



A Tale of Two Second Tier Cities: Economic Development in London and Waterloo Ontario

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Presentation Overview

- 1. Bringing Second Tier Cities In**
- 2. Analytical Framework: Urban Political Science meets Institutional Economic Geography for Canadian Analysis**
- 3. Whither the Second Tier City? Divergent Pathways in London and Waterloo**
- 4. Implications**



Bringing Second-Tier Cities In?

Broaden the “innovation and creativity” discussion: Second-tier cities are unremarkable in their location and industry profiles, non-descript built and natural environments, limited urban amenities and cultural diversity, and with more ‘daily hum than nightly buzz’;

Address academic and policy gaps: Such places are typically beneath the academic radar screen (the creative metropolis is more *interesting* eg. Florida) and off the policy agenda (the less favoured regional cities in decline are more *deserving* eg. Savoie);

Distinctive policy challenges and environments: These “ordinary” cities confront their own set of restructuring challenges, and without the internal diversity of the big city or the external attention of the less favoured regions;

They outnumber the others: Their stories need to be told – both in relation to the big cities and the less favoured regions, and in relation to one another as there is likely to be notable variation within the second tier category.



Second-Tier Cities in Focus

The specificity of economic development in second tier cities?

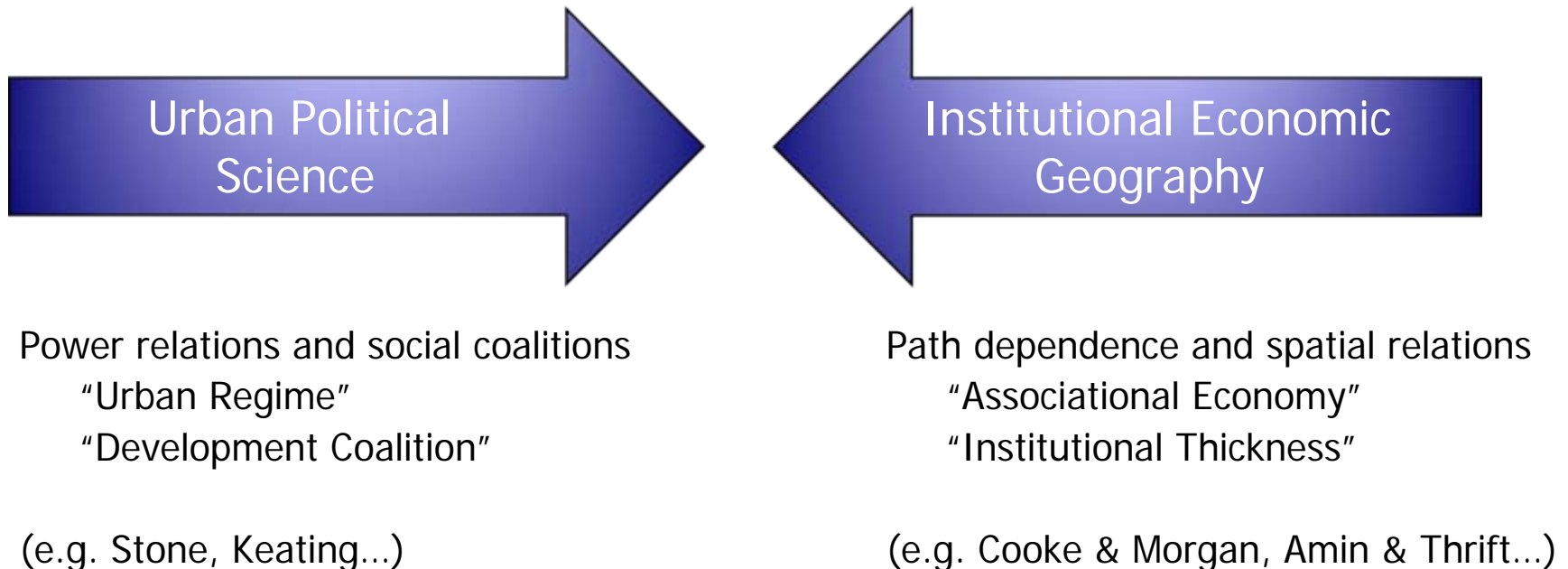
- **Vulnerable to external shocks:** economic restructuring and inter-city competition;
- **Path dependent challenges:** industrial structure; place quality; institutional capabilities; urban brand/identity;
- **Localized assets:** university/college; regional hubs; intra-city mobility for F2F contact;
- **Upper Level Policy:** easily overlooked by upper level governments

Key message: local agency *matters* in second tier cities for economic development

Big question: “*will smaller urban regions with less distinctive characters be relegated to the status of also rans?*” (Wolfe 2009)

Analytical Framework: Urban Political Science meets Institutional Economic Geography for Canadian Analysis

How to analyse the second tier interplay of local agency and path dependency?





Analytical Framework...

Urban Political
Science

Institutional Economic
Geography

American narrative

Long-standing business-government
stable alliances rooted in selective
deals organizing economic
development over decades

European narrative

Long-standing business-government-
university-labour thick relations
rooted in social capital enabling
associational economic development

Canadian Context: Limited local autonomy and greater business fragmentation make regimes unlikely; limited social capital and institutional thinness make associational governance exceptional.

A more context-sensitive framework can be developed through two MCRI-related interdisciplinary collaborations



Analytical Framework ...

Gertler and Wolfe: economic development as socially organized learning processes

- **Organized social learning:** development through interactive and iterative action planning that (re)aligns local industry and institutions as the economy changes
- **Helpful because it emphasizes strategic choice and change process but makes no *a priori* claims about their character or quality: local context (actors, institutions, networks) will shape the interplay of legacies and agency**

Clarke and Gaile: organized social learning through context-structuring processes

- **Context-structuring processes:** each city spells out the players, procedures, and values to be included in economic development/governance
- **Helpful because it supplies middle range concepts to “pinpoint the mechanisms” and compare how these structured relations organize social learning processes**



Analytical Framework ...

Clarke and Gaile propose two context structuring concepts and we add a third from Gertler and Wolfe's organized social learning:

1. **Institutional Logics:** of the learning process and development strategy making
2. **Framework Links:** among the players, policies, and processes
3. **Civic Entrepreneurship:** leaders to convene/orchestrate change

These three concepts enable analysis of economic development through social learning in different cities, especially second tier cities where assumptions about urban regimes and associational governance often mislead



Part 3: Whither the Second Tier City? Divergent Pathways in London and Waterloo

Last 30 years Waterloo and London two comparable second tier cities (similar baseline assets/deficits) respond to common rounds of external shocks; can they manage a development transformation from traditional industrial/finance profiles to knowledge-driven advanced manufacturing and technology niches?

If that's the question circa 1980, then the answer 2010:

Waterloo: “ One of the most dynamic sources of high-tech activity in Canada” (Wolfe, 2009) (leading clusters, strong brand, embedded knowledge, new economy anchor firms)

London: “Slow but steady erosion of its regional power and economic base” (Palatto, 2005) (branch plantism, no brand, diffuse knowledge, old economy anchor firms)

“Kitchener-Waterloo trounced London 9-1 in the latest contest between regional rivals” *London Free Press* headline on “Canada Tech100 Survey 2009”.

Exploring divergence? Compare organized social learning processes: institutional logics, framework links, and civic entrepreneurs.



Waterloo

Institutional Logic: *Knowledge Mobilization*

embedded educational institutions; 1950s
conjuncture for UW science and engineering, IP
regime, coop program;

Framework Links: *Tightly Coupled Innovation Agenda*

encompassing economic development framework
incorporates cultural/social dimensions, attracts
external public and private investments, facilitates
peer to peer mentoring and firm to firm networking;

**Civic Entrepreneurship: *Associational
'economic community'*** from 1950s Ira Needles
"Waterloo Plan" to Jim Balsillie " Governance
Centres"

An enabling "**Institutional Thickness**": CTT,
Communitech, Prosperity Council, Waterloo
Research and Technology Park,
Tamarack/Lutherwood Community, WRIEN, Digital
Media Corridor



The Perimeter Institute, Waterloo

London



Institutional Logic: *Growth Machine*

industrial lands strategy attracting manufacturing branch plants to serviced greenfields;

Framework Links: *Loosely Coupled "One-offs"*

Advance London, Downtown Revitalization, Creative City, Gateway City, UWO Health Sciences but 'other-worldly' Ivey Business School;

Civic Entrepreneurship: *Managerial economic and community silos* 'stick to their sectoral knitting'

A constraining "**Institutional Thinness**": LEDC v. Municipal Council v. Urban League of London v. Imagine London v. Board of Control



Waterloo Demonstrates Resilience

Learning Style: Directed Incrementalism

“A 50 year overnight success story” **Iain Klugman, Communitech, 2009.**

Development Trajectory: Extraordinary Second Tier City

“We have this history of repeatedly reinventing ourselves as changes in the economy have occurred” **John Jung, CTT, 2009.**



London is Seeking Direction

Learning Style: Disjointed Incrementalism

“When you go to K-W, their city council, their university, their chamber of commerce, they sing from the same hymn books ... in London you get different voices”. **Glen Pearson, London MP, 2009**

Development Trajectory: Ordinary Second Tier City

“We need to be innovative in our approach and work together as a community. We need to speak with a single voice and shape our own future” **Amit Chakma, UWO President, 2009**



Part 4. What Accounts for this Divergence?

	Waterloo	London
Cultural legacies	"Waterloo Way": Mennonite Community barn-building	"London's British Toryism": "Old boys" London Club admits women 1992
Business leadership	Economic Community Infrastructure: tradition of Ira Needles, Jim Balsillie	"Comparatively lethargic business community"; "modesty and conservative style" (<i>Next Economy</i> , 2005)
Network configuration	Fluid/cross-cutting	Closed/insulated
Organizational structure	Relational spaces	Sectoral places
Developmental Dynamic	Adaptation	Drift



Speaking to Other “Paired Comparisons”?

- **Saxenian (1994) “cultures of innovation”**

London resembles Route 128 (hierarchical competitive *structure*)

Waterloo resembles Silicon Valley (flexible, experimental *system*)

- **Safford (2008) “networks of innovation”**

London resembles Youngstown (Bonding/competitive networks)

Waterloo resembles Allentown (Bridging/cooperative networks)

- **Ferman (1997) “arenas of innovation”**

London resembles Chicago (electoral conflict and political patronage)

Waterloo resembles Pittsburgh (civic cooperation and social accommodation)