

THE FEDERAL ROLE IN CITIES

Insights from the Outside

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PURPOSE/ SUMMARY

CANADA IS AN EXTENSIVELY URBANISED COUNTRY AND PROVINCIAL AND MUNICIPAL GOVERNMENTS HAVE HAD THE TASK OF ENVISIONING, MANAGING, AND OFTEN, RESOURCING CHANGE IN CANADA'S CITIES. FEDERAL GOVERNMENT INTEREST HAS WAXED AND WANED OVER TIME. AS THE NEW FEDERAL GOVERNMENT DEVELOPS NEW INTERESTS IN CITIES, THE PURPOSE OF THIS TALK IS TO CONSIDER HOW THE APPROACH OF THE LAST LIBERAL GOVERNMENT, AS REFLECTED IN THE HARCOURT REPORT, NEEDS TO BE REVIEWED AND REVISED. TIMES HAVE CHANGED, NEW UNDERSTANDINGS OF CITIES HAVE EVOLVED AND OTHER COUNTRIES HAVE HAD MORE RECENT EXPERIENCE WITH CITY POLICIES. HOW DO CITIES FIT IN THE NEW FEDERAL CANADA? RECENT UK AND AUSTRALIAN EXPERIENCES ARE DISCUSSED.

OUTLINE

1. City Policies After Mike Harcourt....
2. Policy Changes: Experience in Australia and the UK
3. After Stephen Harper.....

1. CITY and CITIES Policies:

DISCUSSING CITIES AND POLICIES, CLARIFY MEANINGS (my use).

City policy can have (at least) three distinct meanings

1) National or Federal policies pursued **to progress federal policy aims** that are significantly impacted by city/metropolitan level actions and outcomes (carbon reductions, social integration, competitiveness) and the interconnections between sets of cities (upward spillovers). This would include:

- National spatial policies
- Impacts of non-spatial programmes (with concentrated geographies of impact)
- Vertical (fiscal) equalisation

2) The constitutional settings that confer **autonomies and powers that exist locally for cities to make their own choices**, including the creation of wider cross-municipal governance arrangements.

3) The wider cross- and intergovernmental arrangements that allow **metropolitan/city authorities to integrate multi-level powers and resources** into metropolitan management arrangements/choices.

Post 2000, the emphasis is changing from 'cities' policy as national spatial policy to effective (multi-interest) **metropolitan management** as part of mainstream economic (growth/productivity) policy.

1.2 WHAT HAPPENED TO HARCOURT?

In the 2003-6 period (New Deal), Infrastructure Canada promoted cities agenda, gas tax for municipalities, major cities research programmes, and awaited the PM's External Advisory Committee Report, led by Mike Harcourt. Argued for:

- Understanding of how neighbourhoods, communities, and cities contribute to the main goals of the nation (correct policy geography)
- Clear responsibilities at all levels and the need to collaborate, cooperate
- Double devolution of roles and resources: intergovernmental coordination
- Support contingent on a strong 'vision' and Integrated Sustainable Development Plans
- Recognised, crucial, and distinctive future role of major cities in innovation and productivity
- Recognised role of infrastructure: informed sectoral and spatial decision taking

WELCOMED, PARKED, IGNORED, ORPHANED, AND BACKED BY THE CONFERENCE BOARD, BUSINESS AND COMMUNITY LEADERS. WEAK SPATIAL PRIORITISATION IN SUBSEQUENT PROGRAMMES ETC. CITIES AND COMMUNITIES APPLIED FINDINGS.

1.3 AND ELSEWHERE

- In US, 'Metropolitan Revolution' (Brookings) developed and survived through the Global Financial Crisis, growing 'all the way down' federalism
- In Australia, introduced (Rudd), scrapped (Abbott), and re-introduced (Turnbull) federal cities policy
- In UK, cities policies evolved in the early 1990's (Heseltine), through (Blair) the Urban Summit and national neighbourhood renewal, was scrapped in 2010, and replaced in 2011 by City Deals (Heseltine) again
- In western EU, there have been shifts toward more autonomy for cities; smart cities; transit changes; sustainability priorities more obvious; living labs

ANY USEFUL INSIGHTS?

1.4 WHY RESURRECT FEDERAL CITIES POLICY

- City roles in productivity, innovation, and global connection (in China, how many people know Toronto is in Ontario?)
- Cities as learning systems, new knowledge ecologies; really smart cities
- City dimensions of inequality (spatial segregation growing), carbon targets and city footprints: 'density our friend' (Glaeser), but managing it (me)
- Future population growth in cities
- Need best local responses to global challenges and opportunities
- Aligning the daily functional systems to government structures
- Delivering and resourcing locally, using land effectively

EFFECTIVE MODERN MANAGEMENT OF PLACE AND TERRITORY: WHAT CHANGES
PROMPT QUESTIONS FOR CANADA

2.1 UK Changes Deals and Devolution

- Evolution of city spatial policies since the 1980's
- City emerges as locally driven spatial growth policy, new 'style'
- Then within UK centralised state now seen as possible basis for sub-national government of England; driven by 'devolution' and 'localism' agendas

What are the merits of City Deals?

*1) as specific city-region policies **AND***

2) as the basis for a coherent system of sub-national government.

2.2 Spatial Policies In UK

Local growth reflects: local public choices, fiscal system equalisation, 'blind', **spatial**

STRONG UK SPATIAL POLICIES PARTLY REFLECT CENTRALISED FISCAL SYSTEM

- Evolution from regional to city to neighbourhood scales (layered); England different from devolved administrations
- Strong 'city policy' post City Challenge (Harbinger): (reversing decay, decline)
 - Urban summit process
 - Government offices for the Regions of England
 - Regional Development Agencies
- After 2010, major change in 'architecture' spatial policy, old swept away (growth)
 - LEPS, 'local', business-led, partnerships: CITY DEALS
 - Infrastructure emphasis
 - Scotland, different: Scottish Cities Alliance
- Deals now response to regional devolution pressures in England

2.3 Changing Policy Landscapes: Municipalities

- Local government in UK evolves from visionary/regulator through key welfare provision to provider/enabler
- Reputations, competencies, resources change; not static
- Changing geographies, boundaries: currently varied system
- Contraction resources after 1980, quangos after 1990's: 'localism' now
- In OECD terms, still relatively large state, VERY CENTRALISED
 - Narrow, controlled, local property tax base
 - Business rate centralisation (now to be reformed)
 - Extensive fiscal equalisation (now being reduced)
 - Significant scale specific, capital grants (by 2020 will be 20pc of 2010)
 - Strict controls on volume and types of borrowings
- Little fiscal autonomy relative to metropolitan areas in many systems, growing roles, reducing resources from top-down grants and transfers

2.3 New Decentralisation logics in UK

- Centralised approaches have done little to address the spatial imbalance (Travers, 2015)
- Cheshire, Nathan, and Overman (2014) – those places that have started from a weak economic position are not converging, and the recession has exacerbated this (Champion and Townsend, 2013)
- Contexts matter – one-size-fits-all is a bankrupt approach
- What works for Bristol may differ than that for Liverpool
- Local leaders know best what is required to lift growth in their areas – give them the tools to do it!

2.4. Evidence base: Caution?

- Devolution to growth link is widely asserted, however, academic evidence is more equivocal
- Rodriguez-Pose and Ezcurra (2011) found a negative relationship, but suggested benefits may emerge from decentralisation in very centralised contexts
- Variety of mayoral experiences
- Pike et al. (2011) – difficult to identify any dividend – a lot of other factors at varied spatial scales to contend with
- The upshot is that decentralisation appears to be something worth trying; it may do little harm even if the evidence suggests it will do little good (London Finance Commission)

2.5. City Deals as a tool of decentralisation

- Bespoke beliefs, mesh with 'deal' arrangements
- Efficacy of 'Core Cities' group
- Aims at city plus surrounding metro areas (more mixed now)
- Negotiated between central government and local bodies predicated on a quid pro quo: CG tests the efficacy of the governance arrangements in deal process
- Focus initially on infrastructure prioritisation
- Provision for labour market, sector, and welfare policies
- From TIFs to 'earnback' (ad hoc tax base sharing); back to grants now!
- Two completed waves to date, a third in progress in the Celtic nations
(Manchester the poster child, arguably most interesting; Glasgow most generous)

2.6. Governance Potpourri

- Different models in different places
- Some deals struck by combined authorities (legislation in England not in Wales and Scotland), LEPs and individual local authorities (Centre for Cities, 2014) ... however, these starting points are rapidly evolving
- Mayor for powers – past votes (albeit at different spatial scales) – a bitter but necessary pill to swallow, perhaps
- Whatever form is adopted, demonstrable leadership and accountability underpins the transfer of risk required in deals
- With different places at different stages of governance capability, the suggestion is made that devolution should proceed asymmetrically (Cox et al., 2014)

2.7. Improved Prioritising, Monitoring

- UK poor at infrastructure prioritisation?
- City Deals; multiple investments in complex, long term programme
- Goals set in terms of jobs, incomes, GVA, fiscal revenues
- Deals set out in general
 - Still tend to be lists of priorities, often borrowed from wider partnership
 - Unclear policy-economic change causal links
 - Limited cost-benefit, largely biased to transport evaluations
 - Missing assessments of knowledge economy/big data infrastructures (serves 'old' rather than 'new' city economic arguments?)
 - Missed opportunity in relation to private and social housing investment

NEED URGENTLY CLEAR, COMPREHENSIVE EVALUATION FRAMEWORKS AND SIGNIFICANTLY INCREASED LOCAL ANALYSIS AND ASSESSMENT CAPACITIES (UNIVERSITY PARTNERSHIPS). BIG ISSUES HERE FOR GOC!

2.8. Summary Conclusions on Deals

As city policy:

- Vision, infrastructure, growth, local, city-region, fast action all **good**
- Geography, unclear prioritisation, weak economic modelling, tax attribution, missing sectors of activity all **weaken**

EVALUATION, REFASHIONING NEEDS TO BE FIRM AND FAST

As the basis for real devolution in England:

- Raising the questions, linking to growth, more than municipal all **good**
- Incomplete coverage of cities, missing hinterlands, lack of capacity to deal and design (financially/economically), lack of attention to spillovers, absence of intergovernmental coordination all **weaken**

GOVERNMENT NEEDS A CLEAR, COHERENT STATEMENT OF NATIONAL INTENT AND NOT JUST AN ACCRETION OF DIFFERENTLY DESIGNED DEALS. THIS IS NEEDED SOONER RATHER THAN LATER

2.9 Australia: a Short Summary

- Similarities to Canada , in and out feds from ‘better cities’ (weak spatial policies)
- States, fiscally weaker than provinces, but better at recognising global roles of cities
- Driven by the states, municipalities weak, becoming an issue
- Strong on spatial planning and city visions, infrastructure policy better designed

Major Challenges going forward

- The future growth story and Fed Treasury recognition
- Major Cities Unit, infrastructure-led and targeting; connecting across different levels
- COAG inquiry, poor planning and prioritising of infrastructure within some cities
- New technologies, smarter cities
- Thinking about city deals
- Pressures for metro resources to match roles but ‘Headroom’ issue

After Harper.....

Arguably HARCOURT HAD RECOGNISED THE IMPERATIVE OF BETTER METROPOLITAN LEVEL POLICIES (DOUBLE DEVOLUTION) SET INTO A FRAMEWORK OF FEDERAL CITIES POLICIES (THE FEDERAL ROLE). WHAT NEEDS TO BE CHANGED?

- Stronger agglomeration and FUTURE growth story: rebalancing Canadian economy
- Density, transit, and environment (density friendly and planned)
- Getting housing and land costs under control, cities as entrepreneurial rather than rentier economies
- Getting geographies of metropolitan/ community governance right: wider regional city systems
- Business in decisions, universities in knowledge ecologies; using capital smartly
- Learning, smarter governments with effective infrastructure priorities

...and for Federal Government

- What kind of federalism do you want to create?
 - all the way down, and all the way back up again (recursive)
- At FPT consider how to match metro resource base with tasks given
- Facilitate new FPT and City meetings, chaired by Cities
- Don't always have Feds, Provinces in the lead: devolve respect as well as resources
- Logic chains on metro outcomes for federal goals, track city/ metro progress
- Key knowledge on what works for cities; research and practice
- Infrastructure led but
 - Funds to support system change, not just holes in roads
 - Raise economic versus engineering content of infrastructure planning
 - Connect across portfolios and issues within FG as well as more locally

Ambition, commitment and clarity needed: Fed cities policy needs to be clinical, not cyclical, not cynical. There is cause to hope...