are recommended. The research effort in this study has been narrowly focused upon selected institutional characteristics of regional planning and development organizations in northern Michigan. The suggested research for further study will be broken down into two categories: performance of regional planning and development organizations and institutional structure and conduct impacts on public choice performance (of other types of institutions such as state agencies).

Institutional Arrangements

1. There is a need to expand the structure and conduct categories of interest so that more detailed indicators of choice and per-

the grants (e.g., state policy guidelines tied to the state planning grants).

3. When, and if, major changes occur (as outlined in the Policy Implications section) a comparative time analysis of performance could be made. Thus, when A-95 review powers are conferred upon regional organizations, what effect on performance results? An interesting study would involve examining the categories of interest found to have some supporting evidence here to see if a major operating change such as A-95 review also implies a major change in institutional arrangement and the effect of these particular categories on performance.
4. Finally, the relationship between regional local, and regional state planning could be studied to answer such questions as:
 - a. Is the particular regionalization scheme currently set for Michigan providing the anticipated results? Is another scheme preferable?
 - b. Have regional planning and development organizations performed differently in urban areas than in rural areas? If there are differences, what institutional factors, if any, are important?
 - c. Have regional organizations assumed local planning functions as well as regional? If so, have there been significant differences in performance?
 - d. What relationship exists with comprehensive regional planning and development organizations and state "line" agencies such as Highways and Transportation, Natural Resources, Social Services, and Commerce? Should regional organizations be administering more programs, both planning and implementation?

This research effort has been directed toward those making decisions at the regional level. It is hoped that information provided and conclusions reached will aid these people in becoming more aware of the nature of regional problems and opportunities,

APPENDIX A
STATIC GROUP COMPARISON TESTS

Introduction

This appendix is intended to be a supplement to the static group comparison test analysis in Chapter V. Presented here are static group comparison tests for each of the structure and conduct rules, except for X-5 which was presented in Chapter V.

Structure Tests

Tests for the Effect of Publicly Elected Officials
(X-4) on Choice of Federal Funding Sources

As described in Chapter IV, the choice of Federal funding sources is an important step in determining the direction of the regional planning program. It is observed that the performance measures for category 0-3, the number of funding sources, do differ among the northern Michigan regional commissions. This test attempts to find rules which show the effect of the group preferences of publicly elected officials from general government as opposed to members to the commission who do not hold general elective office.

We begin in the same manner as the test for city members. Region A (N.E.) is compared to Region E (W.U.P.) where the structure features are substantially different.

A	X-2, X-3, X-4, X-5, X-6	0-3 = 5 Federal funding sources
E		0-3 = 2 Federal funding sources

The results show a substantial difference (3) in number of funding sources selected.

test, and the evidence is severely weakened, it is suggested that X-4--number of publicly elected officials--may be a casual factor in explaining the behavior difference.

Explanation of Results

The results of the test for publicly elected officials suggests that there is some weak evidence relating the choice of a wide range of Federal funding sources to a high percentage of publicly elected officials on the commission.

If, as has been suggested (Chapter IV), the selection of a wide range of Federal funding sources indicates a commitment to a broad scope of planning activities, i.e., a multi-functional planning effort, then groups interested in this approach may choose to support a rule requiring, say, a majority of publicly elected officials on the regional commission.

Why should publicly elected officials be concerned with developing a wide range of funding programs? One possible explanation is that public officials are more responsive to special interest groups (e.g., the Sierra Club, Chamber of Commerce, Tourist Association, Historic Societies, etc.) than are non-elected commission members.

As was discussed in Chapter V, for groups that are homogeneous or have a great magnitude (or perspective) to each group member, the decision costs of organizing are less. One strategy of such groups then is to attempt to influence the public decision makers in order to achieve the group goals. (We have seen some evidence of this in Chapter V.)

Often, a publicly elected official represents the interests

in this test to suggest that if a rule requiring publicly elected officials be present (say, at least fifty percent) on the commission, then some degree of vote trading occurs, resulting in a somewhat broader agenda of Federal funding sources.

What groups would support such a rule? When would groups with special interest concerns support such a rule? First, it appears that any group with a special interest would support a rule requiring members that support their special interest. This applies to both elected and non-elected people. Second, if the group were faced with high decision costs (as are, for example, some environmental groups or neighborhood associations) then support of a rule which would give publicly elected officials membership might be beneficial to that group's interest. The two primary reasons this might be the case are that first, public bodies are readily accessible (e.g., public hearings, debates, etc.) and, second the group can use the lever of election (e.g., bad publicity, referendum, voter drives, etc.) to press its interests.

Other groups, labor unions or farm bureaus for example, might support such a rule only if, politically, they had assurances that elected officials which support their causes would be members of the commission. These groups, with strong organizations and relatively low decision costs are often able to secure direct membership on regional commissions, or on advisory committees. Thus a strongly organized group might support a rule requiring fewer elected members. In any case, a group's support of any rule requiring a membership scheme will be directly related to the trade-offs between a narrow program field which benefits the group's

Test for the Effect on City Members (X-5) on
Establishing a Wide Advisory Committee Structure (Y-1)

Under what circumstances will a regional commission choose to establish several advisory committees covering a wide variety of planning fields (e.g., economic, environmental, law enforcement, etc.)? The specific hypothesis is that if city (and other local governmental officials) have direct commission membership, then a rule requiring local advisory committees is less likely to be observed.

Repeating the test between Region A (N.E.) and Region E (W.U.P.) where structure features are considered substantially different, the results show very little difference in observed behavior with respect to the conduct variable.

A	X-2, X-3, X-4, X-5, X-6	Y-1 = 2 advisory committees established
B		Y-1 = 3 advisory committees established

When Region B (N.W.) is compared with Region E (W.U.P.), where X-5 and X-6 are similar, the results suggests that X-2, X-3, X-4, do not cause a substantial difference in conduct.

B	X-2, X-3, X-4	Y-1 = 4 advisory committees est.
E		Y-1 = 3 advisory committees est.

Testing Region A (N.E.) and Region B (N.W.) suggests that X-5---city members---have a small effect on conduct behavior difference.

A	X-5	Y-1 = 2 advisory committees established
B		Y-1 = 4 advisory committees established

This evidence suggests that if city members are not present, then more advisory committees are established.

If Region D (C.U.P.) and Region E (W.U.P.) are compared, the results are similar. Here, variables X-2, X-3, and X-6 are substantially similar.

Test for the Effect of a Large Number of Advisory
Committees (Y-1) on the Preference for Allocating
Funds to Employment Impact Programs (0-4)

The second stage of the test for conduct is designed to explore the hypothesis that a rule requiring a large number of advisory committees (as a substitute for a rule requiring direct city membership) will result in a preference for allocating funds to employment impact programs. Unfortunately, due to lack of information in the performance category 0-4 for Region D (C.U.P.), a test comparing the regions where observed conduct differences are most substantial is not possible. This greatly reduces the strength of the evidence.

Region A (N.E.) is compared to Region B (N.W.) where structure features X-2, X-3, X-4, and X-6 are similar. This leaves us with the following test.

A	X-5	0-4 = 72% to employment impact programs
B	Y-1	0-4 = 49% to employment impact programs

The results of this test suggest that if allocation of planning funds to employment impact programs is desirable, then a rule requiring the establishment of many advisory committees, as a substitute for direct city membership, does not substantially affect performance. It can be observed that the presence of Y-1 as a substitute for X-5 does not tend to increase funds to employment impact programs.

Conclusion

The tests for conduct have yielded very weak evidence. The results of the tests suggest that if a group prefers allocation of planning funds to employment impact programs, a rule requiring many advisory committees to be established will probably not further

BIBLIOGRAPHY

- Broder, Joesf M. "Selected Impacts of Michigan's 1969 Court Reorganization on Rural Citizens." Michigan State University, Department of Agricultural Economics, Masters Thesis, 1973.
- Bromley, Daniel W., Schmid, A. Allan, and Lord, William B. "Public Water Resource Project Planning and Evaluation: Impacts, Incidence, and Institutions." Center for Resource Policy Studies and Programs, School of Natural Resources, College of Agricultural and Life Sciences, University of Wisconsin, September, 1971.
- Buchanan, James and Tullock, Gordon. The Calculus of Consent-- Logical Foundations of Constitutional Democracy. University of Michigan Press, Ann Arbor, 1962
- Campbell, Donald T. and Stanley, Julian C. Experimental and Quasi-Experimental Designs for Research. Rand McNally, Chicago, 1963.
- Caves, Richard. American Industry: Structure, Conduct, Performance. Prentice Hall, Englewood Cliffs, New Jersey, 1964.
- Central Upper Peninsula Economic Development District. "Overall Economic Development Program." January, 1970
- Commons, John R. Institutional Economics--Its Place in Political Economy. University of Wisconsin Press, Madison, Wisconsin, 1934.
- Office of Economic Expansion, et. al. County and Regional Facts. Volumes for Regions Nine, Ten Eleven, Twelve, and Thirteen, 1973.
- Executive Office of the Governor, Bureau of Programs and Budget, Office of Planning Coordination. "Planning and Development Regions for Michigan." Technical Report No. Fourteen (14), February, 1968.
- Executive Office of the Governor, Bureau of Programs and Budget, Office of Planning Coordination. "An Investigation of Locally Established Regional Bodies in Michigan." December, 1970.
- Eastern Upper Peninsula Economic Development District. "Overall Economic Development Program." March 1970.
- Fuller, R. Buckminster. Operating Manual for Spaceship Earth. Southern Illinois University Press, March, 1959.

Seidman, Harld. Politics, Position and Power-- The Dynamics of Federal Organization. Oxford University Press, New York, 1970.

Sosnick, Stephen. "Towards a Concrete Concept of Effective Competition." American Journal of Agricultural Economics, November, 1968.

Subcommittee on Economy in Government, Joint Economic Committee. The Analysis and Evaluation of Public Expenditure: The PPB System. (3 vols.), 1969.

Western Upper Peninsula Economic Development District. "Overall Economic Development Program." July, 1970.

Wiskavsky, Aaron. The Politics of the Budgetary Process. Little, Brown and Company, Boston, 1964.