

Chapter two

Whose city is this anyway? Tensions in urban governance, good and otherwise

Jon Pierre

Alice: Would you tell me, please, which way I ought to go from here?

The Cat: That depends a good deal on where you want to get to.

Alice: I don't much care where.

The Cat: Then it doesn't much matter which way you go.

(Lewis Carroll, *Alice's Adventures in Wonderland* 1865)

1. Introduction

This chapter explores a series of issues related to the configuration and objectives of urban governance. These issues are then elaborated into six dimensions of “good urban governance.” The core argument in the chapter is that good urban governance ultimately harks back to conventional ideals of democracy like responsive and accountable government, but the embeddedness of urban governance in complex economic structures and institutional hierarchies means that the pursuit of good urban governance is a more challenging project compared to the nation-state level.

Furthermore, I argue that good urban governance is good *public* urban governance. Despite the extensive development in devising new organizational structures or networks to facilitate collaborative action at the urban level, the fundamental governance roles of government cannot be transferred to the market or to hybrid organizations. Good urban governance is contingent on a strong, sustained public sphere facilitating collective action and a public discourse on common affairs. The market, while essential to economic development, cannot deliver good urban governance. Indeed, there appears to be a positive correlation between the degree of government centrality in urban governance and the quality of urban governance.

This, however, is not the same as arguing that all involvement of societal actors in urban governance is detrimental to good urban governance. Indeed, urban governance is very much about collaboration between the local state and key actors in its environment. Rather, my argument is that if collaborative governance is conducted on terms and conditions defined by market actors, the quality of urban governance may be in jeopardy.

Collaborative governance, like all forms of democratic governance, must cater to the public interest; the minute it caters unilaterally to special interests, the quality of that governance is in danger.

Unlike the design of good governance at the nation-state level, achieving good governance at the local institutional level is obstructed by the deeper embeddedness of institutions in economic structures, institutional hierarchies, and societal complexity. The “authoritative allocation of values” (Easton, 1965) conducted by the city’s institutions is but one type of value allocation in the local community and frequently not the value allocation with the strongest impact on the city; globalization and other forms of economic restructuring can often entail more profound changes in the local economy than the sum of urban policies. At the same time, the city is deeply dependent on the market and on private business to prosper; hence, urban governance is a process of managing complex contingencies while at the same time pursuing a course of development laid down by the urban political leadership.

The bulk of the chapter is devoted to outlining six dimensions of what we, very tentatively, refer to as “good urban governance.” Each dimension represents urban policy challenges and potential goal conflicts. The chapter will not provide a set of correct answers as a formula towards better urban governance. What we will attempt to do, instead, is to bring out what we see as complex tradeoffs confronting contemporary politicians and bureaucrats.

2. Configuration and direction in urban governance

We live in the era of governance. In the 21st century, governing is no longer a matter for government alone but is rather conducted in concert with societal partners through partnerships or networks or other hybrid structures. Societal complexity, shrinking public resources, tax fatigue, and globalization have been the main drivers of the development towards “new governance.” In this new political and societal landscape, traditional coercive policy instruments are believed to do more harm than good as they alienate the city’s key societal partners and may push business to relocate to other, more accommodating venues. Political and administrative institutions have lost much of their institutional capacity and integrity and, indeed, given the predominantly neo-liberal orientation of the political leadership in this era, political leaders would not want to steer and intervene even if they could. As a result, today’s states and cities are de facto governed by networks and other collaborative structures across the public-private border.

That would be the standard, textbook account of how the process of governing in Western democracies is transforming, including what is sometimes incorrectly referred to as a “shift from government to governance” or, in the extreme form, “governing without government” (Rhodes, 1997). A more

nuanced assessment suggests that governance the coordination of public and private interests in the pursuit of collective objectives is as old as government and that what we have witnessed during the past couple of decades has been a reassessment of what could, and should, be the role of government in governance. Social complexity, globalization, and neo-liberalism have all contributed to redefining the role of political institutions in democratic governance. In contemporary governance, these institutions are primarily concerned with goal definition and the coordination of their own activities, with those of their key societal partners, or with institutions at other levels of the political system.

This development has also meant that the regulatory aspects of governing have become more emphasized while public involvement in service delivery has been replaced to a significant degree by contracting out and by close evaluation of the contractors' performance. The significance of these roles must not be underestimated; to be sure, anyone who argues that contemporary governance is conducted with only a minimum of government involvement should review the regulatory frameworks implemented by any state agency or the massive amount of regulation that goes into contract management.

We know a great deal about how collaborative governance works (see, for instance, Ansell and Gash, 2007; Pierre and Peters, 2005; Torfing et al., 2012). The tenor of this research is that collaborative governance not only enhances the capacity of the local government to act but also entails problems of political responsiveness and accountability. The hybridization of urban politics tends to come at the expense of democracy as these new governance modes are less responsive to citizens' preferences, less transparent, and extremely difficult to hold to account (Klijn and Skelcher, 2007; Pierre, 2011). Moreover, much of the work on governance among scholars and practitioners has centered on the configuration and organizational framework of that governance, whether conceived of as networks, partnerships, or other forms of hybrid organizations. Far less attention has been paid to the issue of whether different configurations of governance also lead to different objectives of that governance. The key question here is why we should assume that societal partners choose to engage the local state in governance without wanting something in return, for instance, input on the objectives of collective action.

The reason why we address governance configuration in an assessment of the quality of urban governance is that the most striking difference between conventional government and collaborative governance is precisely the configuration of actors. In conventional government, the configuration of actors is fairly straightforward: it is the city itself and its institutions. In collaborative governance, on the other hand, this configuration is contextually defined and typically involves some kind of mix of public and private actors. This difference in configuration raises a significant question about the role of the relationship between organized interests and the wider public interest. In other words, is the

“new” collaborative governance in any sense “better” than conventional forms of governing? Such an assessment obviously requires some normative benchmark, and the only appropriate base for comparison seems to be conventional forms of government. To what degree and in what respects does collaborative governance lead to better governance outcomes than the conventional, institutional form of governance?

These types of assessments obviously need a benchmark. It is tempting to use the traditional model of local government as a base for comparison, but that would be missing the point. In contrast with the traditional local government model, urban governance is a different type of political project, aiming to govern and deliver services in concert with societal actors. Thus urban governance makes different, and arguably more challenging, demands on local institutions than the conventional model of government. These institutions are expected to transform themselves from service producers to coordinators and from delivering services to skillfully purchasing many of those services from the market or from NGOs. If contemporary urban governance suffers from several different potential pathologies, the conventional model of local government, too, was replete with instances of bad governance; with decisions made in smoke-filled rooms; tendencies towards corruption made possible by lack of transparency and weak opposition; elitist tendencies; or unwillingness to implement programs that challenged powerful corporate interests (Crenson, 1971; Dahl, 1961; Gardiner and Olson, 1974; Jones and Bachelor, 1986; Molotch, 1976).

This chapter argues that the direction and objectives of governance are explained by the configuration of governance to a significant degree (see Pierre, 2011). The extensive research on urban regimes, primarily in the United States, suggests that while forming alliances with downtown corporate interests empowers the local state, these regimes also allow business to exert “systemic power” in urban politics (Stone, 1989). Thus, the cat’s response to Alice’s question in the epigram to this chapter if you do not have a clear goal, you can choose any way you want highlights the significance of clear objectives in order to design strategy. Extracting financial and organizational resources from societal partners tends to come at a price; in return for their support, these interests will want to have some say in the urban political agenda.

Furthermore, this chapter argues that the inclusion of societal partners in the process of governing a city has consequences for the quality of governance. New forms of governance have emerged alongside fundamental changes in public management; it is not too bold to assert that “new governance” in part has served as a normative model justifying and legitimizing the delivery of public service in concert with organized interests, NGOs, or the market. The confluence of “new governance” and New Public Management has meant a redefinition of (local) state tasks and responsibilities, from having been the primary agent of service delivery and collective action to serving primarily

as a coordinator of a large number of actors and interests in the local political landscape. The core roles of governmental structures are an arena of political discourse; ensuring a transparent process of collective choice; responsiveness; accountability and legality certainly matter still, but the shift towards managerial objectives has downplayed the role of politics and emphasized cost efficiency and customer satisfaction. While this development is likely to have improved public service, it has not been equally beneficial to the quality of urban governance.

All of these issues are at the core of urban governance, which has been somewhat of a shop window for governance theory and practice. Many of the drivers of the increasing attention that has been paid to governance over the past few decades are more manifest and more influential in the urban political scene than in national or transnational politics. In the local setting, political institutions are relatively weaker vis-à-vis their societal partners compared to national institutions. The regulatory role of institutions, which is one of the key features of new forms of governance, is much more articulated at the national level than at the local level. The impact of structural changes in the economy is also far more immediate and potentially destructive at the city level than at the national level, where economic decline in one region is often counterbalanced by growth in other regions. To some extent this is the curse of abundance. The urban political leadership in many locales has a rather limited choice in terms of societal partners. In rural settings, teaming up with future-oriented businesses is rarely an option simply because there are none. Some countries have a flourishing civil society with a strong interest in joining various aspects of governance and/or service delivery, whereas in other countries (e.g., Central and Eastern Europe) civil society is much less developed. Finally, the political culture in some cities is such that it strongly works against partnerships with the corporate sector, as was the case in Liverpool during the 1980s, for instance (Harding, 1998). Decisions on the configuration and composition of a governance process, therefore, are embedded not only in the local (sometimes national) political economy and culture but also in what the locale has to offer in terms of potential partners.

Within these constraints, then, what specific societal partners the urban political leadership seeks to collaborate with in what form depends in great part on what that leadership wants to achieve. The local state tends to engage societal partners both broadly by creating forums for discussion on a wide range of issues, and also strategically to different policy sectors. In the latter case, joint committees with the local business community are common in most developed countries today.

The American experience suggests that, given the institutional fragmentation at the local level, cities have strong incentives to forge coalitions with societal partners to enhance their governing capacity. The most attractive and strategic partner among those societal partners is the business community,

as a critical actor in the local economy and the source of extensive financial and organizational resources. From the point of view of urban governance, this collaboration tends to imply that the city accommodates the preferences and policy objectives that are dear to the business sector (Jones and Bachelor, 1986; Stone, 1989). This strategy of trading political integrity for governing capacity is not confined to the city's exchanges with private business; there is a very simple logic suggesting that not-for-profit organizations that opt to become engaged in urban governance or in service delivery also have ulterior motives of influencing the urban political agenda or public spending in the city (see Clarke, 2001).

Let me sum up this discussion. As cities embark on a process of bringing key societal actors into governance and service delivery while retaining the roles of coordinating and ensuring legality and due process (and also, frequently, providing financial resources), the city also tends to lose its monopoly on defining collective goals. As a result, the urban policy agenda will reflect both the city's own political objectives and those of its societal partners. Frequently, there is no immediate juxtaposition between these goals, but societal partners have precious few incentives to cater to interests other than their own. This means that there is a very real risk that the proverbial bigger picture is lost and that the city becomes captive to its partners.

3. Issues in good urban governance

As we move from analyzing governance as a process of governing and societal coordination to outlining the basic tenets of good urban governance, we should acknowledge that we cross the river that separates the land of the empirical from the land of the prescriptive.⁴ Any analysis of what constitutes good urban governance must depart from some normative notion about what defines "good governance." In this analysis, we depart from the conventional model of local government, i.e. a model of urban governance that is almost entirely controlled by the institutions of the local state.

We will now look more closely at six different dimensions of good urban governance, or, perhaps more correctly, six different goal conflicts in urban governance which relate to the quality of urban governance.

⁴ Indeed, it could even be argued that collaborative governance itself is a normative position, articulating the virtues of collaboration and shared responsibility between the local state and its societal partners.

3.1 *Balancing the public and the private*

The first dimension relates to the relative significance of the public and private spheres in urban governance. Liberal democratic theory departs from a strict separation of state and society, a distinction which carries little weight in contemporary governance theory and practice. To be sure, one of the key features of urban governance is the society-wide inclusion of actors and interests into the processes of governing and delivering public service. What does that mean for democracy as we know it and for the quality of urban governance? There is also a provocative “so what?” question - if bringing in businesses and NGOs into governance and service delivery enables the city to mobilize its territory for collective projects and to maintain a decent service level, what is the problem? - that needs to be addressed.

The “so what?” question is too tempting to be ignored. In her excellent thought-provoking book *Brave New Neighborhoods* (Kohn, 2004), Margaret Kohn tells the true story of a man who walked into a shopping mall somewhere in the United States during the war in Iraq wearing a tee-shirt with an anti-war slogan printed on it. A staff member in a store told him he could not wear that tee-shirt in the store and that unless he put on a sweater to cover the tee-shirt, he would have to leave the store. As he refused to comply, claiming that he was merely exercising the right of free speech, security arrived on the scene and had the man evicted from the mall. The man (a lawyer by profession) would later learn that there is freedom of speech in America but only in public spaces, and that the mall was privately owned. While shopping malls are not usually preferred grounds for political rallies, this rule means that any sidewalk that is privately owned could be off-limits for demonstrations if the owner of the sidewalk so chooses. With the increasing privatization of urban space in many American cities, converting public spaces to private property, there is a danger that constitutional rights such as freedom of speech can no longer be exercised in downtown areas. Balancing public and private interests, therefore, goes far beyond the “so what?” type of question.

The fundamental argument for preserving public space and for maintaining some degree of political and institutional integrity in urban governance is that the public sphere represents equality, legality, accountability, and a public discourse on collective matters. Hambleton and Simone Gross (2007:9) caution against a lack of institutional centrality in urban governance: “governance in the absence of strong government can lead to urban breakdown. This is because government – the elected, democratically local state – is the only body that can ensure that different interests are fairly brought to the table and that decisions and actions clearly serve the broader public interest.”

As core values related to government and public administration are challenged by private sector norms of efficiency, customer-attuned services, and management thinking, it is only logical that there is now a debate about a

possible loss of “publicness” within the public sector (Bozeman, 2007; Kohn, 2004; Moulton, 2009; Newman and Clarke, 2009; Pesch, 2008; Peters, 2008). To some extent, this loss of “publicness” is the outcome of changes in management practices in the public sector and the growing emphasis on citizens as customers, suggesting a market-like relationship between the state and the citizen (Needham, 2003). More importantly, perhaps, the strategy is to promote wide societal involvement in public affairs, often without reflecting much on how this impacts entrenched notions of citizenship and equality.

This is how public management reform and governance reform, by default or design, have helped to reshape the relationship between the (local) state and the citizen. By reconstructing the state-citizen exchange into a market-like relationship between a customer and a provider, the collectivity of citizens is disaggregated into customers (Bozeman, 2007; Suleiman, 2003). However, governance and management reform indirectly also expands the public space; as Newman (2005:124) points out, “the new strategies of participative governance (...) offer both an expanded conception of the public space (as one with multiple points of connection between state and citizen and new spaces of deliberation and communicative action) and the potential for its diminution into a series of marketised encounters between service users and service providers....” True, such “marketised encounters” do give citizens as customers access to the public sector, but at the same time they represent the antithesis of public discourse.

In sum, urban governance has opened up to societal partners and participatory objectives in order to widen the group of service providers and agents in governance. This reform has significantly enhanced the organizational capacity of the local state. At the same time, it has blurred the distinction between the public and the private in urban politics. While it has empowered citizens as customers vis-à-vis the public sector, it has also undercut incentives for participation on the input side of the political system and for engaging in debate on public matters. The “so what?” question, therefore, raises a discussion about the virtues of civic engagement and, ultimately, good urban governance; it is very difficult to conceive of such governance without significant citizen involvement. Cities face a challenge in balancing the benefits of engaging societal partners against the potential costs of shrinking public space in the city.

3.2 Balancing the global and the local

It is impossible to say anything substantive about contemporary urban governance without considering the impact of the many exchanges a city has with its global environment. For most cities, these exchanges precede globalization by several decades if not centuries (see Pierre, 2011), but it has not been until rather recently that the full impact of globalization has become

known to cities, both in terms of migration and the exposure of local businesses and markets to global competition.

Furthermore, we need to make a distinction between inward and outward globalization or internationalization (Itoh, 1998). In the developed world, inward internationalization represents a policy challenge to the city in terms of accommodating immigration and enhancing the competitiveness of local business, whereas outward internationalization refers to the strategies employed by a city to promote its interests overseas.

In the case of inward globalization, the scope of local policy choice is severely constrained as cities cannot simply opt out of globalized markets or the wide cluster of issues related to immigration.⁵ The size and scope of immigration varies considerably. In Toronto, where 44 percent of the population have an immigrant background (Simone Gross, 2007:74), the city administration faces the huge task of accommodating immigrants and of integrating them into society and into the labor market in order to embrace multi-culturalism and a cosmopolitan urban scene.

The political complexity of these issues is that while the costs of internationalization initiatives, albeit moderate, are concrete and immediate, the benefits are uncertain and long-term (Beauregard and Pierre, 2000). The citizens of a city may find it difficult to accept cutbacks in public services while at the same time receiving reports of the Mayor's latest visit to promote friendly relations with his or her mayoral colleague in Shanghai or San Francisco. At some level, there is probably a broad-based understanding that internationalization projects are important, but this does not seem to make the short-term political handling of those projects any easier.

Interestingly, both inward and outward globalization suffer from problems related to democratic governance. In the former case, one of the biggest problems in accommodating immigrants is to stimulate their political involvement and participation in urban governance. In the latter case, the formulation and implementation of internationalization strategies is often executed by the urban political and administrative leadership with rather limited public accountability (Van der Heiden, 2010).

The key challenge in this dimension is to design policies that embrace the global level and help position the city strategically in international arenas. Cities can probably only succeed in outward internationalization if the inward side of the issue is equally successful. The challenge in this dimension, therefore, is to address both sides of internationalization in one and the same context. Having said this, we also need to remind ourselves of the awesome forces of global economic change. Neither local nor national institutions can

⁵ There are, of course, exceptions where individual local authorities have sufficient autonomy to be able to decline to accommodate immigrants. In some instances, this has triggered intense debate between central government and the local authority in question.

rescue cities that are burdened with declining industries when they become exposed to global competition. And, obviously, the urban political leadership can do very little to boost the competitive capacity of local businesses. Our next dimension deals with that problem.

3.3 Balancing democracy and economic development

This dimension might appear to be a strange juxtaposition. Why would economic development be in conflict with democratic government? The argument here, well-known to most urbanists, is that there is a tension in urban politics between catering to downtown interests on the one hand and addressing a wider societal agenda on the other. The chief reason for this bias in governance is the city's dependence on economic growth.

Harvey Molotch (1976) once famously argued that "the desire for growth provides the key motivation toward consensus for members of politically mobilized elites, however split they may be on other issues, and that a common interest in growth is the overriding communality among important people in a given locale" (Molotch, 1976:310). It is difficult to find anyone in a city, including cultural workers, artists, and the media, who does not have a direct or indirect stake in economic growth, according to Molotch. Now, it is easy to argue that Molotch's "growth machine" argument was typical to its spatial and temporal context the average American city in the 1970s but it remains a pertinent question whether this argument is also valid in the advanced, post-industrial cities of Europe in the third millennium. I would argue that economic growth is just as important in European cities today as it was in American cities in the 1960s and 1970s; what has changed is the source of that growth. Organizing urban governance so that it caters to the sources of economic growth, therefore, is a very common practice (see, e.g., Stone, 1989; Pierre, 2011).

The main source of tension in this dimension, however, is not so much different items on the city's budget but rather democracy as a mode of collective decision-making. Studies on demands made by business organizations on public service suggest that those demands are not confined to narrowly defined issues of immediate business interests but rather cover the entire range of urban services. Business organizations seek to improve all urban public services in order to be able to recruit attractive labor (Pierre, 1992).

The business community is the most influential societal interest group in urban politics, and the city's political leaders do indeed have many strategic reasons to cater to business interests as the source of growth in the local economy or tax revenues or job providers (see Kantor and Savitch, 1993). Local businesses tend to form joint committees with the city's top political and administrative leadership to discuss issues of mutual interest. In many American

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van den Dool, L.; Hendriks, F.; Gianoli, A.; Schaap, L.

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