

# Innovation and Creativity in City-Regions: Unpacking the Social Dynamics, Interpreting Governance Forms

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# Preamble: Vancouver legacies

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- May Meetings: Creative tension
- Diffuse Focus: firm networking, sectoral innovation, social economy and social exclusion, Foucauldian cities, joined-up governance, and the environment
- Integration? Three Themes and Four Disciplines
- David and Meric's debrief: "To what extent, and in what ways, do governance mechanisms and processes define a city-region's development trajectory over time?"

# Preamble Cont./

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- Creative tension not unexpected: MCRI 2's analytical shift from clusters to city-regions
- City-regions conceptualized as economic, social *and* political spaces: "development trajectories" *will be* contested
- MCRI 2's Three Themes (innovation, diversity, inclusion) cross a long-standing, multi-disciplinary debate in the city-region development literature
- At issue: conceptions of the "social" and modes/purposes of governance in economic development

# Presentation Outline

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- Situating the Debate

## Two “Socioeconomics” Traditions

1. Schumpeter and Creative Destruction
2. Polanyi and Double Movement

- Tracking its Legacy

## Two City-Region Development Narratives

1. Social: Business networks or class coalitions?
2. Governance: Associational or Meta?
3. Disciplinary Home: Economic Geography/Business or Political Science/Urban Planning?

- A conceptual bridge? *The Work of Cities*



# From MCRI 1 to MCRI 2

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- Clusters to city-regions changes the meaning of local territory and the analytical challenge
- City-region is a social space with economic *and* political dimensions
- *Expect* contestation over the terms of social interaction and trajectory of economic development
- MCRI 2 Themes engage such contestation (innovation, diversity, and inclusion)
- Governance processes in city-regions are about “settling” these contests

# MCRI 2: Contested Development Trajectories

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- City-region development interpreted through “Socioeconomics” (Amin and Thrift, 1995)
  1. Market economy: embedded in social relations and governed through intermediate institutions
  2. Market economy: tending not to stasis and equilibrium but to crisis and change
  3. Research focus: “capitalist stability/change” in different places, periods, and governance mechanisms
  4. Two big Socioeconomics thinkers: Schumpeter and Polanyi (Amin and Thrift, 1995; Cooke and Morgan, 1998)

# MCRI 2 through the Socioeconomics Lens

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Schumpeter and Polanyi both emphasize capitalist stability/change and institutional mediation of "crises"

But they part ways on:

- Economic drivers
- Social dynamics
- Governance processes

Result: Alternative Socioeconomics traditions

# So what?

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- In their analytical breadth, MCRI 2 Three Themes engage *both* Socioeconomics traditions
  
- Situating MCRI 2 in the Schumpeter-Polanyian “debate” reveals possibilities in our research:
  1. Different configurations among our three themes
  2. Variation in our city-region development trajectories
  3. Dialogue across our four disciplines



# Schumpeterian Tradition

(Schumpeter, 1934)

- **Economic Drivers: Creative Destruction and the New Competition**

*Entrepreneurship with new technologies, supply sources, and industrial organization challenges established routines*

- **Social Dynamics: Socialization of the Innovation Process**

*Specialized and systemic knowledge applications drive capitalist transformations*

# Polanyian Tradition (Polanyi, 1944)

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- **Economic Drivers: Disembedded Market**

*Self-regulating market results in social, cultural, and ecological breakdown*

- **Social Dynamics: Double Movement and Re-embedding Process**

*Political mobilization and social ethos of reciprocity restores balance in development*

# Intellectual Legacies (1): Schumpeter

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- **Disciplinary Homes:** Economic Geography and Business
- **Development Problematic:** Regional responses to globalization's current round of creative destruction
- **Empirical Updating:** Inter-firm knowledge flows and non-linear innovation
- **Institutional Filling-In:** Innovation requires geographically present mechanisms/networks for product and process learning

# The Neo-Schumpeterians

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- **Economic Performance:** Supply-side productivity via knowledge-based capital formation and labour force development
- **Social Dynamic:** Quality/Robustness of inter-firm relations
- **Organizational Logic:** Alignment of city-region productivity enhancing actors
- **Governance Form:** Associational Governance for business innovation and creative talent

(Cooke and Morgan 1998; Maskell and Malmberg 1999; Gertler and Wolfe 2002)



# On Associational Governance

*[T]he associational repertoire involves two institutional innovations ... First it involves the devolution of power within the state system, from remote central departments to local and regional tiers which are better placed to forge durable and interactive relations with their firms, their associations, and other cognate bodies. Secondly, it involves **delegating certain tasks, like enterprise support services, for example, to business-led associations** because the latter have far more knowledge of, and credibility with, their members than a state agency ... power needs to be used in such way that it empowers others, that it is used to build 'capacities for collective action,' where this is understood to mean 'mutually coherent sets of expectations, built into conventions, which underlie **technological-economic spaces**, permitting the actors involved to develop and co-ordinate necessary resources'.*

# Intellectual Legacies (2): Polanyi

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- **Disciplinary Homes:** Political Science and Urban Planning
- **Development Problematic:** Community responses to disembedded globalization
- **Empirical Updating:** Collaboration for socially sustainable economic development (SSED)
- **Institutional Filling-In:** Holism requires geographically present mechanisms/networks for cross-class dialogue and goal integration

# The Neo-Polanyians

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- **Economic Performance:** SSED tied to quality of life metrics for goal integration and policy trade-offs
- **Social Dynamic:** Cross-class/multi-sectoral relations
- **Organizational Logic:** Collaboration among economic, social, cultural, ecological actors
- **Governance Form:** Metagovernance that joins-up for holistic development

(Healey, 2007; Sorensen, 2006; Jessop, 2004)



# On Metagovernance

- *“Metagovernance is a way of enhancing **coordinated governance in a fragmented political system** based on a high degree of autonomy for a plurality of self-governing networks and institutions. Although sovereign rule indicates total top-down control over all aspects of societal governance, including process and outcome, metagovernance is an indirect form of governance that is exercised by influencing various processes of self-governance. As argued by Bob Jessop, “Metagovernance does not amount to the installation of a monolithic mode of governance . Rather it involves the management of plurality and complexity.” This is done through “the organization of self-organization. ... It should be clear now that the move from government to governance **raises both democratic problems and potentials**. Whether governance will undermine or increase democracy depends very much on two issues: the actors who exercise metagovernance and the manner in which it is exercised.”*



# Comparative Development Trajectories

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## Schumpeterian

- City-region as technological-economic space with sectoral associations/networks
- Associational governance (Theme 3) seeks to align business innovation and creative talent in development strategy

## Polanyian

- City-region as fragmented political space with plurality of self-governing networks
- Metagovernance (Theme 3) seeks to integrate innovation and inclusion goals in development strategy

# Research Implications (1)

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Gathering/interpreting data across our three themes we might consider:

- *Which social dynamics of development are most evident?*
- *Which organizational logics best capture relations among the actors?*
- *Which institutional mechanisms define governance processes?*

# Research Implications (2)

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**City-region development trajectories cohere around Schumpeterian or Polanyian logics?**

**Preliminary findings from London:**

*Associational Governance through London Economic Development Corporation: business networking and bounded development agenda (Schumpeterian logic)*

**Compare Toronto:**

*Metagovernance through Toronto City Summit Alliance: multi-sectoral collaboration for innovation (TRRA); diversity (TRIEC); inclusion (SNTF) and broad development agenda (Polanyian logic)*



# Research Implications (3)

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- The Schumpeterian-Polanyian continuum could help situate and compare city-region development trajectories
- How might we locate our city-regions on the S-P development continuum?
- Useful conceptual framework in Susan Clarke (Political Science) and Gary Gaile (Economic Geography): *The Work of Cities, 1998*
- Social dynamics and institutional relations are “context structuring processes” varying across city-regions



# On context-structuring

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*"[T]hese structuring processes are momentous: they yield a framework in each city that spells out the players, decision rules, procedures, and values to be included in economic development decision processes. Different frameworks present different incentives, bargaining advantages, and trade-off opportunities that influence these goals and strategies ... These frameworks are open to challenge, of course, but they shape the development policy choices made by cities, the voices heard in the process, and who gains and loses from city efforts."*

(Clarke and Gaile, 1998)

# Context Structuring Processes: Three Keys

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City-region development in relation to:

- Institutional Logics: relation of market and democratic values in economic governance?
- Framework Links: tightly or loosely coordinated across innovation, diversity, inclusion goals?
- Development Coalitions: who decides logics and frameworks?

# Comparative city-region “thick descriptions”

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*The Work of Cities* identifies and compares

- Cleveland: Market institutional logic and tightly coordinated framework around our Theme 1 (Schumpeterian development trajectory and associational governance)
- Tacoma: Democratic institutional logic and loosely coordinated framework incorporating Themes 2 and 3 (Polanyian development trajectory and metagovernance)



# In sum!

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*Revisiting the Schumpeter-Polanyi traditions and linking them to contemporary spatially- sensitive, institutionally-informed economic development frameworks helps address the conceptual challenges arising from the Vancouver meetings.*

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