

# *Theme 3 Presentation*

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

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# Presentation Outline

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- **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 ...

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**“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

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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)

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- 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 ...

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## 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



# A Framework for Analysis

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- 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

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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

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In a nutshell, the London trajectory:

- Rather complacent 2<sup>nd</sup> 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 ...

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## 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

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- 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

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- 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

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- 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

# Challenge and Change: 2005-2008

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## 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 ...

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## 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 ...

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- 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?

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**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

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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

# London in Transition (1)

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Beyond the polarization? Three possibilities for  
Community-based Regionalism

## 1. Creative City implementation:

- stretching the RIS discourse to include to 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)

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## 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

# London in Transition (3)

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## 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.*

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