PLACE MATTERS AND MULTI-LEVEL GOVERNANCE: PERSPECTIVES ON A NEW URBAN POLICY PARADIGM

Neil Bradford

Over half the population of Canada lives in the four largest city regions of the country. From financial services to information technologies to consulting-engineering firms, cities are the motor of the nation's increasingly service-based economy. With the population density and critical mass of labour markets and expertise, cities represent the natural home for clusters of innovative firms competing in the global economy. But the problems of Canada's cities, writes Neil Broadford, "are rooted in a growing mismatch between municipal responsibilities and the policy resources available to act." Cities are limited by both fiscal and constitutional constraints. "New thinking is needed that respects provincial constitutional responsibility for municipal governments," writes Bradford, while he recognizes that city policy issues, "transcend the jurisdictional compartments."

Plus de la moitié des Canadiens vivent dans les quatre principales régions urbaines du pays. Entre les firmes de services financiers, de technologies de l'information ou de génie-conseil qui s'y établissent, les villes sont devenues le moteur d'une économie de services de plus en plus forte. Leur densité démographique et la masse critique d'expertise et de marchés qu'on y trouve en font le siège naturel des entreprises innovantes et compétitives de l'économie mondiale. Mais selon Neil Bradford, les villes canadiennes souffrent du décalage grandissant entre l'ampleur de leurs responsabilités et la minceur des ressources dont elles disposent pour agir. Des limites qui sont à la fois financières et constitutionnelles. Tout en respectant la responsabilité constitutionnelle des provinces vis-à-vis des municipalités, l'auteur estime qu'il faut adopter une nouvelle approche qui transcende l'actuelle compartimentation des compétences.

Canadian cities are back on the public agenda. Prime Minister Paul Martin has declared that there is "no question that the path to Canada's future runs through municipal governments large and small, urban and rural." This article takes stock of the recent explosion of interest in Canada's cities, exploring the factors driving the new urban agenda and the strategies needed to build healthy vibrant cities. Observing that Canada has become an urban policy laggard in the last decade or so, we consider possible lessons for moving ahead from recent developments in the European Union and the United States. In the 1990s, both of these jurisdictions experimented with novel forms of multi-level governance to tackle increasingly complex and localized public policy challenges.

The attention now being paid to cities is somewhat surprising. The burst of "techno-enthusiasm" that initially accompanied globalization and the information revolution led many observers to predict the demise of cities as factors of production dispersed across the landscape freed from the constraints of geography. But researchers now track a convergence of three *flows* — people, commerce, and policy — positioning cities as *the* strategic places in the global age. In Canada, nearly 80 percent of the population lives in cities, with fully 51 percent concentrated in the four largest city regions. The structure of the economy has shifted dramatically, with agriculture, natural resource exploitation, and secondary manufacturing all giving ground to urban-centered, service-based activity. And for nearly two decades, upper level governments have passed down responsibility to municipal authorities for

significant aspects of the country's physical infrastructure and social services.

It follows that cities have the potential to be engines of national economic prosperity. With their population density, thick labour markets, and organizational synergies, they represent the natural home for *clusters* of innovative

ties, employment opportunities, and cultural experiences. Yet, a recent OECD study described Canada's "disjointed approach" to urban policy, and a lagging national engagement with the problems of cities. Moreover, the rising tide of Canadian urban research demonstrates not just that cities are strategic

built from the "ground or street up," on the basis of local knowledge, and delivered through networked relations crossing program silos, even jurisdictional turfs.

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firms dependent on intensive, personalized networking. Economic geographers have found that cities most open to diverse ideas and people become the creative hubs of the global economy.

Yet, there is another perspective on why place matters more today. Poverty researchers track an increasing spatial concentration of major social problems within our larger cities, and a growing income polarization within urban labour markets. For people stuck on the wrong side of the digital divide in the knowledge economy, the cluster dynamic is different. Negative "neighbourhood effects" spawn not new ideas or connections but multiply the constraints on progress, as barriers in one aspect of life become linked to others in a decaying community infrastructure.

The common message from these separate research streams on the problems and potential of local places is clear enough. The diversity of the city will not drive innovation if those who are different or poor find themselves increasingly marginalized. Only those cities that become places of innovation *and* inclusion will rise to the top in the global age.

It would seem that Canada's cities should be well positioned for success, with their longstanding reputation for livability and high ranking in international surveys of urban quality of life. Many bring together creative people from all walks of life and backgrounds in a dynamic mix of recreational ameni-

sites in the global economy, but equally warns that our cities in their infrastructure and governance are showing serious signs of strain, even decay.

In fact, the dimensions of Canada's looming "urban crisis" can be captured through the analytic distinction drawn by Harvey Lithwick more than 30 years ago between "problems in the cities" and "problems of the cities." The problems *in* Canada's cities originate in complex dynamics beyond the locality that rapidly acquire their most pronounced expression in urban settings: poverty, homelessness, pollution, crime and so forth. In turn, the problems *of* Canada's cities are rooted in a growing mismatch between municipal responsibilities and the policy resources available to act — or even the opportunity to contribute ideas to the actions of upper level governments — on the problems growing in their midst.

The implications of this imbalance are far-reaching. Spatially concentrated problems are not simply complex, they are *wicked*. Characterized by critical *information gaps* about what precisely is required to help and by large co-ordination failures in terms of channelling the appropriate resources to the right target, city problems are resistant to traditional monosectoral interventions designed from above by insulated, distant bureaucracies. Instead, they demand *place sensitive, holistic* approaches, That is, strategies

The concern here is that Canada's national policy machinery and intergovernmental system remains ill-adapted to changing policy realities and spatial flows. While governments at all levels are active in cities, there is little evidence of a coherent agenda, systematic co-ordination, or even appreciation of importance of place quality to good outcomes. Municipalities still struggle with a centuries-old subordination to provincial governments. Federal and provincial governments make unilateral fiscal cuts, program withdrawals, and institutional restructurings with little regard for the fall-out in different cities and communities.

Not surprisingly, city representatives have now mounted a forceful national campaign for new recognition, respect, and resources. But the issues in this political debate go deeper than simply retooling municipalities, important though that is. In an era of wicked policy problems, the opportunity for progress on a host of urgent *national* problems is greatest in the cities, as is the possibility for effective co-ordination among all the relevant actors. A new urban policy architecture is needed for a better alignment of aspatial policies (generally available to all individuals everywhere if they meet the criteria) and spatially focused interventions (specifically targeted at deteriorating places). Much now depends on whether politicians and public servants from all three orders of government can find ways to work more effectively together.

A revamped policy architecture needs to begin with what the City of Toronto's Chief Administrative Officer, Shirley Hoy, recently described as the strengthening of the "intergovernmental interface." There are five specific spheres of interaction that require

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Mayors Bob Chiarelli (right) of Ottawa, David Miller of Toronto and Glen Murray (left) of Winnipeg prepare for the beginning of their Mayors' Summit meeting in Toronto in late January.

greater dialogue and co-ordination: *policy formulation*, based on the reality that the different orders of government in the interconnected and mobile world are almost always stakeholders in each other's decisions; *budget development*, given the importance of long term planning, more predictable revenue streams, and respect for the single taxpayer; *service delivery*, helping ensure that all government interventions regardless of "ownership" respond to multi-faceted citizen and community needs in a timely, cost effective manner; *public administration*, allowing professional staff at each level of government to better appreciate the pressures on, and perspectives of, their counterparts working elsewhere; and finally, *political relations*, where leaders need to cultivate a problem-solving ethos valuing trust

and common understanding across each of the four previous domains.

Improving these interfaces means thinking anew about the state and federalism. Bold claims about the state's "hollowing out" must be qualified. Such arguments remain locked in a zero-sum view of power relations wherein different levels of government "win" or "lose" authority at each other's expense while the inexorable trend is a weakening of the state in the face of global forces. What's needed is another perspective more attuned to the possibilities for such shifting relations to enhance the federation's overall capacity to respond to policy problems that are increasingly defined by their complex interdependence and spatially concentrated expression. New

thinking is needed that respects provincial constitutional responsibility for municipal governments while also fully recognizing that metropolitan policy issues, from the environment and housing to employment and immigration, transcend the jurisdictional compartments

Along these lines, the debate could now be reframed more pragmatically to consider the "comparative advantage" of each level of government in solving urgent problems in the cities. On the front lines, municipalities are best able to "convene the community" — engaging citizens and stakeholders in dialogue and action for local priorities. They can also ensure that land use planning and community services build more inclusive and compact cities. To this end, they may

partner with other local organizations — school boards, band councils, social service agencies, business or non-profit networks — on joint projects. For their part, provincial and federal governments are both far better equipped than municipalities to flow the necessary resources to the local partners who know best how and where to invest in physical and social infrastructures. Upper level governments also can facilitate inter-regional sharing of problem-solving experiences by sponsoring the scaling-up of community demonstration projects and transferring lessons from one city to another. The point is to equip local communities to revitalize themselves on terms of their own choosing in accordance with democratic mandates, while also ensuring that the "new localism" does not breed greater disparity between places. Neither centralized command-and-control regulation nor open-ended devolution will do the job. And one-size-fits all approaches must give way to an "urban policy lens" attuned to the diverse needs and capacities of places, from the big city regions to the smaller remote centres.

At this juncture, Canada's urban policy communities need to think comparatively about future directions. Particularly relevant are recent experiences in the United States and the European Union. In both jurisdictions, the 1990s was a decade of notable urban policy innovation, combining fresh ideas with policy action. Notwithstanding evident variation in structures and cultures (for example, the EU and the NAFTA represent very different models of supra-national governance, and the American federal government has long had more direct relations with cities than its Canadian counterpart), there are instructive lessons. With the latecomer's advantage, Canadian urban policy communities can now learn from recent European and American forays into place-based, multi-level governance.

Developments in the 1970s and 1980s set the stage for the concerted round of area based multi-level policy partnerships that flowered across the EU in the 1990s. In 1975, the European Regional Development Funds were launched to encourage balanced growth across member states. Following the 1986 Single Market initiative, these funds were greatly expanded, administratively decentralized, and refocused on urban communities. Taking stock, close observers of Europeanization such as Gary Marks described in the 1990s a new network-based political system transforming hierarchical government with more interactive governance. Interlocking spheres of influence replaced watertight compartments, and the role of sub-

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national representatives in EU decision making was expanded. While the form and intensity of these trends clearly varied across different national settings, researchers have identified some general dynamics. Four are seen as most relevant to the project of designing area-based, multi-level governance.

First, EU integration has been framed by two key principles, cohesion and subsidiarity. The cohesion principle has helped channel resources to the most distressed localities in the EU, including both declining sections within big cities and smaller cities in the periphery, and it has encouraged integration of economic innovation and social inclusion goals so as to stretch traditional understandings of urban regeneration beyond "bricks and mortar" physical infrastructure. The principle of subsidiarity states that public activity

should be led by the territorial level of government closest to the problems and the people. In the EU, this principle has informed efforts to provide appropriate transfer of resources to make local responsibility viable. To prevent downloading, the EU has evolved representative institutions (the Committee of Regions, the International Union of Local Authorities) to secure local input into EU planning for a host of spatially targeted programs for regions, cities, and neighbourhoods (among many others: the Urban Pilot Programme, URBAN Community Initiative, LEADER).

Second, these EU programs mandate various forms of partnership between national and sub-national authorities. In most cases, local applicants need to find at least 50 percent of the funds for projects from other sources, a design feature almost always engaging national governments. The supra-national programs become effective catalysts for joint planning and action as national governments decide specific projects with EU officials and then negotiate implementation with local officials. In some cases, they have extended existing national efforts — for example Dublin's anti-poverty initiatives that built on Ireland's national-level social partnerships — or they have enabled national governments to meet new challenges, such as technology upgrading strategies for cluster formation in peripheral places like North Jutland, Denmark. The fact that many of these programs have operated over a relatively long time frame provides a stable context for local and national partnerships.

Third, the EU has made extensive use of pilot projects, testing out new approaches on a limited scale. The resultant policy learning has deepened knowledge about the collaborative process in communities, generating lessons about design of partnership structures and the role of institutional intermediaries in connecting policy

resources from different sectors and levels. Here, the EU process has contributed to the mainstreaming of innovations that enhance the overall effectiveness and legitimacy of public policy, and also to surer judgements about the viability and durability of local funding coalitions. It has also enabled European Commission administrators to learn through ongoing feedback from the field on how to fine-tune EU programming for maximum impact.

Fourth, the EU has evolved an elaborate network for transnational policy knowledge transfer. Practical lessons are shared across cities and levels of government. These networks generate stronger understandings of significant policy dynamics including the refinement of community indicators and cross-jurisdictional benchmarking, and the focusing of an "urban lens" that takes account of the consequences for different cities of all public policies.

In sum, using a mix of principles, programs, and networks, the EU in the 1990s developed multi-level governance to implement more place sensitive policies and programs. The potential of local places to integrate policy thought and action was recognized even as the system of authority and representation became more diffuse.

In contrast to Europe, the United States is rarely seen as a relevant urban policy model, and for good reason. Postwar American urban policy has long been criticized for accelerating concentrated poverty, sprawling development, and wasteful competition among localities. In his now classic 1987 treatise *The Truly Disadvantaged*, William J. Wilson mapped the racial and class dimensions of America's burgeoning urban underclass.

But the 1990s are now thought by many to have opened a somewhat different chapter in America's approach to cities. Galvanized at the decade's outset by the crisis of the Los Angeles riots and the prospect of domestic pol-

icy renewal surrounding the Clinton election victory, American urban policy experts produced a flood of new policy-oriented research on urban problems, community renewal, and collaborative governance. In turn, President Clinton appointed knowledgeable urban leaders such as Henry Cisneros and Donna Shalala to key Cabinet posts. They looked to rebuild the policy capacity of the department of Housing and Urban Development (HUD) as the focal point for a new cities agenda, and between 1993 and 2000, a quite ambitious federal urban policy was pursued.

Controversy persists over the nature and impact of the Clinton urban engagement. Using 2000 census data, Paul Jargowsky has documented what he calls "stunning progress" in the 1990s in reducing spatially concentrated poverty, particularly among African Americans, and in growing home ownership and minority owned businesses in inner cities. Some explain the gains as a byproduct of the national economic boom, while others, such as the Brooking Institution's urban policy director, Bruce Katz, cites the "the triumph of smart federal policies." Regardless, there are now a number of lessons to consider from the American experience.

First, the Clinton approach recognized, after decades of contradictory federal interventions in cities, that it was necessary to try to co-ordinate aspatial general policies and spatially targeted measures. Administration officials proclaimed that neither in isolation was sufficient: strategies for renewing urban infrastructure required appropriate backing by social policy if people were to enter the economic mainstream. Thus, a host of new targeted measures, most

prominently the Empowerment Zones/Enterprise Communities programs and Community Reinvestment regulations, were flanked by increases to the Earned Income Tax Credit, the minimum wage, and a more "community friendly" national transportation policy. In the latter case, large federal investments in metropolitan transit infrastruc-

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ture were paralleled by a novel "reversing commuting" program helping poor residents of ghetto neighbourhoods get access to suburban jobs through improved transportation. More broadly, the Livable Communities framework unveiled in the Administration's final year in office aimed to support many states and cities with their regional "smart growth" strategies.

Second, the urban policy activism of the 1990s contributed to the consolidation of a robust community-based development paradigm that joined actors at different scales in a common discourse. In brief, this paradigm marked a conceptual and practical break with the legacy of the 1960s Great Society programs, which were criticized variously for their top-down control, professional dominance, confrontational tactics, and focus on the deficiencies of individuals and problems of communities. Influenced by the ideas of Amarta Sen, John Kretzmann and John McKnight, the new paradigm emphasized building the assets of individuals and the capacities of communities. Under the rubric of Comprehensive Community Initiatives, once divergent streams of community activists (most prominently, Community Development Corporations, Industrial Area Foundations, and neighbourhood associations) came together in cities behind multi-sectoral projects. Priorities crystallized around making connections between social, economic and environ-

mental concerns, and also between the inner city poor and regionally dispersed business interests. New alliances emerged in many places ranging from Baltimore's BUILD, which focused on living wage laws and brownfield renewal, to Silicon Valley's Joint Venture Silicon Valley, which sought to make technology clusters more socially sustainable. The local networks recognized that extra-local assets were also critical and that political outreach to higher governments was necessary for both economic innovation through cluster building and social inclusion through community building.

Third, the local formations were substantially assisted in financial, technical, and personnel terms by a thick layer of national intermediaries such as the Local Initiatives Support Corporation, the National Community Building Network, and the Aspen Institute. With their funding networks and practical toolkits, these organizations have been credited by some as being pivotal in transforming a fragmented array of local development entities and efforts into a national-scale movement capable of delivering, in partnership with governments at all levels, comprehensive community renewal in cities.

Fourth, the federal government, primarily through the vehicle of a revitalized and refocused HUD, deployed a range of strategies and instruments to assist cities. Community development block grants gave localities considerable latitude in expenditure decisions, but also required inclusive partnerships, citizen participation, and direct support for capacity building in project development. The 1998 Transportation Equity Act used federal money and regulations to enable metropolitan planning organizations to pursue more holistic urban transit approaches sensitive to environmental and social concerns. Also contributing to multi-level collaboration was the 1995 Unfunded Mandates Reform Act, which required federal consultation with state and local governments to

limit unilateral downloading. Finally, the federal government took a series of steps to ensure its real estate activities and public facilities in cities maximized the developmental spin-offs for troubled neighbourhoods. A Cabinet-level Community Empowerment Board, headed by the Vice-President was responsible for co-ordinating the nearly 20 federal agencies active on the urban file.

Thus, American public policy in the 1990s featured a significant new urban focus. While not without its problems and limitations, the federal initiatives supplied both a catalyst and a context for many local innovations driven by community alliances with the support of national intermediaries. Whether this legacy survives the different priorities of the Bush administration is uncertain. Concerns from local and state officials about unfunded federal homeland security mandates and micromanagement of welfare reform suggest a return to a more familiar American urban tradition.

There is a strong rationale for new national policy engagement in Canada's urban centers. Not only are major public problems now spatially concentrated in cities, but the knowledge and networks critical to their resolution coalesce in local communities. At present the costs of ignoring these problems are piling up at the doorstep of the municipalities. Soon, however, federal and provincial governments will also feel the effects as lost human capital, increased social tensions, and foregone economic opportunity take their toll.

The best way forward is through multi-level governance for place-based strategies. While European and American actors moved ahead in the 1990s, Canada is not without its own history here. Tri-level Urban Development Agreements have been implemented to address a variety of problems in several Western Canadian cities. While these agreements have been criticized for their inadequate funding, they have also been praised by the participants for cre-

ating a governance process appropriate to the multi-faceted nature of the problems at hand, and finding mechanisms to flow street-level knowledge into policies and programs. Similar features are evident in recent strategic infrastructure programs, and the Sgro Task Force on Urban Issues certainly endorsed collaboration. But much more is needed. The inter-governmental Social Union Framework Agreement remains firmly within the "two-level game." And the recent SARS outbreak in Toronto underscored critical gaps in the country's institutional capacity to connect front line services to extra-local resources. As the Naylor report on the crisis concluded "the single largest impediment to dealing successfully with future public health crises is the lack of a collaborative framework and ethos among different levels of government."

Given constitutional realities, inter-governmental rivalries, entrenched bureaucratic routines, and Canada's diverse urban landscape, progress in developing multi-level governance will take time. New forms of trust and accountability are needed, and these will come only through experimentation, monitoring, and learning. The federal government, with its spending power, budget surpluses and national perspective, is the necessary catalyst for collaboration, but the jurisdiction of the provinces must be respected and the voice of the municipalities — and their communities — must also be heard. Steering a course between top-down centralization and bottom-up decentralization, representatives from each level of government discover what works where and why, and how those solutions might be further applied. The result may be a robust national framework for local problem-solving.

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