Governing the Local Economy? Challenge and Change in London Ontario

Neil Bradford
Huron University College, UWO
July 2008

Comments Welcome.

bradford@uwo.ca

Paper prepared for SSHRC-MCRI “Social Dynamics of Economic Performance: Innovation and Creativity in City-Regions”, Research Theme 3 “Social Inclusion and Civic Engagement”
Introduction

Recently there has been growing awareness of cities as strategic spaces in the age of globalization. Knowledge-based innovation is the critical ingredient for prosperity and well-being in the ‘new economy’, and it seems to thrive in local places that value diversity, encourage the flow of new ideas, and include many voices in civic affairs and community life. Contrary to predictions of the ‘locationless’ effects of virtual communications and the ‘death of distance’ in a weightless economy, economic geographers and demographers track an intensification of agglomeration processes as knowledge-intensive firms and skilled workers seek out cities for maximizing business opportunities and life chances (Harding, 2007). A host of major research institutes from the OECD to the Conference Board of Canada conclude that the competitiveness of nations now depends on the innovative capacity of its larger cities (OECD, 2006; Conference Board of Canada, 2007).

Yet the same research also reports that cities are important social and ecological spaces. Indeed, the OECD describes an “urban paradox” as both opportunities for innovation and risks of exclusion are most pronounced in urban settings (OECD, 2006:76; Bradford, 2008). And it is in the most dynamic city regions where major ecological risks are playing out as traffic congestion, sprawling growth, and waste management threaten air and water quality and public health. Clearly, cities confront significant obstacles in positioning themselves as durable sites of innovation. They will not attract talent if those who are different or new find themselves isolated in troubled neighbourhoods. Nor will cities that deplete their natural environment and built heritage become magnets for leading-edge firms who are mobile and discerning critics of ‘place quality’.

Thus, a major urban challenge is to take seriously “the interdependencies among the economic, social, and environmental aspects of cities” (OECD, 2002: 17). Certainly, initial city endowments and national/provincial policy frameworks will impact local possibilities for such integration. Yet, in a global age of enhanced flows of people, ideas, and investment, there is also mounting evidence to show that local agency makes a difference to outcomes (DiGaetano and Strom, 2003; Clarke and Gaile, 1998). Global flows are institutionally mediated and increasingly local actors are forging networks, designing policies, and steering growth to push urban development along preferred paths. Studies of the “new localism” have established certain parameters for strategic intervention: invest in knowledge infrastructures; facilitate dialogue across sectors; engage diverse voices in the development decision making; and grow local assets and capacities through engagement with external government and corporate actors (Sellars, 2002; Savitch and Kantor, 2002). In short, the new localism highlights the importance of the social dynamics of urban places – their connectedness, their shared ability to learn, and their collective leadership in adapting to ongoing change (Bradford, 2003; Wolfe and Bramwell, 2008).

1 This paper draws on 25 key informant interviews conducted in the summer and fall 2007. The research assistance of Kadie Ward, Paris Meilleur, Kate Graham, and Matthew Patterson is gratefully acknowledged as is the financial support of SSHRC. An earlier version of this paper was presented at the ISRN Annual Meeting in Montreal, May 1-3, 2008.
But how do cities create the governance structures that will leverage such dynamics to enable economic innovation that is also inclusive and sustainable? Here we can take our cue from Allen Scott’s observation that in cities today “different imaginaries are possible” and such visions “can be harnessed in the service of political action directed to social change” (Scott, 2007:1466). Scott invites consideration of the different economic discourses that frame and contest the terms of urban development. And he directs attention to the influential socio-political actors who use their institutional power to manage the translation of ideas into practice. These issues are central to understanding economic development in a globalizing context where localized assets and capabilities increasingly mark those places that move forward from others that fall behind.

This paper explores these matters in a detailed case study of a mid-sized city in Ontario Canada, London. This city is interesting precisely because it has in the past decade or so been intensively engaged in resetting its development trajectory. The local context has been refashioned by a major round of institution building and strategic realignment, amidst growing public debate about the city’s overall development priorities. As such, London’s experience speaks to larger urban restructuring themes, revealing an unsettled and contested local trajectory across economic, social, and environmental dimensions. London is a city, like many others today, in transition with local leaders responding to uncertain external signals while also facing more complex demands from within their own backyard.

To capture fully the debates and dynamics we begin with a conceptual discussion that maps three prominent political economy discourses of economic development, relating them to contemporary local strategies. We then introduce a framework for analysis of London’s evolving policy choices. Tracking conflicts and compromises through the city’s local governance sites, we conclude with consideration of prospects for bridging the city’s different development “imaginaries”.

**Governing Local Economies: Three Development Discourses**

Today a wide range of local strategies shape development trajectories in cities across North America and Europe. Catalogued in numerous OECD reports and the subject of various cross-national research networks, these strategies almost always privilege economic concerns, tracking employment, income, property values, assessment rates and the like (OECD, 2006; EURICUR, 2007). However, there is also notable variation across cities in the degree to which social and environmental dimensions are incorporated into the dominant framework. This variation underscores the need for a stock taking of the most influential local development discourses in order to place the debates and conflicts in any particular city in proper context. To this end, we describe below three such discourses that are presently influencing local development choices and outcomes in different cities: local innovation system; socially sustainable development; and community-based regionalism.
These three discourses represent coherent ‘world-views’ about appropriate forms of local
development. Each offers its own conceptualization of the social dynamics driving the
local economy, of the institutional processes steering development, and the territorial
scale at which networked relations operate (Amin and Thrift, 1995). Given the
analytical breadth of these discourses, it is useful to locate each in its appropriate
intellectual tradition. Here three political economy pioneers stand out – Joseph
Schumpeter, Karl Polanyi, and John Maynard Keynes. Reaching back to these giants of
the field serves a dual purpose of clarifying the different contemporary trajectories while
reminding that development strategies are always socio-political constructions reflecting
particular normative claims about desirable ways forward.

**Schumpeterian Trajectory:** *Local innovation system*

A major preoccupation of Schumpeter’s was innovation that he viewed as a process of
economic transformation – or creative destruction -- when normal routines of price
competition are suddenly disrupted by the introduction of new technologies, production
processes, marketing ideas, or goods and services (Schumpeter, 1952). Under such
conditions, a firm’s survival depends on its ability to adapt through generating or
acquiring new knowledge and rapidly applying it in the face of new competition.
Successful firms will transform themselves into learning organizations, building new
competencies and skill mixes that allow them to ride the wave of innovation.

In meeting these challenges, Schumpeter tended to focus his attention on the internal
dynamics of individual firms and how they modernized their processes and products
through scientific and organizational advancement. Here Schumpeter’s work has
provided a jumping off point for a large cohort of ‘new economy’ thinkers stressing the
role of knowledge and learning (Cooke and Morgan, 1998; Gertler and Wolfe, 2002).
These contemporary analysts value Schumpeter’s emphasis on disruptive economic
change and the innovation imperative for firms but propose a very different adaptive
process. What’s crucial today is social learning enabled through inter-firm networks that
transfer and circulate different kinds of strategic knowledge. Economic innovation is not
linear, but iterative and creative, placing a premium on timely access to multiple channels
of information from a range of sources – other firms, universities, research centers, and
governments.

From this perspective, firms depend on a *local innovation system* that is anchored in a
public-private partnership organization dedicated to supporting firms in key sectors of the
economy. A high functioning system will share knowledge, supply public goods and
infrastructures in pursuit of a development strategy tailored to the specific sectoral
strengths – both existing and anticipated -- of the local economy. Leadership through
associative governance will balance goals of attracting inward investment with growing
local assets. Cities with such social relations become “Schumpeterian hubs” for
metropolitan innovation often joining downtown creative districts with suburban
manufacturing and distribution centers (Wolfe and Bramwell, 2008).
**Polanyian Trajectory: Socially Sustainable Development**

The second development discourse also views the economy as a socially embedded institution prone to crisis and change. However, its most prolific contributor, Karl Polanyi, was concerned about the risks for workers, communities, and the environment from “economic self-regulation” (Polanyi, 1957:252). He called for participatory forms of localized community governance that would ensure protective boundaries between economic production and land and people. The precise nature of these boundaries would reflect local conditions and be collectively decided among representatives of civil society and the state (Mendell, 2003). The cast of societal actors involved in local economic governance would be broader than that contemplated in the “Schumpeterian hub”. Voices would extend well beyond the business and technological elite to include various popular movements contesting “economistic” measures of success. A holistic understanding of human scale development was desirable, implying a critical stance on the market’s potential for delivering such balanced outcomes (Baum, 1996). Social learning becomes less about building innovative firms than finding ways to deliver what contemporary followers of this tradition, Richard Stren and Mario Polese, call *socially sustainable development*” (Polese and Stren, 2000). They define this as “development (and/or growth) that is compatible with the harmonious evolution of civil society, fostering an environment conducive to the compatible cohabitation of culturally and socially diverse groups while at the same time encouraging social integration, with improvements the quality of life for all segments of the population” (Stren and Polese, 2000:15-16).

Those adopting the Polanyian perspective on local development further observe that some of the most dynamic Schumpeterian hubs also feature a polarized labour market with many people struggling in ‘bad jobs’ and typically living in substandard housing in the same rundown parts of the city (Defillippis, et al., 2006). Thus, this perspective typically anchors its work at the neighbourhood scale, organizing community-driven renewal in inner cities and older suburbs where urban poverty is increasingly concentrated. Most concerned that economic governance not take the form of technocratic networks impenetrable to marginalized people and distressed places, the Polanyian discourse celebrates urban social movements that stretch familiar conceptions of economic innovation. Leading scholars in this development tradition now emphasize democratic intermediaries providing “empowered and participatory governance” for “socially oriented economic alternatives” that deliver inclusive, sustainable growth (Fung and Wright, 2003; Defillipis et al. 2006; Healey, 2007).

**Keynesian Trajectory: Community-based Rregionalism**

The above Schumpeterian and Polanyian discourses of local development are presently the most prominent in cities around the world. Indeed, urban politics and policy often turns on conflicts between these economic and social alternatives (Savitch and Kantor, 2002). But is it possible to join the different projects to pursue a shared development agenda?
Here the work of J.M. Keynes is more relevant than either Schumpeter or Polanyi. This is because the Keynesian tradition has been inspired to find ideas that bridge economic and social divides as Keynes himself first did in the famous ‘postwar settlement’. Peter A. Hall makes the point that for his time Keynes provided a new language that diverse groups of political actors could use to forge a common purpose, and a “conception of the state’s role in the economy that appealed to forward-looking conservatives and Social Democrats alik” (Hall, 1989: 366). And Hall adds an important observation about the ongoing relevance of the Keynesian ethos: “To be Keynesian bespoke a general posture rather than a specific creed” (Hall, 1989: 367). And the posture was one of alliance building, bringing together quite disparate interests under the same banner.

While Keynes’s focus was on the national policy, this posture has recently been applied with greater frequency to the urban scale. For example, the 2007 Leipzig Charter on Sustainable European Cities declares that “all dimensions of sustainable development should be taken account at the same time and with the same weight … include economic prosperity, social balance, and a healthy environment”\(^2\). Rather than the Schumpeterian associative governance that concentrates on inter-firm and business-state networking, or the Polyanian social movement opposition, the Keynesian posture promotes local “metagovernance” involving what Bob Jessop terms “the management of complexity and plurality” (Jessop, 2004). Officials convene diverse interests – economic, social, environmental, and cultural -- and facilitate mutual learning around priorities and projects. Trade-offs and conflicts are acknowledged but the integrative logic is expressed through “new metrics that reflect a broader notion of ‘development’ encompassing health, well-being and quality of life in localities and regions” (Pike et al., 2006: 114; Morgan, 2004). Similariy, Manual Pastor and his colleagues have demonstrated that pockets of poverty and exclusion pull down an entire city-region and that those focused on economic innovation at the metropolitan scale need to work with community builders in troubled neighbourhoods (Pastor et al., 2000). Such Keynesian-inspired economic development is aptly labeled community-based regionalism as it works across a city’s socio-spatial economic divides (Pastor et al., 2000:15; Henton et al. 2004).

**Which Development Trajectory Where? A Framework for Analysis**

\(^2\) See the Leipzig Charter on Sustainable European Cities, May 2007 at [http://www.eu2007.de/en/News/download_docs/Mai/0524-AN/075DokumentLeipzigCharta.pdf](http://www.eu2007.de/en/News/download_docs/Mai/0524-AN/075DokumentLeipzigCharta.pdf). The OECD synthesis report on competitive cities in the global economy presents a similar case, as does the European Spatial Development Perspective which explicitly links the economic, social, and environmental dimensions and calls for appropriately collaborative governance structures (OECD, 2007). This holistic urban conception also informed the Canadian federal government’s New Deal for Cities and Communities which emphasized the four pillars – economic, environmental, social, and cultural – of sustainable cities. The thrust was especially in the report of the government’s external advisory committee (Bradford, 2007).
The above review of development discourses highlights four points about development dynamics. First, the local context is crucial in shaping economic development trajectories even in the global age. Second, such trajectories will be politically contested by local actors mobilizing around different economic visions. Third, there will be substantive variation in local development strategies across cities and over time as decision makers always sit at the intersection of shifting external pressures and local demands. Fourth, this variation, we proposed, can be tracked through the interplay of three kinds of local projects rooted in Schumpeterian, Polanyian, and Keynesian ideas.

To analyse the strategic choices that propel cities along particular trajectories (mixing innovation, inclusion and sustainability goals) we can use concepts developed by urban analysts concerned with economic development and sensitive to the importance of social dynamics and governance arrangements (Pierre, 2005). Susan Clarke and Gary Gaile call attention to what they term “context structuring processes” involving three factors: governance institutions; development coalitions; and policy frameworks (Clarke and Gaile, 1998: 108).

Governance institutions are the key local decision arenas and they feature particular representational and decision-making logics. Clarke and Gailie usefully distinguish between those arenas based on a “market logic” of profitability and responsive command structures from those based on a “democratic logic” of accommodating diverse interests and consensus building (Clarke and Gaile, 1998: 111-115). In this way, they explain, governance institutions privilege certain economic discourses, increasing access for some actors and limiting it for others. Those actors most represented constitute what Michael Keating calls the development coalition -- a place-based, institutionally embedded network of local economic actors directing progress (Keating et. al., 2003). Such direction is then reflected in a policy framework that orders priorities among innovation, inclusion, sustainability goals, and as Clarke and Gaile emphasize, makes connections that signal the move from sectorally bounded, sequential approaches to more holistic, simultaneous interventions.

These three analytical concepts can be linked to our development discourses to offer a robust framework for interpreting local trajectories in cities such as London. Table 1 sets out the menu of possibilities to guide empirical inquiry.
London’s Schumpeterian Trajectory: Building a Local Innovation System, 1993-2005

London is a second-tier Canadian city, with a population of about 350,000. It is the country’s tenth largest market area serving as a regional hub for southwestern Ontario, both its agricultural producers and smaller cities and towns. Long known for its strength in financial services and for its health care and post secondary educational facilities London’s economic base was hit hard by continental and global restructuring in the 1980s and 1990s. Financial head offices were relocated, manufacturing plants closed, and the city’s once vibrant downtown core visibly deteriorated. Among city leaders there was “a groundswell of interest and concern” relating to London’s industrial development and the limited ability to influence events (London Economic Development Corporation, 1998: 1).

The core issue was to revitalize or restructure a mature branch plant sector while building stronger capacity to grow knowledge-based enterprises. For this double challenge, city business and municipal leaders committed to putting in place the institutions and strategy for a local innovation system that would position London as a ‘new economy’ municipality.

This business-government mobilization was marked by several pivotal events and initiatives across the 1990s. In 1993, the City, working with the provincial government, annexed several surrounding rural municipalities to triple London’s geographic size. While only 8000 people were added, what mattered was the new land for industrial development that included the international airport and two major inter-city highways.

Table 1: Local Development Trajectories

<table>
<thead>
<tr>
<th>Development Trajectory</th>
<th>Schumpeterian</th>
<th>Polanyian</th>
<th>Keynesian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Discourse</td>
<td>Local Innovation System</td>
<td>Socially Sustainable Development</td>
<td>Community-based Regionalism</td>
</tr>
<tr>
<td>Governance Mode</td>
<td>Associative Governance</td>
<td>Empowered Participatory Governance</td>
<td>Metagovernance</td>
</tr>
<tr>
<td>Development Coalition</td>
<td>Knowledge Economy Networks</td>
<td>Social and Community Movements</td>
<td>Multi-Sectoral Collaboration</td>
</tr>
<tr>
<td>Policy Framework</td>
<td>Economic Innovation</td>
<td>Social Sustainability</td>
<td>Strategic Integration</td>
</tr>
</tbody>
</table>
The province wanted to ensure London optimized its growth potential for at least 20 years and the City agreed that the annexation represented a long-term opportunity for jobs and assessment. Following the annexation, and seeking to forge a new more regional identity, the City undertook a major community consultation on London’s future. The $10 million “Vision ‘96” exercise engaged 5000 residents to produce a sweeping blueprint that recognized the interdependence of economic, social, and ecological priorities, suggesting how these might be brought together in the City’s planning and policy process. As we note later, this vision turned out to have limited practical impact, but it did foreshadow the more complicated debate about London’s development that would materialize in the 2000s.

In 1997, two further events moved London along the path of a business-led local innovation system. First, there was a series of firings and retirements in the municipal economic development administration that exposed serious gaps in London’s policy capacity. In the wake of this bureaucratic “crisis”, the London Chamber of Commerce convened a group of some forty business leaders under the banner “Advance London” to set a new economic course for the city, including institutional changes for governing local and regional development. The aim was to leverage the assets of the enlarged city-region and address longstanding business concerns that the City’s response to investor needs – in zoning, regulation, and infrastructure – was overly bureaucratic and slow.

The centerpiece of Advance London’s thinking was a new governance body, at arm’s length from government, mandated to plan and deliver economic development strategy and services. Structured as a public-private partnership, the proposed London Economic Development Corporation (LEDC) would be overseen by a business dominated Board of Directors, consistent with the Chamber of Commerce view that “business professionals prefer dealing directly with other business people” (London Economic Development Corporation, 1998:14). On receiving the proposal, the City hired a consultant to consider comparable structures in 35 other municipalities. The Coopers & Lybrand report endorsed the Advance London proposal and in 1998, the LEDC was established.

With a general mandate to strengthen “the London business environment making our city an attractive place to live, work and operate a business”, the public-private partnership brought the LEDC and the City together in various ways. With the City funding the corporation, the LEDC would submit its annual budget to Council for approval and seek agreement on its performance measures. In operational terms, there was a development strategy ‘division of labour’, with the City addressing economic infrastructure issues such as the supply and servicing of industrial lands, while the LEDC concentrated on external investment attraction and internal business growth and retention. Consistent with the innovation system theme, business networking was identified as a new priority. The LEDC would function as a hub for inter-firm relations, labour market matching, and closing longstanding ‘innovation gaps’ in London between technology entrepreneurs and venture capital funding or research facilities at the University Western Ontario (UWO). Indeed, London was viewed by key economic actors as a city with “many silos” and “no formal structure for meeting and collaboration” (confidential interview).
In terms of our three development discourses, the LEDC was clearly designed to help transform London into a “Schumpeterian hub”. The overriding purpose was firm-level innovation to meet the global competition. As a governance body, the institutional logic was what Clarke and Gaile term “corporate-centered economic development” (Clarke and Gaile, 1998: 121). The LEDC’s political base resided in the four member Board of Control on City Council, an executive group long regarded as the policy and planning voice for business interests, especially land developers.3 The LEDC leadership structure contained quite limited public representation and overtures to include community activists were rejected. Similarly, early ideas from non-Board of Control Council members about including community economic development and community-sponsored investment funds in the LEDC remit were not part of the approved model and mandate (London Economic Development Corporation, 1998). The LEDC’s performance measures were what local and regional development scholar Kevin Morgan has described as “economistic”: employment, incomes, annual acres of industrial and commercial land sold and developed, and so forth (Morgan, 2004: 883 emphasis in original). Absent was any real consideration of the relationships among the local economy and social well-being or ecological sustainability. Both business and community leaders acknowledged that such broader conceptions were not on the “LEDC radar” in its formative period (confidential interview).

The LEDC and its first Chief Executive Officer, well-connected London business person, John Kime, quickly went to work on a new development strategy. External business attraction emerged as the first priority. The goal was to exploit London’s locational advantage that had resulted from the federal negotiation of the NAFTA and the municipal-provincial territorial annexation of vacant farmland. Half-way between Detroit and Toronto, London was a strategic locale on the “401/I-75” transportation corridor connecting Canada’s Golden Horseshoe with the American eastern seaboard and mid west (Miller, 2003). The LEDC’s external orientation was given strong endorsement and a tangible boost in 2000 when the City launched its 20 year $65 million Industrial Lands Strategy targeting seven industrial parks (Perspective London 2007). Flush with serviceable, flat greenfields, the City looked to compete hard for manufacturing operations, hopefully of the advanced and specialized kind, but equally for warehouse and other distribution facilities requiring more space than knowledge.4 The City planned to keep available 180 acres of serviced land -- with roads, sewers, and hydro -- ready for development. As a further enticement, development fees were waived for the construction of industrial buildings. (Perspective London 2008). London’s specific attraction approach was called “speculative development”, whereby the risks of upfront public investments in facilities would be managed by aggressive tenant recruitment and marketing by the LEDC through a single business services window detailing site availability, workforce skills, and infrastructure access (Perspective London 2008).

3 London is last remaining Ontario municipality with a Board of Control. It is a form of political executive whose duties include managing the city’s economic development and recommending to the full City Council appointments to municipal agencies and boards such as the LEDC.
4 As one investor summarized London’s assets: “400 series highway footage, a full interchange, and highly visible site – all of those standard fundamentals in our business plan were there … half way between Detroit and Toronto and we thought there could be a market for the distribution-type center there” (Perspective London 2008: 7).
LEDC’s specific aim with the industrial lands/external attraction strategy was to position London at the center of a Southwestern Ontario automotive cluster. The LEDC described an economic geography where Japanese assembly plants – known to prefer smaller city locations for the non-union environment and “rural work ethic” – established operations in Woodstock and Ingersoll, while European auto parts suppliers, drawn to the amenities and culture of larger urban centers, located in London (De Bono, 2007). As London’s Mayor put it: “When I’m out with LEDC and we’re selling London, I always talk about arts and culture … in Europe” (Coulson, 2004). And since 2001, the LEDC has recruited 13 such parts plants. City officials believed “London had become one of Ontario’s premier destinations for the development of industrial land” (Perspective London 2007). And there were some impressive third party testimonials for the strategy’s impact. National automotive analyst, Dennis DesRosiers opined that: “London has the best record out there in landing automotive parts plants” (De Bono, 2007). A study commissioned by the City of London in 2005 reported that “the LEDC’s outreach program is considered by many economic development professionals to be the ‘Gold Standard’ in Canada as a business attraction initiative in the manufacturing sector” (London's Next Economy, 2005:14)

However, there were certain limitations in the LEDC’s version of the local innovation system. Two stand out, each identifying gaps or shortcomings but from quite different perspectives.

First, from within the LEDC’s own Schumpeterian framework, it became apparent that the business attraction priority left few resources for indigenous growth through cultivating local knowledge-based clusters. The LEDC had always acted on the premise that for London manufacturing and distribution activities had built-in location advantages over life sciences and high technology, and that it was therefore hard to compete head to head with established knowledge cluster municipalities. Nonetheless, concern arose in some business circles that there was insufficient recognition of and support for the fledgling network of institutions focused on technology incubators, research commercialization, and business-university linkages (confidential interview). This network included the London Small Business Center, the Stiller Center for Biotechnology Commercialization, UWO Research Park, and TechAlliance. In 2002, the City invested a comparatively modest $5 million in this organic growth stream, and a few years later this seed money levered another $5 million from the provincial Regional Innovation Network (RIN) program for transforming the Stiller Center and TechAlliance into a strong research commercialization hub for knowledge-based clusters. Indeed, the London RIN was viewed positively by the provincial government as it supported a “convergence laboratory” that supplied specialized equipment for science-based business start-ups and new brokerage services connecting researchers, investors, and other partners (Nelles, 2006).

Nonetheless, London’s knowledge-based sector growth lagged well behind manufacturing recruitment – by 2005 the number of net ‘new economy’ companies registered in LEDC’s business directory was largely unchanged. Surveys of innovation
ranked London low on the “glue” for the high technology sector and found that 60% of businesses in advanced manufacturing, life sciences, and information technology had skilled labour shortages (DeBono, 2006; LEDC, 2007).

Moreover, the entire LEDC-City development strategy was vulnerable to a Polanyian critique – speculative land development geared to trucking transport gave little time to the social and ecological implications of sprawl-based growth. In fact, such concerns dated back to the “Vision ‘96” process that did generate a policy framework that was environmentally sensitive in relation to use of annexed lands and recommended a new social plan to guide municipal policy. As one Councillor put it years later the intent was to “plan the city differently to protect agriculture, environmental features and for an improved quality of life” (Martin, 2007). However, these recommendations remained just that -- there was neither the political will nor the bureaucratic capacity to drive this holistic conception into practice (confidential interview). For example, London’s acclaimed industrial lands agenda never took up the kind of eco-clustering that has been called for by urban environmentalists in other Canadian cities, and implemented in places like Halifax. And it wasn’t simply Polanyians who endorsed this strategy for joining economic and environmental goals. The Conference Board of Canada has proposed “eco-industrial networks, clusters and parks” as a major opportunity in urban economic development (Conference Board of Canada, 2007).

In fact, London’s civil society sector historically has not been organized for effective mobilization behind a social sustainability agenda (confidential interview). A Social Planning Council that emerged in relation to the Vision 96 process was soon disbanded, leaving London without one of the key institutional focal points for social development in urban centers (London Community Resource Centre, 1999). Unlike the business community that had demonstrated capacity for collective action, those groups interested in socially sustainable development have been fragmented, and rarely able to come together around a cross-sectoral agenda. Social agencies such as the United Way and Community Foundation that have taken on broad community building mandates – ranging from neighbourhood renewal to well-being metrics -- in other Canadian municipalities remain quite traditional in London in their adherence to conventional fund raising mandates (Bradford, 2007a). There has been no umbrella organization that convenes the various community organizations to engage in a substantive and sustained way with debates about the overall city direction. As one community activist put it: “We don’t have a Council of Councils, where different groups can network and craft a common agenda” (confidential interview). The pattern has been one of “issue-based or

---

5 At the time the City announced its $65 million industrial lands strategy, the Chairperson of the Urban League noted the city’s rising poverty rate and remarked: “I wouldn’t want to see $65 million set aside os we could have $65 million worth of truck stops or warehouses along the 401” (Dauphinee, 2001).

6 For example, in Toronto the Toronto City Summit Alliance plays the role of multi-sectoral convener for joint work on major projects that typically combine economic and social priorities and sometimes include environmental objectives. The London Community Resource Centre, formed in 1974, has provided a shared physical space for a numerous social organizations and movements, but not played broader representational or policy advocacy roles. For an interesting institutional history see, London Community Resource Centre, 1999.
project specific” cooperation rather than institutionalized collaboration (confidential interview).

This is not to imply that within specific sectors or areas that London does not have dynamic community organizations. Domestic violence services is an example of a robust and sophisticated network that has benefited from strong links with university researchers, and the Cross-Cultural Learning Center has been deeply engaged in immigrant settlement issues for three decades. Despite these beacons, London’s overall ‘Polanyian profile’ has been a patchwork, with organizations and movements either siloed or not scaled-up to fully engage city-wide development debates. Moreover, London business organizations have not sought out engagement with social or environmental groups. For example, the LEDC ignored overtures from the London and District Labour Council and the Canadian AutoWorkers Local to contribute to business recruitment activities, despite the heavy focus on the auto sector (confidential interview). And when the LEDC board was restructured to include high technology representation following the LNE report, public concerns resurfaced about the lack of broader community input (Belanger, 2006).

Thus, several features characterize London’s initial foray into building a local innovation system. First, the historic business dominance in civic affairs enabled a strong Schumpeterian framing of development strategy, rapidly embedded in the LEDC governance model and reflected in its tight policy focus on ‘economistic’ performance criteria. Second, London’s march toward a local innovation system focused on external attraction with comparative inattention to knowledge-based growth and social and ecological perspective on economic development. As we next describe, this particular governance and policy mix came under fire in 2005 when the City first took stock of the LEDC’s seven years of work.

A City in Transition: 2005-2008

In the last three years, there have been significant challenges to London’s strategy for the local innovation system. The first of these emerged from within the business-government coalition. In 2005, the City completed a strategic plan that identified five civic priorities with economic development at the top. Estimating that it was spending nearly $30 million of its $360 million annual operating budget on economic development, the administration was concerned about the lack of synergy or coordination between the LEDC strategy and the emergent organizations representing life sciences and high technology that also were receiving municipal funding. Basically, the City was seeking more focus in building a local knowledge based economy. These sentiments resonated strongly with an emerging network of technology sector entrepreneurs who believed the LEDC was insufficiently attuned to their growth potential (confidential interview). The result was City support for two significant civic learning exercises. The

first of these was a task force on London’s potential as a “Creative City”. The second was a hard-hitting economic survey titled London’s Next Economy. Together they announced a new direction for London’s “Schumpeterian hub” focused less on attracting manufacturing and more on home-grown creativity, knowledge, and innovation.

The Creative City Task Force (CCTF) was established in August 2004, reflecting the fact that another of the five city’s strategic priorities was culture. The CCTF was led by Board of Controller Gord Hume and included representation from a broad cross-section of leaders from the arts and culture, architecture, tourism, municipal council, and high technology (Ward and Graham, 2008). A priority of the CCTF was to make the link between arts, culture, and economic development such that London could be branded as a city that understood “the importance knowledge-intensive industries such as film and television, publishing information technology, biomedical research, education and new media have on promoting the growth and economic success of a city” (City of London, 2005). It also situated its work in relation to governance questions, observing “a steadily growing trend amongst municipalities to recognize, even embrace, newer concepts of governance that also recognize a community’s broadest responsibilities (for example social and environmental), and not just a narrow definition of governance” (CCTF: 11).

Following 18 months of study, and a civic engagement process that took the task force “onto the streets, into the bars and clubs, into the classrooms and studios, and into the galleries and libraries of our City”, the report was delivered to Council. (CCTF: 2) All 87 recommendations were framed by a general declaration that “London’s assessment, future prosperity and downtown development will be driven in large part by the creative industries and the people who work in them.” (CCTF: 7) The CCTF’s “Strategic Goal Number 1” was to ensure that the city “recognizes the importance of creative industries, activities and unique features of London which strengthen and build the economic diversity, prosperity and resources of our community” (CCTF: 11). It urged the “City of London “ to “aggressively promote policies to attract and retain the creative class … working in fields as diverse as science, engineering, architecture, software, technology, art and design, fashion, music and entertainment.(CCTF: 4)

In seeking to change “how London thinks” the CCTF invited residents to imagine a different future:

Our vision of London in the future is one of a bustling, diverse community that is world renowned for its medical, educational, business, IT, environmental and community advancements. We see a city in the top echelon of North American cities with a population of about 500,000 people (CCTF:9).

Drawing on research that asserted that the cultural diversity and social connections of a city are crucial for prosperity and overall quality of life, the CCTF report took the view that London’s conservative reputation and lack of “buzz” was a barrier to retaining and attracting the skilled workers for the new economy. Lagging behind other Ontario cities in competing for the valued 25-44 year olds, the CCTF studied innovations in cultural planning and creative industries undertaken in Toronto and elsewhere. London could
reach its destiny as the “Regional Capital” of Southwestern Ontario by realizing its
cultural and creative potential. To this end, a new governance structure was proposed – a
“Prosperity Congress” – where the City, the private sector, and cultural communities
“come together to champion common causes” (CCTF:15).

The CCTF was an important moment in London’s economic development trajectory. Driven by a high profile member of Board of Control, and generating considerable interest in the media and the community, the CCTF introduced concepts refreshingly outside London’s established discourse of development. It set the stage for the more detailed report on London’s changing economy that soon followed.

London’s Next Economy (LNE) was written by a leading London technology entrepreneur who was also keen to shift London’s development trajectory. It began by observing that since “the mid 1990s, London has methodically intensified its business development efforts with the expressed intent of expanding the community’s business base and reversing its declining role as a regional economic force” (LNE:4). However, the LNE was critical of these efforts. Echoing the CCTF, it rejected the city’s “past modesty and conservative style” and called for “more passionate, entrepreneurial environment” for the new economy (LNE: 10). And it took aim at the LEDC’s approach:

As impressive as the attraction program has been, London’s efforts in developing homegrown knowledge-based business has been below expectations. … Therefore, London must collectively invest in its own organic growth program with the same vigor it has pursued its attraction agenda. This will ensure that the community can expand beyond its branch plant status and provide a home for the many knowledge workers currently outputted through our local educational institutions (LNE: 15).

LNE made the case that London was at an economic crossroads. Progress had been made – the creation of the arm’s length LEDC had been wise and the achievements in attracting manufacturing plants and marketing land were undeniable. But the LNE’s vision was grander: London should measure itself against “such North American high growth hotbeds as Kitchener-Waterloo, Ottawa, Raleigh, Minneapolis or San Diego” (LNE:4). Without an “organic growth plan” powered by investments in the knowledge infrastructure of universities, research firms, and creative talent the city’s future was at risk. London’s small yet promising knowledge industry network anchored in the Stiller Center and TechAlliance remained was too dependent on senior levels of government for support to become fully embedded in a local innovation system (LNE:15).

From this perspective, five interlocking problems were identified. London was a “knowledge exporter” losing people and investment; it was too dependent on branch plant operations that limited employment for talented people and left the economy vulnerable to external shocks; business development was “grossly undercapitalized” shortchanging new economy ventures; the LEDC had failed to benchmark local

---

8 As the CCTF completed its work, the London Free Press ran a multi-part series on the creative city and London’s aspirations and the weekly newspaper The Londoner features a regular column on the creative city.
economic performance in relation to competitor jurisdictions; and the governance structure for innovation was fragmented across the LEDC, the Stiller Center, TechAlliance and the Small Business Center. With each problem, the LNE recommended solutions. And the overall message was straightforward:

In essence, London has demonstrated to the world that is open for business. Therefore, it follows that London need only augment it’s welcome mat approach. In addition to continuing support for such programs as the industrial land use strategy, this plan advocates building upon the themes outlined in the Creative Cities Task Force … (LNE:17).

For such augmentation London needed to revamp its economic governance and strategic plan. LNE’s new priorities were:  land development that emphasized life sciences, information technology and biomedical industries, geographically clustered in a “downtown tech alley” and the UWO Research Park rather than vacant land at the city’s edge; attraction efforts that were more selective in linking firms to local suppliers and UWO and Fanshawe College; retention and attraction of a younger professional cohort by recognizing that the “ancillary benefits of building a knowledge-based organic economy is that it often shares the same values and aspirations of those that would advocate such lifestyle attributes as environmental responsibility and a vibrant cultural community”; and finally, to effect this transformation the LEDC’s governance model would be restructured to include leaders from the Stiller Center and Tech Alliance (LNE:11). Making these changes, London could soon be “recognized as the hub of the emerging Great Lakes Area (GLA), a new economy hotbed that is home to the largest per capita concentration of knowledge-based companies and talent in Canada.”(LNE: 10).

The CCTF and LNE reports marked a shift in the city’s economic thinking from external business attraction to leveraging ‘place quality and people talent’. The Dean of the University of Western Ontario’s Richard Ivey School of Business stated that these reports constituted landmark documents for London, providing a roadmap for innovation in the local economy. LEDC CEO John Kime, the driving force of the external attraction strategy took note -- in early 2007 he resigned stating “The LEDC Board has said they want to go in a new direction and I am making way for that change in leadership” (De Bono, 2007a). And while this shift seemed especially timely in light of the American recession and rising oil prices that hit London’s auto parts industry hard, support was not universal (Conference Board of Canada, 2008). Denis DesRosiers suggested a “dozen economic development commissions are wringing their hands in glee that London is changing its strategy”(De Bono, 2007b). Spokespersons for the new approach countered that the goal was to balance the portfolio where “automotive and manufacturing are mainstays of London, but we are trying to diversify” (De Bono, 2007b).

The LNE had two immediate impacts. LEDC governance was restructured with new representation that balanced priorities the priorities of attraction, organic growth, and entrepreneurship. The new CEO, Peter White, had a high technology background in Canada and the United States. Equally important was the new regional thrust, manifest in a series of initiatives. First, London spearheaded an inter-municipal regional project
known as the Southwest Economic Assembly that included Kitchener-Waterloo and Windsor in identifying sectoral strengths and joint marketing and lobbying activities. Second, UWO entered a regional university research consortium – “The C4” – with partners in Guelph, Windsor, Hamilton, and Waterloo to transfer technology, commercialize inventions, and leverage funding. Third, TechAlliance linked with the MaRS research center in Toronto’s Discovery District to expand opportunities for London’s life sciences cluster. Finally, in a move that would bridge the LEDC’s ‘old’ and ‘new’ innovation strategies, the National Research Council of Canada has announced its interest in placing Canada’s first national automotive research center in London that would conduct leading edge research in topics such as green vehicles (De Bono, 2008).

At the same time that the CCTF and LNE were questioning the LEDC development strategy, Polanyian-style social and environmental groups who had never really been part of the local economic debate weighed in with their own critiques. The Urban League of London criticized the industrial lands development and its speculative investments that would cost millions when problems like homelessness were on the rise. Concerns were also raised about the costs of sprawl – both financial and ecological – as new infrastructure and services were rapidly required. London’s longstanding assumption that “growth pays for growth” was scrutinized, and the Polanyian discourse framed the larger issue – who should control the rate, place, and nature of economic development in London? The critics demanded more public accountability and challenged the Board of Control for its deference to developers and the LEDC.

Surprisingly, these concerns moved center stage in the 2003 and 2006 municipal elections that became pivotal moments for London’s incipient “Polanyian counter-movement”. The 2003 election was a turning point because it included a referendum question on abolishing the Board of Control. When the Council chose to ignore the ‘yes’ result on what critics saw as a technical loophole, London’s formerly disparate social and environmental groups came together in a movement called “Imagine London”. As the name suggests, the point was not simply to debate specific issues but to envision a different development path for the city implemented by a new governance structure. The vision was compact growth based on community sustainability and downtown revitalization emphasizing more human scale, mixed use and mixed income developments. Realizing this goal, Imagine London argued, required different leadership from the existing Board of Control-LEDC partnership. They took their case to the Ontario Municipal Board (OMB), calling not just for the Board’s abolition but for formation of small neighbourhood-based wards. In a rather shocking decision, the OMB accepted Imagine London’s ward structure recommendation, and though retaining the Board of Control made it easier to vote its abolition in the future.

Spurred by the OMB decision, Imagine London mobilized an anti-Board, anti-sprawl and pro-neighbourhoods slate for the 2006 municipal election (Sher, 2007). The result was a City Council that was at once both balanced and polarized in its development visions. On the one side were Councilors and Controllers committed to the existing structures and

---

9 In the 2003 referendum 55% of voters chose to scrap the Board. The result wasn’t binding because voter turnout was less than 50% of electorate.
strategy, and on the other side, others now equally determined to balance the Schumpeterian project with social sustainability. And this was not simply a Council divide. The political sides spoke for divergent societal coalitions – business came together under the “Keep London Growing” banner while Imagine London linked with a “Smart Growth Network” (Belanger, 2007a).

Thus, governing London’s economy was suddenly a complex social and political undertaking. The debate spilled beyond its longstanding Schumpeterian parameters to include Polanyian challengers, making lines of authority less clear and shared priorities more elusive.

The New Politics of Local Development: Governing Through Complexity and Plurality?

Between 1993 and 2005, London’s economic development was about incremental progress along a Schumpeterian path, with learning reflected in the course correction from the lands strategy to a greater balance between external attraction and organic growth. However, the past few years have seen deeper rifts, and a new discussion – in both tone and content – emerge. The development discourse has been stretched and the cast of characters expanded. Normative questions about what kind of local development are squarely on the public agenda and business leadership on both Council and at the LEDC has been drawn into the debate.

There are four key development flashpoints around which the Schumpeterian and Polanyian forces thus far consistently part ways. These are: the urban growth boundary; infrastructure costs and business parks; concentrated poverty amidst residential sprawl; and the roles and responsibilities of City officials in managing development. For example, in 2007, when the Council Planning Committee refused to expand the city’s urban growth boundary to accommodate a proposed $80 million industrial park without first fuller understanding of the implications for taxpayers there were charges from the Board of Control’s Deputy Mayor that a “whining socialist cabal” was stopping progress (Belanger, 2007). The committee’s response was that a broader understanding of economic well-being demanded better integration of long term goals. So heated was the debate that the Chamber of Commerce CEO appealed to the Mayor and Council to secure a third party facilitator to find consensus around London’s future economic direction. As he wrote:

> What appears to be lacking is the requirement of a more fulsome and frank consultation process with all key stakeholders that embraces the need for compromise, strategic decision making, an accurate accounting of the true ROI on infrastructure investments and an immediate “cease fire” on name calling, personal attacks and insinuations that will further divide this community in ways that lessen our reputation not improve it.  

---

10 Letter from London Chamber of Commerce CEO Gerry Macartney to Mayor and Council, nd.
While it remains unclear whether compromise will emerge, there are presently three important engagement and collaboration processes underway in London where disparate interests come together for joint work. The possibilities exist for more consensual strategy along the lines envisioned in ‘community-based regionalism’ that joins economic innovation and community building networks for development projects that cross the city’s spatial scales (Morin and Hanley, 2004). The City established a reference point for such integration with its 2007 statement of Strategic Priorities that listed first “Economic Prosperity” now interpreted by Council as “creating an environment for a resilient, diversified, inclusive economy”.

**Implementing the Creative City**

The first such venue or process is associated with the varied activities in implementation of the CCTF. Leadership has come from different local sources (Ward and Graham, 2008). The City set the tone with its new Culture Office to coordinate a stream of initiatives: an immigrant settlement portal and support for the LEDC’s “Global Talent” labour market partnership with social service agencies welcoming newcomers to the city; seed funding for a think tank and social network of professional Emerging Leaders in the 22-44 cohort; a community grant program known as the Creative City Neighbourhood Initiative; support for creative industries such as medical research, software design and the fine arts; and hiring the City’s first Urban Designer to address aesthetics and livability through a planning ethos of “Place Making”. Along similar lines, the London Health Sciences Center won national recognition for its Ecological Stewardship Program that combines green procurement and retrofitting, energy conservation, waste reduction, and benchmarking tools. Envisioning an ecological city, the Mayor appointed a multi-sectoral Sustainable Energy Council to explore the “City's best options when it comes to alternative energy and what are some of the economic and environmental implications of these options” (City of London, 2008).

But public institutions have not been alone in pursuing the creativity agenda. The London Home Builders Association established a Creative City Committee and took its findings to a national conference. The London Downtown Business Association and Mainstreet London published a report celebrating the CCTF as the most compelling vision of London’s future. UWO’s 2006 Strategic Plan recognized that “Western is an integral factor in London's realizing the aspirations articulated in the 2005 report of the Creative City Task Force” and sought to position the university accordingly. And when the London Arts Council was on the brink of folding, TechAlliance offered support explicitly linking cultural creativity and economic innovation (confidential interview). Connections between social inclusion and cultural development were evident in a major London conference on the creative city co-sponsored by the Investing in Children network and Orchestra London. The conference featured international urban creativity expert Charles Landry as well as national creative city leaders such as former Winnipeg Mayor Glen Murray. All of this local activity has also generated considerable media interest, with coverage of London’s creative city efforts becoming commonplace.

**Scaling-up Localized Collaborations**
London has long featured a number of small-scale, geographically localized projects (often in older low income neighbourhoods) that manage to combine economic development and social inclusion goals. Such initiatives bring together businesses and community groups for productive ‘place-based partnerships’. Two prominent examples illustrating the joining up are the Old East London Revitalization and the Hamilton Road Business and Community Development network. Both work in the city’s poorer downtown eastside, and they have pushed to ensure that City urban renewal plans include community development and meet the needs of low-income residents. A third recent project is coordinated through the Pathways Skill Development and Placement Centre. With City funding, it has implemented a continuum of services in a largely immigrant neighbourhood where risks of exclusion are pronounced. Each of these initiatives have been practicing community-based approaches to local economic development that involve multi-sectoral partnerships.

For most of their histories, such localized collaboratives have remained isolated pockets of innovation. Lessons and practices have not reached the city-wide scale in the form of new partnerships or programs. Recently, however, several broader initiatives have begun to build on such grass-roots projects. The Pillar Nonprofit Network has a vision of bringing together London’s three pillars – business, government, and nonprofits – for community building. In 2005 they held a two-day conference exploring such inter-sectoral synergies and in 2007 introduced Community Innovation Awards that celebrate “the way in which innovation, leadership, and collaboration” contribute to the city (Benedict, 2007). Awards were given out for business-nonprofit collaborations in combating homelessness and in corporate social investment. Along the same lines, the City is now working with the United Way of London on a strong neighbourhoods strategy similar to Toronto’s pioneering efforts in targeting urban distress and implementing holistic regeneration (Bradford, 2007). London is also one of 19 urban municipalities partnering with the Canadian Council of Social Development to provide the fine-grained data required for urban anti-poverty policy.

**Rethinking Municipal Governance**

In 2006, the Chamber of Commerce, playing its familiar role as an authoritative voice on major development issues in London urged the formation of a task force to study the city’s governance system following the controversies over the existence of the Board of Control. The Chamber made the point that “there is a direct correlation between effective governance and a healthy economy”, and the City soon established a Governance Task Force to review the size and structure of Council with particular attention to the future of the Board of Control and the workings of Council Committees (London Chamber of Commerce, 2006). The task force was further charged to use community engagement strategies in developing its recommendations. The composition of the task force was noteworthy as it included actors across London’s “development divide”. Among the politicians appointed some were critics of the industrial lands strategy and known to favour abolition of the Board of Control; others were staunch supporters of both. The community representation was a mix of people with business, labour, expert, and
environmental backgrounds. Significantly, the leader of Imagine London was a member, representing the Urban League of London.

With such diversity and plans for a year of work and public meetings, the Governance Task Force is a space for dialogue around how London’s economic future might be steered along more consensual directions than presently is the case. Indeed, two early developments suggest the potential for forms of community-based regionalism. First, the task force is examining City Council policy development to consider whether better outcomes might flow from Committees organized around strategic priorities rather than functions or departments. While the latter encourages silo-based, sectoral approaches, the former would focus on the interdependence of economic, social, and environmental well-being. The second noteworthy feature of the task force’s early work occurred when the Chamber of Commerce made a presentation – against almost all conventional wisdom about the business perspective -- describing the Board of Control “an antiquated form of governance” and called for its abolition (London Chamber of Commerce, 2008). With its wider public engagement, revised Committee plans, and potential to forge heterodox coalitions among business and community interests, the Governance Task Force could seed a more integrated development strategy for London.

Conclusion

This paper has analysed London’s recent development history in the context of the “new localism” that has made cities strategic spaces in the age of globalization. To explain London’s particular trajectory we drew on three major political economy traditions that help map the range of contemporary local development discourses and practices. Next, using concepts familiar to urban political analysts – governance institutions, development coalitions, and policy frameworks – we tracked the consolidation of a Schumpeterian-style local innovation system in London. Yet this project -- external attraction of manufacturing firms to vacant industrial lands at the city’s edge -- came to be challenged for its inattention to both organic growth and to wider social and ecological considerations. Consequently, London’s development strategy is now quite politicized and polarized. Different socio-political coalitions are mobilizing around their own economic visions and they are finding expression in decisive governance institutions such as the LEDC and the Board of Control.

Relating this contestation to the larger political economy traditions, we find a Polanyian-style social sustainability movement now debating an updated Schumpetrian project emphasizing creative talent and science-based innovation more than manufacturing attraction. The debate has been heated and the prospects for a Keynesian-inspired community based regionalism remain unclear. As one local official put it, the challenge in London is “not getting different organizations to the first meeting”, but keeping them engaged for subsequent ones when collaborative work happens (confidential interview). Yet, local governance institutions not only mediate the conflicts they can transform them as well. In these terms, we identified three processes -- each involving community engagement and civic collaboration -- that represent civic learning opportunities for the different sides.
Indeed, London’s recent development conflicts and controversies present both a need and an opportunity for this mid-sized city undergoing a substantial and arguably promising transition. What’s needed is a new institutional space for inter-sectoral and multi-partite dialogue where different voices are heard, new ideas considered, and shared visions can be translated into collective action.\textsuperscript{11} From such a table might come the opportunity to craft and pursue a more sustainable and inclusive route to local economic innovation.

\textsuperscript{11} The Creative City Task Force’s concept of a multi-sectoral Prosperity Council is interesting in this regard.
REFERENCES


Conference Board of Canada. 2007. *Mission Possible: Successful Canadian Cities*


EURICUR. European Institute for Comparative Urban Research. http://www.euricur.nl/


Perspective London 2007 “City’s Innovation Park providing room to grow.”

Perspective London 2008 “Speculative Development has record year”.


