

## **Public and Private orderings in parking regulation and planning**

### *Background and problem*

Streets and roads in cities are generally administered by local governments, either as a result of delegation from the state or as a result of traditions and habits where local governments have been responsible for similar assets since long. Parking regulation is one important aspect of the management of the capacity that streets and roads represent.

Disputes over the use of a gradually more scarce street capacity seem to increase in magnitude as cities grow in the era of fast urbanization. Through more developed parking management both availability and environmental concerns are to be favored. Street management, with parking regulations as an important ingredient, has therefore become a more important aspect of local government politics.

Questions arise as to whether an effective organizing and management of streets and roads in cities, with parking regulations as an example, can be arranged according to public orderings and/or whether private orderings offer good (or better) alternatives for achieving an efficient use of the resources. A discussion on the meaning of the efficiency-concept when it comes to parking regulation will be developed.

Access to assets such as roads and streets is closely linked to the actual contents and meaning of proprietary rights. The division of responsibility between markets and public sector organizations play an important role in the practical handling of these issues. In this regards the management of street utilization and capacity expressed in parking regulations is part of the private/public divide, discussed in many areas of social science.

The paper will explore the different models for ownership, organization and management of streets and roads as expressed by parking regulation in cities following the two basic models outlined above. Examples will be collected primarily from Stockholm, where a major rethinking of parking regulations is currently underway. Some historical parallels will be brought into the discussion, e.g. from Levinsson (2002).

### *The two models*

There are basically two models for how to organize ownership and management of roads and streets and their usage;

- Centralized planning as arranged primarily by public sector organizations like municipalities (and in theory also by private sector organizations owning similar assets)
- Spontaneous orderings where proprietary rights are the basis for the coordination of access to street-space or where pooling of commonly held assets like street space is organized spontaneously and locally.

The first example is the standard model for how streets are managed in most societies. Due to the view that streets are an example of a public good which is not possible to organize as a privately held asset and where a market-ordering is not functioning due to market failure (lacking excludability and with non-rivalrous features), streets are normally seen as a natural business for local public sector organizations.

Pricing and rents based on market exchange is substituted for public sector regulated parking fees. Voluntary negotiations and agreement is substituted by binding regulations.

The second example is the normal market ordering model in market economies. The management of land and spaces like streets are seen as something that should primarily be organized based on private proprietary rights. Going back to a pre-industrial world this is also the traditional way roads and streets have been provided. Local landowners have spontaneously taken responsibility for the provision of roads connecting different areas. In cities these duties might have been arranged more like common pooling of resources, but originally without formal public regulation.

Voluntary agreement between either proprietary right holders or spontaneous organization in order to manage common resources is the standard model for organizing action according to this view.

#### *Theoretical connections*

The public model will be connected to its foundations in planning literature and economic theory when discussing the proper handling of large scale systems and market failure situations.

The spontaneous ordering model will be connected to theoretical views on how voluntary coordination based on proprietary rights might be organized in a private ordering setting. Here the handling of assets with private good features will be the main focus.

Both models exist in a framework of public sector organizing which is often studied within a public choice theoretical framework. This will be one of the sources for inspiration with well known examples from scholars like Tullock (1962) and Buchanan (1967). Discussions around the spontaneous ordering style organization of areas in the public sector sphere can be found in theoretical work presented by Hayek (1960) and more recently Pennington (2011) and Webster (2002), who connects urban planning practices to liberal market oriented structures.

Elinor Ostrom (2005) has provided a theoretical base for discussing how different organizational settings are developed and used for the organizing of commonly held assets. These theories will be an additional source of inspiration.

Much of the discussion will circle around the “private/public” divide in any society. Here Richard E Wagner (2007) has presented a fruitful framework for a deepened discussion on the specificities that mark the two models, but also how actors in the public and private sector interact. Wagner has applied these theories to questions related to the provision and regulation of public spaces in cities, like the provision of parking.

An interesting connection might also be done to public finance theory, where the financing of public sector activities and the division of activities between the public and the private sphere is one theme under consideration. Schumpeter (1918) is one source of inspiration trying to detect the “skeleton of the state”. Tiebout’s (1956) writings on the pure theory of local expenditure, where the combined regulatory and financial environment shaped by local public authorities are part of the framework towards which citizens decide where to live is another.

#### *Literature*

Buchanan, J (1967/99) Public Finance in Democratic Process, Liberty Fund Inc.

Hayek, F A (1960) ed by Hamowy R (2011) The Constitution of Liberty - The Definitive Edition, The University of Chicago Press.

North, D C (1990) Institutions, Institutional Change and Economic Performance, Cambridge University Press, New York.

Levinson, D M (2002) Financing Transportation Networks, Edward Elgar, Cheltenham, UK.

Ostrom, E (2005) Understanding Institutional Diversity, Princeton University Press.

Pennington, M (2011) Robust Political Economy, Classical Liberalism and the Future of Public Policy, Edward Elgar Publishing Limited, UK.

Schumpeter, Joseph A (1918/1991) The crisis of the tax state, in The Economics and Sociology of Capitalism ed by Richard Svedberg, Princeton University Press.

Tiebout C (1956) A Pure Theory of Local Expenditures, Journal of Political Economy, Vol. 64, No. 5, s 416-424, Chicago University Press.

Tullock, G (1962/90) The Calculus of Consent, Liberty Fund Inc.

Wagner E, R. (2007) Fiscal Sociology and the Theory of Public Finance. An exploratory Essay. Edward Elgar, UK and USA.

Webster, C (2002) Property rights and the public realm: gates, green belts and Gemeinschaft, Environment and Planning B: Planning and Design, vil 29 p 397-312.