Theme 3 Presentation

Economic Development and Civic Governance in London: A City-Region in Transition?

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Presentation Outline

- Governing the New Economy: Institutions and Networks
- Three Local Development Trajectories: RIS, SSD, CBR
- Local Choices: Framework for Analysis
- London 1993-2005: Toward a Regional Innovation System
- The New Politics of Development: London in Transition?
Some Orienting Remarks …

“As is often the case with London, the results show the city is neither spectacular nor disastrous compared to others” (London Free Press editorial).

“We must focus on the commercial development of our industrial clusters centered around urban communities. At the same time, a strong social base is essential to this development” (former Prime Minister Paul Martin, catalyst for New Deal for Cities and Communities).

“We don’t want to be known as the best social services city in the country and have everybody move here” (London Deputy Mayor Tom Gosnell).

“It is my sense that London is at a cross roads. We can continue with the status quo or we can move toward integration of diversity in our thinking, development processes and decision-making” (London Community Development worker).
Governing the New Economy: Institutions and Networks

Key shared assumptions across a vast literature:

- Strategic importance of knowledge intensive activities and investment in global economy
- National/provincial competitiveness depends increasingly on geographically localized innovations
- City-regions are strategic economic spaces and places of social interaction
- Economic actors connect in face-to-face networks of learning and idea generation
- Local development trajectories forged through governance intermediaries that ‘join-up’ local assets and networks
Three Local Development Trajectories (1)

- Scholarly research, government reports, practitioner case studies now reveal a wide range of city-region development trajectories across North America and Europe

- Almost all privilege the *economic*, but by 2008 there is notable variation in the “mix” with respect to social/ cultural/ environmental dimensions

- To enable structured comparative analysis we can identify three main development projects (discourse, institutions, and priorities), each with its own theoretical lineage and empirical focus
Three Local Development Trajectories: Legacies and Practices

Each trajectory conceptually located in a grand tradition of political economy research ...

1. **Schumpeterian Legacy: Regional Innovation System (RIS)**
   - **Social Dynamic**: Creative destruction and supply side innovation through inter-firm clustering
   - **Organizational Structure**: Associational governance for business networking and talent development
   - **Geographic Scale**: Metropolitan wide

Unifying Theme is Innovation (Theme 1)
Exemplars: Cooke and Morgan, 1998; Wolfe and Gertler, 2002
Development Trajectories …

2. Polanyian Legacy: *Socially Sustainable Development (SSD)*

- **Social Dynamic**: Double movement through community action to “re-embed the market”
- **Organizational Structure**: Urban social movements advocate for excluded residents and vulnerable places in new urban economy
- **Geographic Scale**: Neighbourhood

Unifying Theme is Inclusion (Theme 3)
Exemplars:  Healey, 1997; Amin and Thrift, 1995
Development Trajectories …

3. **Keynesian legacy: Community-based Regionalism** (CBR)

- **Social Dynamic**: Integration of innovation and inclusion priorities through cross-class/space, multi-sectoral coalitions
- **Organizational Structure**: Metagovernance that bridges the city-region’s economic, social, and spatial divides
- **Geographic scale**: Metropolitan and Neighbourhood

Unifying Theme is Diversity (Theme 2)
Exemplars: Pastor et al., 2000; Morin and Hanley, 2004
City-regions today are *sites of contestation* as actors mobilize around local expressions of these three projects (RIS, SSD, CBR).

It follows that city-regions will vary in their strategic mix of innovation/inclusion/diversity and move along different development trajectories.

How can we analyse the process and interpret patterns?
Three concepts for research

1. Governance institutions: key arenas with particular representational and decision-making logics

2. Development Coalitions: place-based actors ‘governing’ economic development

3. Policy Frameworks: ordering priorities among innovation/inclusion/diversity and nature of linkages

(Clarke and Gaile, 1998; Keating 2003; Healey 2007)
London 1993-2005: Toward a Regional Innovation System

In a nutshell, the London trajectory:

- Rather complacent 2nd tier city challenged by 1980s/90s restructurings (financial sector rationalized; manufacturing branch plants closed; downtown hollowing out)
- Leads to mobilization by business and municipality to put in place institutions for a new strategy - we see some success in building a RIS
- Weak organizational capacity of the social inclusion sector, and limited role in economic development process - SSD has little resonance
- Last two years, challenges to the established RIS strategy from both within the business community and from excluded social/environmental voices
- London’s economic development debate now politicized and polarized, but some emergent areas of consensus for moving along a CBR trajectory
Toward the RIS …

Responding to challenges in the 1990s:

- **1993:** annexation of surrounding rural municipalities tripled geographic size of city to create regional powerhouse

- **1995/96:** major community consultation on London’s future produces “Vision ‘96” (ambitious quality of life vision but limited follow-up)

- **1997:** municipal government has internal “crisis” in Economic Development policy (quits/firings)

- **1998:** Chamber of Commerce-led “Advance London” brings new economic development model to City Administration and Council
A Made in London RIS: Business in the Driver’s Seat

- Advance London model the basis for new governance body: London Economic Development Corporation (LEDC) to be the institutional focal point

- Arm’s length, municipally funded non-profit body mandated to plan and deliver economic development services

- LEDC: “Business professionals prefer dealing directly with one another”; business dominated Board of Directors; establishment of business networking opportunities; political base in Municipal Board of Control

- Municipal role: approve LEDC budget; expedite zoning approvals; make available and service industrial lands

- Community/Social role: “Not part of the economic agenda” (eg. CED dropped from LEDC menu of services)
Toward the RIS: LEDC Policy Framework

- LEDC priorities: External Attraction; Internal Growth and Retention; Entrepreneurship

- External Attraction becomes first priority: NAFTA 401- I-75 corridor “place luck”; available flat land from annexation; site cost advantage over GTA

- 2000: LEDC- Municipal partnership in $65 million Industrial Lands Strategy

- Seven Industrial Parks created with 401/ airport access: LEDC markets sites, recruits auto plants and other manufacturing, warehouse and distribution centers

- LEDC local partner for early 2000s Federal Innovation Strategy and Provincial Regional Innovation Network
Toward the RIS

- LEDC attraction strategy enjoys successful run, energetic CEO with extensive global network “lands” 13 auto parts plants from Europe

- LEDC recognition: “London has the best record out there in landing automotive parts plants” (Dennis DesRoiser, 2007)

- “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.)

- LEDC positioning London in Southwestern Ontario automotive cluster: Japanese assembly plants in Woodstock and Ingersoll, European parts suppliers in London

- Inter-municipal regional project for Southwest Economic Assembly (SWEA) with UWestern/ UWaterloo leadership
1. From within business coalition:
   - Knowledge-intensive business representatives, supported by municipality, produce “London’s New Economy” vision document; Board of Control leads “Creative City Task Force” to promote London’s ‘Floridian potential’
   - Supplement/amend the external attraction strategy:
     1. land development include technology/ science-based clusters;
     2. more selective inward investment based on links to suppliers and UWO/ Fanshawe
     3. formal incorporation of knowledge sector representatives - Stiller/ Tech Alliance - in LEDC;
     4. retain/ attract high value talent to “knowledge-based organic economy” in a creative city with “buzz”

   - 2006 business coalition of high technology/ life science/ health sector assume LEDC leadership - “London can house the next Mayo Clinic”
Challenge and Change …

2. From social/ environmental forces

- 1993-2006 London SSD community demonstrated little internal capacity to mobilize around coherent agenda;

- LEDC/Municipality never have SSD on the economic development radar

- Downtown Revitalization planners against social services/housing as part of renewed core

- Sporadic concerns voiced about LEDC/Municipality Industrial Lands Strategy: environmental impact of sprawl and foregone social services

- But 2003, 2006 municipal elections a turning point for London’s SSD sector (urban social movement coalesces)
Challenge and Change ...

- 2003 and 2006 elections -- mobilizing issue is abolishing the Board of Control that is political base for LEDC/ RIS coalition

- 2005 OMB decision creates new neighbourhood based wards and Imagine London social movement organizes SSD/ anti-Board of Control candidates for coming election

- Campaign on infill development and neighbourhood revitalization

- 2006 election delivers a Council balanced and polarized between RIS (Keep London Growing) and SSD (Smart Growth Network) visions of economic development
The New Politics of Local Development: London in Transition?

Future direction of London economic development now a topic of intense local debate

Key flashpoints for RIS and SSD networks:

- urban growth boundary
- new industrial parks and infrastructure costs
- auto parts sector meltdown
- newcomer settlement/integration
- spatially concentrated poverty (east London neighbourhoods)
The New Politics of Local Development

The debate is heated …

- “The Socialist cabal is making London the laughing stock of the region when it comes to economic growth issues” (Deputy Mayor Tom Gosnell)

- “It’s up to environmental, civic and neighbourhood groups to not be complacent and to re-double their efforts” (Imagine London activist)

- “We need to get business out of isolation and into social and economic networks” (Neighbourhood Regeneration Worker)

- “We don’t have a Council of Councils where different groups can network and craft a common agenda” (Labour Market Training Representative)

Chamber of Commerce recommends to Mayor a “third party mediator to find consensus” around London’s economic development strategy
Beyond the polarization? Three possibilities for Community-based Regionalism

1. Creative City implementation:

- stretching the RIS discourse to include quality of life and place issues and talent-based labour force development

- trigger for LEDC/City focus on immigrant recruitment and attraction that joins knowledge intensive business and newcomer social agencies in joint planning;

- catalyst for new cross-sectoral networks (Emerging Leaders, Global Talent, TechAlliance and London Arts Council)
London in Transition (2)

2. Scaling-up localized collaborations:

- promising examples of place-based projects combining economic development and social inclusion goals, presently localized and isolated (Old East London Revitalization; Hamilton Road Business and Community Development)

> several new city-wide initiatives learning from and leveraging the grass-roots projects ... 

- Pillar Network Community Innovation Awards
- Municipality-United Way Strong Neighbourhoods
- Mayor’s Roundtable Series, Sustainable Energy Council
3. Task Force on Municipal Governance:

- Multi-sectoral group - with representation from both RIS and SSD projects -- mandated to renew city governance structures and process based on public input, expert consultation, and municipal comparisons.

- In sum, London’s “meta-challenge” going forward:

  Design and engage new institutional spaces for inter-sectoral dialogue and learning among a much greater diversity of voices and economic development ideas than in the city’s past.


