

Governance challenges and models for the cities of tomorrow

Iván Tosics

Metropolitan Research Institute, Budapest

tosics@mri.hu

January 2011

Issue paper commissioned by the European Commission (Directorate General for Regional Policy). The paper reflects the opinions of the author and not necessarily those of the European Commission.

1	Introduction	3
2	The European model for the city and territory	4
2.1	The European city model	4
2.2	The European model of territory	5
2.3	The difficulties to preserve the European specificities	5
3	The shortcomings of the present system of urban governance	6
4	The present spatial and social dilemmas in the development of urban areas	8
4.1	Spatial development tendencies and conflicts in urban areas	8
4.2	Social development trends and conflicts in urban areas	12
4.2.1	Why are social interventions towards more equality needed?	12
4.2.2	What can be the role of the local level in social policies?	14
5	Results of European research projects dealing with governance	15
5.1	METROGOV project, URBACT I (2005 -2007)	15
5.2	NODUS Working Group, URBACT II (2008 -2010)	16
5.3	PLUREL project, FP6 program (2007 -2011)	17
5.4	JOINING FORCES project, URBACT II (2008-2010)	18
5.5	URBACT Citylab: Managing metropolitan areas across boundaries and frontiers	20
5.6	EUROCITIES Metropolitan Areas Working Group	22
6	Innovative practices to improve territorial governance in urban areas	23
6.1	Formal, designated metropolitan governance model	23
6.1.1	Example 1: The French ‘urban communities’	24
6.1.2	Example 2: Municipal amalgamations in Scandinavian countries	25
6.2	Informal, flexible methods of governance	25
6.2.1	Example 1: Katowice: bottom-up city-region building	26
6.2.2	Example 2: Eindhoven knowledge region	27
6.2.3	Example 3: Metropol-regions in Germany	28
6.3	Innovation in metropolitan areas through strategic spatial planning	29
6.3.1	Example 1: The Hague Region: integrated planning	30
6.3.2	Example 2: Romanian growth-pole model: top-down initiated metropolitan cooperation	30
6.4	Socially Creative Strategies	32
6.4.1	Example 1: Berlin: extending the neighbourhood programme from target - group scope towards city-wide territorial reference	32
6.4.2	Example 2: Innovative Hungarian approach to support local anti-segregation interventions	33
7	Towards a new model and supporting European policy	34
7.1	A new model: innovative governance and participatory planning in functional areas, coordinated with decision-making on administrative levels	35
7.2	The need for new EU initiatives to support the functional levels of governance	37
8	References	40

We cannot solve today's problems using the mindset that created them. (Einstein)

1 Introduction

No one can deny that European cities face very serious economic, environmental, social and demographic challenges in the 21st century. Moreover, the slowing down of population increase (with the threat of population decline starting 10-15 years from now) means the end of the universal growth paradigm in Europe, while the financial crisis seriously delimits the spending possibilities of the public sector for a couple of years. Under such circumstances, it is an enormous task to increase economic competitiveness in the future, while at the same time preserving the European development model with its high environmental and social requirements.

The difficulties are especially large in urban areas. Economic development has led to quick spatial expansion of urban areas in the last decades. European local governments, on the other hand, are the products of the mid-20th century, in most countries unchanged for decades. Moreover, the territorial borders of administrative units might be even older, going back in many places to the 19th century. As a consequence, the 'economic city' has become much larger than the 'administrative city'. With the outdated institutional and territorial structures, public interests are poorly represented and remain a long way behind the dynamism of private actors.

For a competitive and sustainable Europe of tomorrow and in order to successfully address the interconnected challenges, it is crucial to modernise the public sector on all levels of government. In this process, much attention should be given to the re-thinking of the sub-national level, especially regarding the governance system of the urban areas. Integrated thinking, planning and decision-making processes (with substantive inclusion of the population) are needed, which require new governance models on functional spatial levels and optimal coordination between these models and the formal administrative structures.

The paper deals with these issues in the following order.

First, the European model for the city and territory is discussed and is followed by an overview of the present shortcomings of the urban governance systems. Chapter 4 analyses the spatial and the social dilemmas which have to be handled in urban areas. Next follows a summary of the results of European research projects in governance. Chapter 6 gives a structured overview of recent innovative practices of European countries, regions and cities to improve territorial governance in urban areas. The final chapter puts all the discussed elements together into a new model and raises ideas about what kind of role the European level could play to initiate a process of national states and urban areas taking steps into the direction suggested for developing functional levels of governance.

2 The European model for the city and territory

2.1 *The European city model*

European cities have specific features on the basis of which they can be distinguished from their American or Asian counterparts. According to Häussermann (2005), since the second half of the 19th century "...in the European cities an urban regime has been established in which the particular economic interests were forced to find compromises with social responsibilities and the interests of the city as a whole (they set good examples in health politics, in the slow improvement of housing, and in anti-poverty initiatives, at least in caring for the poor)." The new type of public policies, first with regulating the private market, later, especially after the war, with direct interventions, usually started from the UK and gradually spread over to the continent.

The specificities of European cities – which were applied with large differences across the countries of the continent – can be summarised in the following way (Häussermann, 2005):

- In the last third of the 19th century, in more and more countries, local governments acquired the rights for planning control over land use and new developments, gradually gaining influence over the spatial pattern of the cities, leading to unified legal regulations for urban development in the 20th century.
- Local governments acquired land, making it public property, first only sporadically, after the wars, however, on a mass scale, enabling cities to influence decisions on the use-structure of the urban area. This intervention into the market became even broader when public authorities themselves started to build housing for the poor and in doing so contributed directly to the compact development of cities.
- Step by step, public authorities took over the control of basic utility services, such as water and energy-provision and transport systems. In many countries, this 'municipal socialism' worked effectively, brought gains for the public budget, and provided perfect infrastructure for the big cities.
- From the second half of the 20th century, direct public interventions can be observed in the worst parts of the cities. Although the aims of these interventions changed over time, first dominated by physical improvements then gradually increasing the social aspects, urban renewal was not allowed to be led by market forces, as in the US cities.

"As a consequence of these historical developments still today the core of the model of a European City is the public influence on urban development, and the perception of the city as a collective identity – what becomes very clear, if you compare e.g. the structure and the development of marginalized neighbourhoods in American and European cities ... there exist remarkable differences in the overall making of the cities ... and in the degree of social integration as well. The welfare state systems ... as well as the urban policies embedded therein mark sharp differences between cities, which are only a setting for market-exchanges and those, which have more command on their social and spatial development ... " (Häussermann, 2005).

Since the last third of the 20th century, however, public control over urban development has been substantially weakened in Europe. The take-over of car-oriented development, the privatisation of public housing, the sale of land and public services, and the increasing

influence of globalising economic actors can be interpreted as the ‘Americanisation’ of the European city. Still, Häussermann argues for a new future model of the ‘European city’, starting from the assumption that regions and cities will gain again in importance in Europe where nation states seem to lose in significance. “The idea of the regeneration or revitalisation of the European City is based upon the notion of a lively regional or local identity, which spends energy for the struggle against the uniforming forces of globalisation.” This can become again the basis for stronger redistributive public power, which is needed to keep or (re-)build the European model of cities.

2.2 The European model of territory

The peculiarities of European development do not end with the analysed aspects of city development. Calafati (2010) raises the importance of the ‘European model of territory’. This can be “... characterised by the following three objectives: a) polycentrism (the maintenance of it); b) a minimum amount of per capita well-being to be reached in every ‘locality’ – or node – in the European territory; c) a sufficient amount of local knowledge to be provided for an effective learning and innovation process. To be stressed is that the objective of maintaining – and improving – a ‘balanced territorial organisation’ ... is not pursued only from a purely political (moral) perspective ... it is also regarded as instrumental to two further objectives: firstly, reduction of the ecological impact of human activities; secondly, the mobilisation of hidden local capital (as a step towards increasing the potential economic performances of the European Union).” Calafati, 2010:9.

The last aspect mentioned by Calafati refers to the European cohesion policy. This is a rather unique, and in US and Asian countries, largely unknown territorial redistributive policy, aiming to give chances for economic development even to the least developed areas of the Union. To develop the most lagging-behind regions is completely against the pure market logic which would prefer further development of the best performing regions.

2.3 The difficulties in preserving European specificities

In the early 21st century, large differences can be seen in urban development between the different parts of the world. The differences are the consequences of the different dynamics and direction of urban development. In China and in some other growing and rapidly urbanising countries, development focuses on completely new cities and newly built parts of existing cities (replacing demolished areas). In the US, based on the traditionally high mobility of the people, urban development quickly shifts from one part of the country to another, following the changing logic of economic development. Cities left behind, which do not correspond to the actual economic development ideas, do not get much attention. Once flourishing cities can suddenly become ghost towns of empty brownfield and residential areas, as all dynamic actors move away.

European cities change more slowly. Besides the lower dynamics of population development and the already high level of urbanisation, this can be explained with the specificities of the European model of urban development. According to Ronan Uhel (referring to EEA research, e.g. EEA, 2009:89), in Europe the task is to renovate existing cities using new visions. This specific European model of urban development looks to develop innovative economic aspects

while keeping historic heritage, avoiding the occupation of green-field areas, and aiming at re-using brownfields (the existing fabric of the city). Besides this spatial model based on compactness and densification, the social model ensuring social welfare for the poor and the territorial model aiming at balanced, polycentric development are the basic pillars of future European development.

Population forecasts show that the increase of the EU population will soon come to a halt and around 2025 the population will start to decrease from a maximum number of around 520 million (United Nations, 2008). Although cities, especially larger cities, usually follow national tendencies with substantial delays, it is clear that the universal growth paradigm has to be revised even in the once dynamic urban areas. Under such circumstances, Europe has to face the dilemma: how can economic competitiveness be strengthened with the parallel safekeeping of the achieved high level of quality of life and the relatively good social welfare situation?

There are no easy solutions for this dilemma. To let more external migrants into Europe could help to foster economic development and to avoid the quick fiscal collapse of the social systems, but would lead to sharp conflicts, decreasing tolerance and growing spatial segregation. On the other hand, under a framework of stagnating population, difficult choices will have to be made between a) keeping the European development model under all circumstances while losing on economic competitiveness, and b) striving for competitiveness through support for the most efficient places, while practically giving up the European development model.

The aim of this paper is to show that there are some possible compromising solutions, provided that the public influence can be re-gained over urban development. To achieve this, fundamental changes are needed in the system of urban governance in Europe.

3 The shortcomings of the present system of urban governance

As described above, the essence of the European model of the city is the public influence on urban development. Häussermann refers to the weakening of this influence over the last decades, as a result of dynamic market processes. Contrary to the strengthening of the market players, the public actors became weaker. Especially apparent is the decreasing power of local governments over the real processes in the urban areas, which is mainly rooted in the outdated system of governments and in their relatively shrinking influence over territorial processes in the urban areas.

In the 'Cities of Tomorrow' meetings, many examples were raised and discussed and clearly show the problems of the present urban governance systems in Europe. It is possible to make a distinction between 'sectoral' and 'territorial' types of problems: with the former, the contradictions emerge within or between the sectors of the economy, while with the latter they emerge due to the administrative borders between different parts of the same functional urban area. Furthermore, also more generally, 'democracy deficit' type problems can be identified.

The sectoral types of problems might be the results of imperfect answers from the government on market failures or correcting the government failures (Communities, 2007). Some examples on sectoral types of problems are the following:

- A typical issue giving rise to trade-offs across different sectors is the sustainability of housing. According to narrow energy and emission calculations, demolishing high-rise buildings and build zero-emission housing might be the best solution. However, such solutions are many times more expensive than renovating existing housing. Thus, new environment-friendly construction leads to disastrous social equity outcomes, not to mention the potential urban sprawl consequences.
- Mobility is a wide territory of both market and government failures. The wish to enhance individual mobility has led to the dismantling of public transport in many European cities, resulting in negative environmental (pollution) and economic (congestion) externalities.
- In many cities, there are clear signs of the trade-offs between efficiency and equity, e.g. cities refurbish central areas in order to attract investments and tourists, while this process leads to poverty being chased away to outer, less visible poor areas of the city.
- Another common example of many cities is the existence of concentrated areas of poverty and decline. Too much spatial concentration of poverty results in negative area effects on the residents of such areas. It is not easy to determine what type of government intervention is needed, as both local improvement strategies and social mix approaches might lead to displacement of poor households.

The territorial types of problems are more visible in countries with more fragmented local government systems, where functional urban areas consist of many administrative units, i.e. there are administrative borders between different parts of the same functional area.

- A classical example of territorial problems is the tax competition between local governments. If settlements within the same functional urban area compete with each other at the level of local business taxes, aiming to lure firms from the other settlements with a lower tax level, the outcome is sub-optimal allocation of firms. In countries where the financing of settlements depends to a large extent on the taxes paid by their residents, big conflicts usually emerge between the rich suburbs (collecting the taxes of their high income residents) and the less rich central cities, where these people use subsidised public services without fully contributing to their costs.
- Additional problems emerge in the case of municipalities situated on the border of larger administrative units. Cross-regional cooperation is usually difficult in itself while problems further increase in the case of cross-border regions.
- There is a growing number of examples of sustainable cities, making strong efforts to address all environmental problems. In many cases, however, these efforts only refer to the territory of the city, while the unwanted materials (garbage, etc.) and the NIMBY ('Not In My Back Yard') functions are placed outside the city border.

Finally, a more general problem can also arise, the growing dissatisfaction of people with (local) politics. This phenomenon¹ – as part of the much discussed broader topic of democracy deficit – is described as ‘post-democracy’ by Colin Crouch (2004). The growing complexity of political decisions and the rising power of globalised private firms lead to a situation in which politics seems to be subordinated to economic interests. Consequently, democratic elections seem to lose importance (no matter who will be elected, policies will be approximately the same), which means that citizens are pushed into a more and more passive role. In recent years, increasing numbers of ‘riot’ cases have been observed, showing that local residents are increasingly dissatisfied with this situation.

Thus, the present and in most European countries outdated urban governance systems show, from many perspectives, shortcomings in their answers to the problems emerging in real life. This is not just a European problem:

“America’s metropolitan areas can no longer afford the crazy quilt of tiny, fragmented governments that they have inherited from the 19th century. ... The result is a fundamental mismatch between the real metro-scaled economy of innovative firms, risk-taking entrepreneurs and talented workers and the inefficient administrative geography of government.” Katz, 2010

The key issue of the paper is to discuss the dilemmas of the outdated administrative sub-national government systems, with the wish to explore possibilities for improvement. In order to increase the efficiency of the European cities of tomorrow, there is an obvious need for change, resulting in more integrated performance of the public sector both across the economic sectors and across the functional urban area, taking the new territorial realities into account. This can be achieved in many ways, ranging from top-down reforms changing the administrative setup, through bottom-up efforts to improve coordination between settlements, to joint vision-building and strategic planning. Thus, the 19th century territorial and the 20th century local government systems have to be changed or at least incentives have to be increased so that innovative developments happen within the new reality of the functional urban areas.

4 The present spatial and social dilemmas in the development of urban areas

4.1 Spatial development tendencies and conflicts in urban areas

The ESPON 1.4.3 study (ESPON, 2007) was devoted to the analysis of urban functions. Without going into the details of the definitions here, two different meanings of metropolitan areas have been distinguished. The first one aims to depict the continuity of the built up area, with a defined level of density. Experts call this the “Morphological urban area” (MUA). The second looks to approximate the wider urban system including towns and villages that are economically and socially highly-dependent on a major urban centre. Experts call this a “Functional urban area” (FUA) and it is usually delineated on the basis of commuting flows.

¹ This description is based on the presentation of Bernhard Leubolt, University of Vienna at the ‘Cities of Tomorrow: how to make it happen’ meeting in Brussels, 21 December 2010

One of the starting statements of this paper referred to the discrepancy between the administrative definitions of cities and their size in reality. It is possible to illustrate with data that in the larger urban areas of Europe, substantial differences can be observed on the basis of population numbers between the administrative and the real situation.

In order to show how reality is different compared to the administrative areas, the following table contains three population data for a selection of large European cities. The first column includes the population of the administrative/political city (Eurostat 2004 data), the second the population of the morphological city area, and the fourth the population of the functional city area. The latter two figures come from the ESPON 2007 study. The third and the fifth columns are the quotients of the MUA and FUA population numbers, compared to the city population within the administrative boundary.

Table 1. Administrative, morphological and functional areas of large European cities

	Admin city	MUA	MUA/city	FUA	FUA/city
CITIES	million people			million	
London	7.43	8.27	1.1	13.71	1.8
Berlin	3.44	3.78	1.1	4.02	1.2
Madrid	3.26	4.96	1.5	5.26	1.6
Rome	2.55	2.53	1.0	3.19	1.3
Paris	2.18	9.59	4.4	11.18	5.1
Bucharest	1.93	2.06	1.1	2.06	1.1
Budapest	1.70	2.12	1.2	2.52	1.5
Warsaw	1.69	2.00	1.2	2.79	1.7
Vienna	1.60	1.67	1.0	2.58	1.6
Barcelona	1.58	3.66	2.3	4.25	2.7
Milan	1.30	3.70	2.8	4.09	3.1
Prague	1.17	1.18	1.0	1.67	1.4
Birmingham	0.99	2.36	2.4	3.68	3.7
Amsterdam	0.78	1.05	1.3	1.47	1.9
Stockholm	0.76	1.48	1.9	2.17	2.9
Frankfurt	0.65	1.46	2.2	2.76	4.2
Rotterdam	0.60	1.03	1.7	1.43	2.4
Oslo	0.60	0.71	1.2	1.04	1.7
Helsinki	0.56	1.07	1.9	1.29	2.3
Lisbon	0.53	2.32	4.4	2.59	4.9
Copenhagen	0.50	1.36	2.7	1.88	3.8
Dublin	0.47	1.07	2.3	1.48	3.1
Manchester	0.44	2.21	5.0	2.56	5.8
Liverpool	0.44	1.17	2.7	2.24	5.1
Bratislava	0.43	0.44	1.0	0.71	1.7
Katowice	0.32	2.28	7.1	3.03	9.5
Lille	0.23	0.95	4.1	2.59	11.3
TOTAL	38.13	66.48	1.7	88.24	2.3

The table shows that in all cases the MUA is at least as big as the administrative city. On the other hand, there are many cities where the politically defined city is much smaller than the continuity of the built up area. In these settlements, the political/administrative and the morphological definitions of the city, what Calafati calls 'cities de jure' and 'cities de facto' (Calafati, 2010) are very far from each other. Out of the 66.5 million people living in the morphological areas of the listed cities, 32.1 million, i.e. almost half, live in areas where the administrative city is less than half of the continuous urban area!

The most striking cases in Europe are Katowice, where the continuous urban area is 7.1 times larger than the politically defined city, Manchester (5 times larger), Paris and Lisbon (4.4 times larger) and Lille (4.1 times larger).

All this means that half of the European metropolitan population lives in urban areas, which can hardly be controlled by the core city, as this city is less than half of the size of the whole urban area.

What can be the negative consequences if people live in an urban area which is governed not by one but by many different local authorities? This question is usually analysed in projects dealing with the consequences of urban sprawl. In one such project (Tosics-Gertheis, 2010), the fiscal aspects of such situations have been analysed. It has to be noted that this analysis is also valid for larger urban areas which are not continuously built up but belong to the same functional area of a large city.

One type of problem relates to the financing of public services, which are often supported by financial transfers from higher levels of government (region or central state). In such cases, the extent to which the real net costs of the services are covered by these transfers is of crucial importance. If the higher level transfer only covers e.g. 2/3 of the real net costs of providing a given service, the rest has to be assured by the budget of the local government which runs the service.

It is clear that local governments have more "positive interests" in those services which are to a great extent financed by the higher level transfers. On the other hand, this interest is much lower in the case of services less financed by transfers.

In addition, there are spillover effects (externalities) of services on other jurisdictions. Local governments are the less eager to run a public service, as the larger share of the real net costs has to be financed from their own budget. If a public service gets little higher-level financing, the interest of the local government is not to run this service but to convince the population to use this service in another settlement. In this case, the population is using the service as a "free rider" in the other settlement, as they are not resident there, thus they do not contribute with their taxes to the general budget of this settlement.

As a consequence, families moving out from the city to suburban settlements often face the lack of services – especially those services which are less financed by higher-level financial transfers. In such cases, suburban families are forced to use these services in the city they moved out of, contributing to the increase of suburban traffic and to the increase of financial difficulties in the core city budget.

To solve such problems, metropolitan-wide programmes can be set up for the delivery of local public services with inter-jurisdictional spillover effects. This is, however, only possible if a higher-level law makes this compulsory or the municipalities of the area cooperate with

each other. A financial agreement has to be reached, in the framework of which the municipalities where such services are not offered, contribute to the costs of the municipalities which run these services, proportionally to the number their residents (the free riders) who use the services.

Another fiscal problem of fragmented urban areas might come up with taxation. Although most productive revenue sources are usually assigned to the central government, as part of fiscal decentralisation a certain portion of financial sources can be assigned directly or indirectly to the local level. The share of financial sources which are assigned directly or indirectly to the local level indicates the level of financial independence of the local governments. Needless to say, there are huge differences in this regard across Europe, ranging from a 60-70% share of local taxes in the revenue of the municipalities (Denmark, Sweden) to only a 25% share (England).

From our point of view, the most important question regarding local taxes is the topic of tax competition. If the settlements within the urban area are entitled to levy a certain type of local tax, and can also determine by themselves the parameters of this tax (within the framework the taxation law allows), the result is usually tax competition: some settlements will lower the percentage in order to become more attractive to the mobile actors (firms and individuals) of the area.

Tax competition between the municipalities of an urban area is usually harmful as it distorts the location decisions of mobile actors (except for the case of benefit taxes, see Goodspeed, 1998).

The negative effects of tax competition within metropolitan areas can best be handled with higher-level regulations or bottom-up agreements aiming at the equalisation of tax levels across the whole area.

Besides the briefly discussed fiscal problems, the administrative fragmentation of urban areas usually also leads to other types of problems. Just to mention one example, there is a high probability of an increase in spatial separation of different social groups. Environmentally more attractive settlements will aim to avoid providing social services for the poor who therefore have to concentrate even more on less attractive settlements, where such services are provided (from their much lower budgetary means). Administrative fragmentation thus almost unavoidably also contributes to the socio-spatial segregation of the urban areas.

As shown with the data of Table 1, administrative fragmentation affects at least half of the population of European metropolitan areas. In reality, this fragmentation, leading to the discussed fiscal and social problems, is even more widespread as it affects not only spatially continuous urban areas but also the much broader category of functional urban areas where intensive commuting creates the links between the otherwise independent settlements. In other words, it affects not only morphological but also functional urban areas.

In order to tackle the inter-jurisdictional negative effects, mechanisms have to be found to make the municipalities of the whole area interested in cooperating with each other. The different alternatives for such mechanisms will be discussed in Chapter 6 of this paper.

4.2 Social development trends and conflicts in urban areas

In the last 150 years or so, social policies have changed several times in European countries. The first attempts at any urban welfare model came from philanthropists, followed by efforts by some of the capitalist entrepreneurs, motivated largely by their own interests (see e.g. the history of the Krupp family). At the end of the 19th century, the state began to gradually take over the main redistributive and social functions. The Häussermann overview of the development of European cities also highlighted the withdrawal of the state from these functions in the last third of the 20th century. In this chapter, we briefly discuss two questions: What are the arguments for social interventions resulting in more equality? What can be the role of the local level in these processes?

4.2.1 Why are social interventions towards more equality needed?

Standard public economic theory assumes trade-off between equity and efficiency, stating that equalising interventions create distortions in the functioning of the market and lead to lower efficiency (Communities, 2007:16). On that basis the interests of the poor are best served not by special services but by the undistorted free market, leading to efficient economy, the results of which also trickle down to the poor.

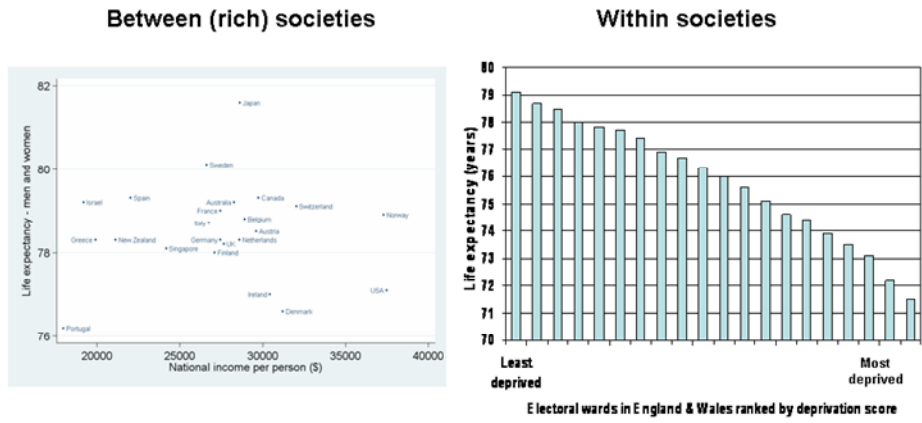
Against this view, the concept of ‘diminishing marginal utility of income’ has been developed, proving that any extra increase of income is valued more by low income than by high income persons. From this it follows that “... redistributing income from the latter to the former raises total economic welfare.” Or more precisely: “If the benefits of a more equal distribution of resources outweigh the costs in terms of inefficiency, the redistribution results in an improvement in overall welfare.”

This brings some economists to the view that more equality in society may result in economic growth, because of increased economic output and also due to the benefits from more stability and less social conflict. The 2007 Equalities Review of the Labour Government “... concludes that there is a strong case for greater equality on economic (i.e. efficiency) grounds alone, as well as on equity or moral grounds.” (Communities, 2007:16)

These abstract statements have been tested empirically and made more concrete by a recent publication (Wilkinson-Pickett, 2009). Above a given level of wealth of society, there is no more difference in average life expectancy. However, life expectancy is related to income within the rich societies.

Figure 1. Health and social problems in countries with different inequality levels

Health is related to income differences *within* rich societies but not to those *between* them

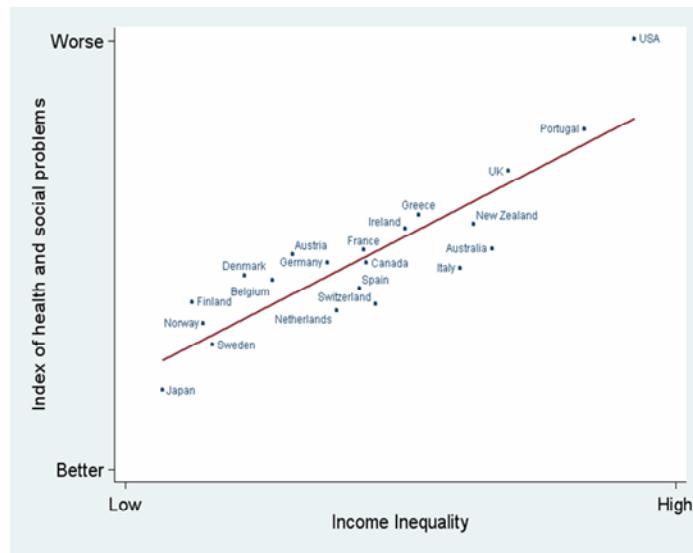


Source: Wilkinson & Pickett, *The Spirit Level* (2009)

www.equalitytrust.org.uk Equality Trust

Health and Social Problems are Worse in More Unequal Countries

- Index of:
- Life expectancy
 - Math & Literacy
 - Infant mortality
 - Homicides
 - Imprisonment
 - Teenage births
 - Trust
 - Obesity
 - Mental illness – incl. drug & alcohol addiction
 - Social mobility



Source: Wilkinson & Pickett, *The Spirit Level* (2009)

www.equalitytrust.org.uk Equality Trust

All this means that getting richer as a whole society does not help manage social problems; what matters is the level of inequality between social groups. This influences many social processes in society:

- Levels of trust are higher in more equal countries (with the statement that most people can be trusted, only around 20-30% of people agree in France, Greece, UK and Ireland, while this share is around 70-80% in Sweden and Norway).
- Prevalence of mental illness is higher in more unequal countries.
- Social mobility is higher in more equal countries.

The driver of inequalities is the rich getting even richer (and not the poor becoming poorer). Consequently, more equality benefits mostly the poor. Results show that it does not matter how countries arrive to more equality: Sweden with big differences in salaries but high taxes reducing the differences, and Japan with low salary differences and low taxes, score very similarly.

One of the weaknesses of the analysis is the lack of information, how the redistribution of tax incomes happens. It is not enough to collect money from the rich to make income differences smaller; efficient welfare policies also have to be developed. In many countries, there is little trust that the ruling class would run good policies with the large tax revenues... Also for this reason it is a pity that the analysis of Wilkinson and Pickett includes only the 50 richest countries of the world, excluding the former socialist countries.

According to Wilkinson, there are many reasons why people are so sensible to inequality: poverty leads to stress, to psychosocial risk factors, to ill health. In societies of large inequalities, low social status people feel more left behind, have weaker social affiliations and feel excluded. Respect and trust, being of key importance, are less available in less equal societies.

Despite the fact that Western societies have solved most of their material problems and that their quality of life depends mostly on social life (dependent on inequalities), surveys show that in the majority of rich countries the inequalities are increasing. According to some experts, this might be in connection with the unbalanced orientation of the EU preferring first and foremost more economic growth.

4.2.2 What can be the role of the local level in social policies?

According to Wilkinson, it is not local equality that matters. In his opinion, it is not the differences within the neighbourhood that matter but rather the distance to the rest of the society. The shape of the national social pyramid is decisive, thus it is not the city but rather the whole society that matters. This also means that it is not enough to work against inequalities on local level, instead the national level has to be lobbied for policies towards more equality.

Thus it is illusionary to think that local policies could fully tackle situations which are not handled by national policies. It is clear that the national level has primary influence of inequalities through the basic horizontal welfare policies.

However, the local level has also a role to play – even if the absolute levels of inequalities cannot be influenced, the spatial allocation and the area-based effects of them are largely dependent on local policies. In this regard, social mix policies deserve special attention (see e.g. Tosics, 2009). With carefully applied social mix interventions (not only within small

neighbourhoods but also on the metropolitan level), a lot can be done to avoid too much spatial separation of different social classes.

From the perspective of the local interventions, the size and power of the local government is especially important. Efficient local redistributive policies (regarding housing, land policy, social services, etc.) require strong public authority with substantial control over a wider area. The smaller the local authority is in geographical terms compared to the morphological and to the functional urban area, the less opportunities it has to influence the spatial allocation of inequalities. Besides, of course, the power and strengths of the local authority also count, regarding the budgetary means, the level of public ownership (land, housing) and the power it has in social matters in general.

5 Results of European research projects dealing with governance

5.1 METROGOV project, URBACT I (2005-07)

City-regions gain in importance with the emergence of the economic development agenda. The 'economic city' is a much larger and more influential proposition than the administrative city. City-regions, especially around large metropolises, are key to driving national economies. If city-regions are to succeed, active interventions are to be made and appropriate decision-making mechanisms put in place.

At the beginning of the 21st century, the cooperation between the cities and their surroundings is in upswing again. The new city-region cooperation period, though, will be different from the earlier one. It is unlikely that the main outcome of the present cooperation period will be again mass establishment of fixed boundary, new layers of administration. The entities abolished in the past are unlikely to be reintroduced and there is a general fear in the population and in the municipalities that any new stable entities would soon become too rigid, working on their self-interest. Therefore flexible cooperation models are the most likely way today for how larger territorial units can be created, aiming to serve as a discussion platform for the participating municipalities, how cooperation and public service agreements for those municipalities are to be created, and who agrees to do so.

Experience suggests that under the label "city-region" there is a double task to do: to address the internal conflicts within the functional urban area (narrower city-region) and to fully explore the potentials of economic cooperation in the broader urban area. These tasks need different approaches.

During the work of METROGOV, a new idea emerged: to apply the different approaches (structured, pre-defined city-region governments versus flexible, creative city-region governance) simultaneously but on different spatial levels. The differentiation between spatially narrower and broader definitions of city-regions would allow for addressing problems emerging in the functional urban area while simultaneously aiming to develop economic cooperation in a much larger area. The narrower definition involves the cooperation in a range of public services (special purpose entities in flexible or set spatial set-up) and in land use planning (mechanism to guarantee the implementation of common

regional-level strategic decisions, in fixed areas). The broader cooperation aims at economic planning and development, and possibly in some public services (transport, etc.) at flexible bottom-up partnership.

It is clear, that despite the huge differences, the two main approaches are complementary, not exclusive. Both approaches are needed, but for different purposes. Fixed boundaries are indispensable for strong regulatory functions – a territorial land use control system needs legal background and an institution exerting the control in a strictly defined area. On the other hand, in the quickly changing world of economic development cooperation, flexible boundaries are more suitable, allowing changes in partnerships.

5.2 NODUS Working Group, URBACT II (2008-10)

The NODUS Working Group developed a new method to link the improvement of small deprived neighbourhoods to strategies of larger, functional urban areas.

Each city has problematic neighbourhoods which are more or less deprived. It is not at all obvious how the problems of such neighbourhoods can be handled in the best way. By the 1990s, the “integrated approach” had been developed, recognising that physical improvements in poor neighbourhoods are not enough; for lasting results economic and social interventions are also needed: without jobs and enhanced public services, even the renovated areas might easily fall back and start to deteriorate again.

The EU applied the integrated approach in the URBAN programmes, targeting development at small, deprived neighbourhoods. It soon became clear, however, that this approach – besides the undoubted results – also had serious problems. The two main problems were the ‘displacement effect’ (as an external effect of the interventions, problems were displaced between different neighbourhoods, i.e. the poor households left the improving areas) and the ‘one-off’ character of the programme – the fact that selecting only areas with the most severe problems meant that areas only slightly better off did not receive any attention at all.

According to the main hypothesis of NODUS, the supra-local level (city-regions, agglomeration areas, functional urban areas, counties, provinces) has to be involved in urban renewal programmes. It is the supra-local level where most of the problems related to urban renewal can be solved in an integrated way.

- The already mentioned displacement effects and other externalities of neighbourhood-related interventions have to be surveyed and handled from a higher spatial level.
- In many cases, the problems of deprived areas cannot be handled within the same area – e.g. instead of creating jobs in the deprived area, it is easier and more efficient to improve the links from this to other, opportunity areas, where many jobs are available. The development of such links requires a supra-local view.

A broader argument towards integration on a higher spatial level lies in the complexity of the future challenges which urban areas have to face: ageing, climate change, globalisation, energy shortage, social polarisation, etc. These challenges can be handled one-by-one with good practices. However, all of these good practices have external effects: there are many examples which show that tackling one of the challenges creates problems regarding the others. A supra-local overview is needed to find interventions which address most of the problems with the least side effects.

For all these reasons, NODUS argues that neighbourhood-level integrated urban renewal strategies should be part of supra-local level integrated urban development strategies. This applies not only for the content of urban renewal interventions (what to do) but also for the selection of intervention areas (where to do it).

Thus the supra-local level has an important role: planning on this level should explore which type of urban renewal (which mix of sectoral interventions) is needed, and this decision should influence the selection of the action areas and the way of their redevelopment. The supra-local level plan has to connect the deprived areas to opportunity areas and this should also be the basis for the monitoring of the external effects of area-based interventions.

5.3 PLUREL project, FP6 programme (2007-11)

Conflicts between different sectoral development strategies become especially sharp in dynamically developing areas. Recently in European cities, this has probably been most relevant for peri-urban areas (the space around built-up urban areas, which merges into the rural landscape): residential sprawl is in conflict with industry, agriculture and recreation in the fight for land and for infrastructure/utilities.

The problem of uncontrolled urban sprawl can be seen as a market failure: society as a whole would be better off coordinating development, but it often lacks the means to do so. In reality, there is often fragmentation between government units, and a 'governance gap' for decision-making and investment. Thus there is an urgent policy agenda to set up or enable such bodies. The PLUREL research (PLUREL, 2010) looked at three main issues.

- Firstly, there are general problems with the capacity of the formal government system, and planning policy regime to control land-use changes, in most EU member states. The PLUREL analysed the level of organisation, the level of democratic control and the level of fragmentation of governance structures in a typical rural-urban-region.
- The question of spatial planning follows: its lack of legal strength and capacity for cross-border coordination, and its lack of influence on infrastructure provision. Besides, there are problems with the NIMBY and similar lobbies and political movements, with incentives for continuing urban sprawl.
- Thirdly, financial and taxation mechanisms often create incentives for urban sprawl, directly (e.g. linking public support to population numbers), or indirectly (through local tax competition). Each country needs to review its system for local or regional taxation and re-investment. This can involve both the public sector, and also new kinds of partnerships, such as for 'ecosystems services' and social re-investment.

A strong and democratic government is the pre-condition for management of market forces for public benefit. In peri-urban areas, there are particular problems of fragmentation, under-investment, and 'winner takes all' conflicts. Thus, government at the local and rural-urban-region level needs to focus on its effectiveness and outcomes:

- The local government financing system, and source of revenue: this should avoid fiscal incentives which lead to wasteful competition for houses or investments.
- The local taxation system: this should encourage balanced development for business and households, and avoid tax incentives for urban sprawl.

- Sectoral policies and subsidies for infrastructure, transport, housing or agriculture: each should aim at diverse and resilient patterns of development, for instance with multi-modal transport planning.
- Spatial planning and regulatory coordination of development, land use change, and especially larger projects: aiming not only at restrictions, but also positive enabling of poly-centric diversified activities.
- Finally, effective mechanisms for cooperation at the level of the rural-urban-region: aiming towards joint strategic planning, rather than competition for development.

There is also an agenda for more responsive, ‘bottom-up’ forms of governance – not to replace formal policies, but to work alongside them and fill any gaps. In six European urban areas, the PLUREL case studies identified ‘new institutional’ partnership models for collaboration between public, private and community sectors. There are also ‘policy intelligence’ models to deal with complex problems and ‘social entrepreneur’ models to mobilise resources in the social economy. In parallel, there are ‘territorial models’ for integrated spatial development. At the rural-urban-region level, strategic planning should promote low-impact infrastructure and public services in sustainable settlement forms.

Overall, there is a policy menu for putting the whole picture together – i.e. managing the peri-urban through ‘integrated development models for rural-urban-regions’.

5.4 *Joining Forces project, URBACT II (2008-10)*

In most European countries, especially in the biggest urban areas, major differences can be observed today between the political definition of cities, i.e. municipalities, and the urban reality, from both morphological and functional points of view.

In order to deal with these problems, many national governments have tried for decades to redraw local authorities’ limits and/or boundaries. A wide range of solutions has been experimented with: compulsory mergers between municipalities (in Belgium, for example), the forced creation of metropolitan authorities (such as the first French *Communautés urbaines*), and the creation of a legal framework for the formation of voluntary groupings (such as the *Città metropolitana* law in Italy), etc. It has to be acknowledged that most of these initiatives have proved to be more or less ineffective: the national government, led by Margaret Thatcher, cancelled metropolitan authorities in Britain; no “*Città metropolitana*” has ever been effectively created in Italy. In France, “*Communautés urbaines*”, which constitute perhaps the most successful of these initiatives, have remained quite limited in number until recent years, and the issue of democratic accountability is still pending, as *Communauté urbaine* councillors are not directly elected by citizens but by municipal councils.

The mismatch described above between the urban reality and political definitions explains why the metropolitan / city-region scale has been – or should be – considered as relevant for a range of political or administrative functions. However, public functions provided on this scale are not necessarily linked to a sole and constant definition of metropolitan areas. It is also worth stressing that the right scale for policy-making remains often the neighbourhood and / or municipal level, such as government units. For some other powers, wider

metropolitan frameworks can be preferred, because these are generally operational, flexible and changeable.

Further to the rather technical arguments, there are other reasons for favouring city regions for the delivery of the above-mentioned functions. There is an overall need for pooling resources of local authorities in order to overcome shortages of public money and to deal effectively with the challenges of competition between territories in the global economy. In addition, local taxes are often not levied and collected at the level where tasks and services are required and should be provided.

Developing metropolitan cooperation is obviously a matter of political vision and commitment. Without these, any initiative would be unlikely to lead to concrete outcomes.

The main obstacle that needs to be overcome is mistrust resulting from years of ignorance, petty rivalries and lack of solidarity. There is no single definitive solution to the problem of how to create or restore trust between potential partners; and, in any case, this cannot be achieved in a few days or months.

Even if the initial trigger may come from initiatives by national or regional authorities, there is most of the time a specific responsibility that the central (or biggest) city must accept for the development of metropolitan cooperation. It is up to this core city, regarded as the most powerful partner, to show its strong commitment to the process, by sharing with neighbouring authorities some of its advantages, even if only symbolically. Mutual respect is another important element in this perspective, and the leading authority must consider and treat other authorities as equal partners and not as 'second division players'.

Flexible and/or structured systems? It is necessary to avoid too formal and rigid administrative solutions. On the other hand, not every task can be achieved without a regulatory function, which can hardly exist independently of some structuring. In fact, flexible and structured systems should be linked to each other as smoothly as possible. Again, it is not only the question of cooperation, but also of the way to define governing methods, i.e. governance, in sum.

Legitimacy versus effectiveness? When considering governance mechanisms, it is also necessary to recognise the existence of conflicts of legitimacy. Governance practices are not all based on elections, and they are somehow contradictory, but also subservient to legitimate institutions. Because of the need for democratic control, there are different options rooted in real experiences for representing the interests of a city region in a way that is able to be more flexible than formal governing and administering institutions, even those of a horizontal cooperative nature. At the same time, this trend in moderate institutionalisation makes it easier to find support from intergovernmental, private or non-governmental sectors.

It is clearly in the general interest to foster the development of effective metropolitan forms of cooperation in Europe. The main responsibility lies with local authorities, and especially the central municipalities, but the support and involvement of all local stakeholders, from the public, private or voluntary sectors, is required. The active support – and, in some cases, commitment – to metropolitan governance mechanisms is also required from all other tiers of government.

National governments (regional ones in federal countries) should first provide a legal and/or political framework for such processes to develop. All tiers, including the European authorities, should also develop better knowledge and recognition of the role of wider urban

systems in response to global challenges. Consequently, they should recognise the new, quite informal, forms of cooperation developed at that level, as a relevant frame for the definition and implementation of strategic development programmes. Moreover, they should actively support projects developed at metropolitan level, and, according to local situations, the process itself, especially in the development period.

A European-wide initiative for the promotion of metropolitan regions could be a relevant policy response to new challenges, which the traditional – insufficiently flexible – institutions have great difficulties to deal with.

5.5 URBACT Citylab: Managing metropolitan areas across boundaries and frontiers

In the course of the URBACT programme, a Citylab event was organised in Lille to crystallise knowledge accumulated in different projects regarding metropolitan areas (Ramsden, 2010). There was an agreement among experts that the morphological and functional urban areas have to be distinguished from each other. Christian Vandermotten (ULB-IGEAT) suggested the following definitions:

- the morphological urban areas (MUAs) have a minimum density of 650 inh/sq km (in a more precise formulation MUAs are highly populated continuous NUTS5 units with over 650 inh/sq km and/or municipalities with over 20 000 agglomerated people, see ESPON, 2007). An MUA does not usually correspond to administrative boundaries.
- the functional urban areas (FUAs) are functionally linked to a city, as a labour centre, consisting of those contiguous NUTS5 units which send more than 10% to the city. One municipality can only belong to one FUA where they send the most people to work.

According to the calculations of Vandermotten, in Europe 1 950 MUAs (with over 20 000 population) can be delineated in 29 countries, while there are over 1 200 FUAs. There are many variations, from easy monocentric cases (e.g. Berlin or Madrid) through overlapping monocentric (Ruhr, Randstad) to polycentric areas with no dominating large city.

Historic development of urban areas, parallel to the development of transport means, led to quick expansion of MUAs and FUAs, while administrative borders were changed only seldom, following political decisions. MUAs are in many cases larger than administrative areas and FUAs are usually 50 -100% larger than MUAs.

The problems can be illustrated by the case of Brussels: 57% of employees are commuters, 1/3 of whom come from more than 50 km away, overwhelmingly using private cars. The income distribution map shows poor areas within the city borders as most of the rich people live outside the borders and pay their taxes to small local communes. According to GDP/capita statistics, Brussels is one of the richest administrative units in Europe, which does not correspond to the income distribution² at all.

² According to Vandermotten, to get closer to reality, structural characteristics of urban areas have to be defined at the FUA level: also, the GDP has to be calculated for the labour basin, i.e. FUA area. Then Brussels and London will show different pictures.

The precise definition of MUAs and FUAs allows for creating indexes describing important attributes of the urban areas:

- Deconcentration/polycentricity index: ratio of FUA population (total area) / central MUA population. In this regard, the most deconcentrated areas are the Randstad and North Brabant, while the least deconcentrated is Paris.
- Peri-urbanisation: density of population in the central MUA compared to density of FUA outside the central MUA. According to this measure, the Mediterranean cities are quite compact.
- Functionality score, measured by the centrality of administration, economic decision, transport and connectivity, knowledge, tourism and heritage. London and Paris are at the top.

There are many ways to handle the growing discrepancies between the administrative and functional setup of urban areas. Some of the methods aim at better adjustment of the administrative setup towards the functional reality (e.g. merging neighbouring settlements with the city, creating strong metropolitan bodies taking over a series of functions from the local municipalities). Other, less ambitious methods aim to create forms of cooperation between municipalities belonging to the same functional urban area, through monofunctional agencies or limited-power delegated metropolitan bodies. Due to the political difficulties to change administrative borders or create strong supra-local bodies, the 'easier' forms of cooperation gain ground. This tendency, however, raises serious issues regarding democratic legitimacy, as the new cooperation forms become less and less transparent and accountable to directly elected bodies.

The trade-off between democratic decision-making and less legitimate but easier forms of cooperation in urban areas can be illustrated by the case of Manchester. The morphological area consists of some ten administratively independent municipalities. Their loose cooperation in the form of the Greater Manchester association (with an indirect representative system made up of the elected leaders of the ten local authorities) makes many plans for cooperation. However, if the matter is delicate, i.e. some settlements would win while others lose, binding decisions are hard to achieve. This can well be illustrated by the congestion charge scheme which was rejected by a large majority of the population of the ten settlements. The only one functioning congestion charge scheme in the UK was introduced by the Mayor of London, who had the legitimate power to decide so – but even he would have been defeated if holding a local referendum.

The cases discussed at the CITYLAB have shown the tendency to move from mono to multi functional arrangements at the metropolitan level. This is, however, easier to achieve at the level of the morphological urban area rather than the broader functional urban area. Integrated approaches are often introduced by single function organisations (e.g. metropolitan transport association). The evolution of integrated approaches from single to multi functional organisations might best be expected in policies with strong connections and interactions (e.g. transport, planning and labour market).

From the growing discrepancies between the administrative and functional logics, an important message can be taken to the regions. European regions have evolved as a scale of intervention for the Structural Funds. Most often the boundaries of regions do not correspond to the morphological and functional urban system. Administrative regions need to

increasingly manage their resource to take account of these emerging city realities by organising their efforts at both smaller geographical levels and across boundaries and frontiers in cooperation with other regions.

Regarding European policies, INTERREG has an important role to play in the case of cross-border cooperation. Furthermore, new tools are needed to incentivise the development of regional innovation strategies.

5.6 EUROCITIES Metropolitan Areas Working Group

This new working group was established in late 2010 on the basis of the belief that, in the future, the functional urban areas will grow to be more important than administrative regions. However, it will take a long time and much effort until the FUAs can become in reality the basis for a new territorial system in Europe.

One of the key questions can be raised about the role of the different scales of the urban-territorial systems. Apart from a fourth possible category (network of cities, not based on geographical proximity), the three important categories are the MUAs, the FUAs and the broader economic cooperation areas. There are different assumptions as to which policies/problems might best fit these different scales.

According to the results of the URBACT I project METROGOV, functions resembling zero-sum games, such as the NIMBY functions of sewage plants, waste -handling and the redistributive interventions needed for integrated development, should be dealt with by fixed boundary organisations on the FUA level. On the other hand, win-win type functions, such as joint economic planning and marketing, can be dealt with by flexible solutions on the broader economic cooperation area level.

The URBACT II project Joining Forces prepared a table for the possible territorial scale of different metropolitan functions. Functions attached to the MUA level were waste, local economic development, and social care. Mobility and public transport, water supply, strategic planning, major facilities, clustering and knowledge economy, however, were linked to the FUA level. For the latter, solutions applying variable geometry can be appropriate, creating partnerships and sub-programmes that correspond spatially to local drivers.

Another interesting question is how new technologies affect the territorial scale of FUAs? The FUAs obviously grow if the same distance can be travelled in a much shorter time. In this regard, the High Speed Train lines deserve special attention (it could be shown, how the FUAs of Barcelona, Brussels, etc. expanded with the opening of the HST line). Having said all this, more analysis is needed to explore the change in the FUAs in reality. The expansion of the FUA depends namely on the real flow of people. For the increase of the number of commuters, the mere fact of the introduction of a new HST line is not enough. The real effects of such a new line depend on many things: what functions are linked to the line (airport, universities, CBD areas), how affordable the transport fees are, etc.

6 Innovative practices to improve territorial governance in urban areas

This chapter gives an overview about innovative practices to improve territorial governance in urban areas. The results of the overview of research results (previous chapter) allows for classifying the very different ideas into four approaches, which are not totally exclusionary but are based on quite different understandings of the causes of the problems in the functioning of urban areas. The first approach aims for structured, pre-defined, fixed boundary city-regions. The second is a flexible approach, aiming for informal cooperation in flexible spatial structures. The third approach does not concentrate on the institutional forms but on the content and suggests strategic planning as the key for strengthening the city-region level. Finally, the fourth approach puts weight on the procedural elements, suggesting socially creative strategies as a basis to achieve cooperation in urban areas.

6.1 Formal, designated metropolitan governance model

In the late 1990s, two main approaches emerged for territorial cooperation in urban areas around large cities, with opposing suggestions. The first approach of structured, pre-defined city-regions means a kind of renaissance of a coordinated, formal cooperation philosophy with the aim of strengthening the metropolitan level, based on the conviction that a complex system of voluntary agreements (which is the other approach, discussed in the next section) is not enough to achieve real results on city-region level.

The ‘formal, designated’ metropolitan governance model can be described with texts from METREX (the network of European metropolitan regions and areas). Detailed analysis carried out by METREX (2006) indicates that metropolitan areas need competencies (authority to adopt, implement and safeguard a metropolitan spatial strategy), capabilities (knowledge and understanding to take informed decisions), and processes (means to regularly monitor, review and update the strategy) for effective integrated economic, social, environmental and spatial planning to take place.

METREX has identified three different ‘city-region’ models currently used across Europe (NLGN, 2006):

- The Comprehensive Model. This comprises elected metropolitan authorities with comprehensive powers for strategic planning and implementation. It usually requires the reorganisation of existing local administrative arrangements (e.g. Landeshauptstadt Hanover);
- The Core Power Model. This comprises elected or appointed authorities that have the power to undertake strategic planning of a specified range of issues (e.g. Verband Region Stuttgart);
- The Agency/Voluntary Model. This comprises appointed metropolitan agencies or joint bodies with strategic planning responsibilities and adviser implementation functions (e.g. the Öresund Committee).

Accordingly, the tools and institutions used for metropolitan governance are also different, ranging from metropolitan government and amalgamation (Montreal), through multi-purpose

or single purpose metropolitan agencies, to tax-base sharing and redistributive grants to decrease tax competition.

Research on these models suggests that the broader the region is defined around the core city, the looser the cooperation that can be achieved. Analysis of the relationship between the city-region and the administrative region of cities suggest that the best scenario is where these coincide; where the city-region is split into more administrative regions, inefficiencies are more likely (due to tax competition, for example).

Even where spatial cooperation is limited, smaller cities are forced towards loose working arrangements to build critical mass and thereby increase their 'weight'. The case of Leipzig, Dresden and Halle shows that these cities might have the opportunity to become competitive in Europe only through working together as the 'Saxonia Triangle'. This example also indicates that pan-regional working can be critical for success by achieving a sizeable area in order to compete internationally in a globalising world. Similar examples might be the UK's 'Northern Way', and the aspiration for 'development trajectories' (Weihe-Lindenberg, 2000), as in the case of Copenhagen-Malmö-Gothenburg-Oslo.

By 2005, METREX developed, through a partnership of 32 cities from across Europe, the 'METREX Practice Benchmark' to enable regions to judge their relative position and strengths and weaknesses in relation to metropolitan governance. Further, METREX has also issued a political statement about the need for a European Agenda for Metropolitan Europe. This is based on the belief that urban competitiveness and cohesion can be progressed most effectively through the establishment of effective means for strategic decision-making at the level of the Functional Urban Region/Area (city-region), particularly those of metropolitan significance.

6.1.1 Example 1: The French 'urban communities'

One of the cases for compulsory and strong settlement associations in Europe is that of the French 'urban communities' (communauté urbaine) which were created by the French Parliament in 1966 as compulsory settlement associations. Originally there were only four (metropolitan areas of Bordeaux, Lille, Lyon and Strasbourg). Later, others were created in other metropolitan areas. The purpose of the urban communities was to achieve cooperation and joint administration between large cities and their independent suburbs. This step often followed failed attempts to merge the communes within a metropolitan area. The status of the urban communities was modified by the Chevènement Law of 1999. At the beginning of 2009 there were 16 urban communities in France with a combined population of 7.5 million inhabitants. All urban areas in France with more than half a million inhabitants were urban communities, except for Paris. (Wikipedia)

When evaluating the French top-down creation of urban communities, it has to be clear that the French settlement system is the most fragmented in Europe, thus the created settlement associations are sometimes closer to the morphological area than to any broader meaning of city-regions. Even so, the method is remarkable, especially due to the following factors:

- On the level of the urban community, a Council is formed, consisting of delegated members from all municipalities (in the case of Lille 85). The council makes decisions in a similar way to municipalities and some important functions are compulsorily transferred to that level.

- As a step towards indirect democracy (democratising the delegated system), communal councillors will be identified on the basis of direct elections, as people during normal elections have to identify which one candidate they want to see as representing the municipality in the urban community.
- It was a very important step some years ago when the local 'business tax' was equalised among settlements by law. This has now lost its importance as the 'business tax' has been removed and replaced by national government contributions. Local governments have mixed feelings about this change as it is uncertain how long the national government will contribute. Furthermore, the business tax was at least a real link between economy and locality.

6.1.2 Example 2: Municipal amalgamations in Scandinavian countries

Another (indirect) example of moving towards the creation of compulsory settlement associations can be found in Scandinavian countries, in the form of municipal amalgamations (Steineke, 2010). In the last decade, structural reforms have taken place in Denmark (2007), where the number of municipalities has decreased from 275 to 98, while their average size increased from 19 500 to 56 500. The changes were even more drastic in Greenland, while a more modest and gradual change is taking place in Iceland, Finland and the Faroe Islands.

The Danish national reform was basically a top-down initiative with some flexibility in the creation of the new municipalities. The general principles about the size and number of new municipalities were given by the central level and some time was allowed for the local settlements to come to an agreement on how to amalgamate – if this did not happen within the given time limit, the changes were executed by the central level. The main argument for the mergers was the higher efficiency of public welfare services which was valued higher than the loss in direct democracy.

6.2 Informal, flexible methods of governance

The flexible approach is based on informal cooperation in flexible spatial structures, where the voluntary cooperation might be strengthened by specific tools given from above. One of the best known is the bottom-up 'creative governance' idea (Balducci-Kunzmann-Sartorio, 2004), which also aims for increasing input from Third Sector organisations and citizens.

This approach differs significantly from the formal, designated metropolitan governance model. According to Balducci et al (2004), central government attempts to give unified definition for metropolitan areas (e.g. Italy 1990, Germany 1997) usually fail, although some positive effects from bottom-up developments might be recognised. They also note that in either approach (top-down or bottom-up) there are a number of trade-offs that need to be handled – for example, flexible boundaries might be more efficient but lack longer-term stability, while democratically legitimised bodies give the opportunity for sustainability but have the danger of losing contact with people.

Further supporting the need for transparency and inclusion, Kunzmann (2004) observes on the basis of German examples, that one of the most crucial aspects for developing creative governance in city-regions is the need to build up regional information systems and get all

important stakeholders involved to achieve joint thinking. If this is done successfully, then a city-region identity and confidence is more likely to develop, which will have a positive effect internally and project an important external image to investors and competitors.

Successful governance arrangements rely on the ability for creative ideas to be fed up the hierarchy rather than solely being fed downwards. Further, it is suggested that there is a need to move away from being risk averse in trying new arrangements, 'experiments fail as well as succeed' (Healy, 2004: 90), and that a more reflexive approach needs to be adopted where there is opportunity for evaluation, as well as implementation, of new ideas and structures. Some of the suggested mechanisms that cities might adopt include:

- Allowing flexible, functional boundaries. The core city at the heart of the city-region should be proactive and dynamic in bringing the necessary stakeholders to the table. In a polycentric city-region, this may involve negotiations between the different cities involved;
- The need to overcome the parochialism of established institutions;
- Developing networks of innovative regional actors, and engaging a diverse range of stakeholders in developing governance arrangements;
- Increasing involvement of the 'Third Sector' in the light of a weakening public sector, and an increasingly geographically-unbounded private sector, in raising regional social and environmental awareness;
- Increasing interregional cooperation through designing catalyst projects. A shared project can improve the potential for cooperation around a specific issue; this may facilitate relationship building whilst being able to put to one side the politics of the bigger city-region agenda;
- Sustaining momentum of the newly created and flexible arrangements, through creation of opportunities for the actors to meet, even if no concrete actions are decided and no documents are signed;
- Ensuring that the process is transparent and that there is an open-minded approach to innovative ideas of governance practice.

The creative governance approach therefore encourages flexibility and challenges the status quo; it highlights an opportunity for cities to be more inclusive and innovative in developing new working arrangements. The approach also warns against a 'one-size-fits-all' approach, and recognises local social, cultural, historical and economic contexts.

The examples below represent a wide range of informality and flexibility of approaches to city-region governance, sometimes mixing with elements which could be classified as belonging to the formal approaches.

6.2.1 Example 1: Katowice: bottom-up city-region building

Within the Polish self-government region of Silesia, the Metropolitan Association of Upper Silesia (MAUS) has been established, concentrating Katowice and 13 other cities. The city mayors of the densely populated urban area around Katowice – the Polish version of the Ruhr-area – met many times and step by step developed the idea. MAUS was registered in

2007 in the normal registry of voluntary associations, however, not as a one -purpose association but as a more general one (according to the draft law of metropolitan areas which is pending in the Polish legislation processes). For some strange legal reasons , the ministry only allowed those cities with county rights to join the voluntary association, i.e. having a population above 100 000 inhabitants. There are at least 2-3 other cities that would like to join, a process that can take several years. There is a transport association which is larger, consisting of 27 settlements, however, 2 of the 14 cities are not members of it.

The assembly of MAUS involves 2 persons per city, the mayor, plus one more delegated person. Katowice is the only one which has 3 representatives. The board consists of 7 mayors chosen by the assembly.

MAUS covers 10% of the area of the region, 43% of the inhabitants, and 67% of regional GDP. However, there are serious problems to handle, such as the decline of population (which will reach 20 -30% in some of the settlements in the next decade). Strategic documents are prepared on the official levels of government ; a similar document on metropolitan levels does not currently fit into the official system.

The plans for the future take the functional urban areas seriously into account, both on the national and on the regional level. The Polish National Spatial Arrangement Policy 2030 (in preparation) is to be based on linking functional urban areas in the polycentric settlement structure. The Silesian regional vision includes an extended Silesia Metropolis, growing to 24 cities, and argues about regional development based on four metropolitan areas.

The latter means that in Silesia the idea came up to cover the administrative region with four functional metropolitan areas. This is an innovative idea to link administrative and functional geographies to each other. The next step could be to establish dedicated funding for metropolitan areas – e.g. to decide that a given percentage of the budget of Silesia region has to be spent based on plans developed by the metropolitan associations, without forcing these to become administrative units with elected governments.

In the present political set-up, the formalisation of the metropolitan areas as a new administrative level seems to be impossible , as the regional and the agrarian lobbies are strongly against it. This gives rise to the innovative idea to link the administrative and functional geographies through planning and dedicated funding (to be distributed according to the plans). Even such a system, however, would require a more precise legal background, specifying (or at least indicating) what functions have to be fulfilled on the metropolitan level and how these will be financed³.

6.2.2 Example 2: Eindhoven knowledge region

Eindhoven city-region (Joining Forces, 2010:31) is one of the voluntary regional associations which are allowed by Dutch law . Such associations can be formed bottom -up and the law gives them a legal basis for cooperation in one or more specific issues. These regions have

³ The author wishes to thank the following people for providing information about the Katowice – Silesia case: Agnieszka Hajduk, Katowice City Hall; Stefania Koczar -Sikora, vice-director of the Marshall office development department; Tadeusz Adamski, director of economic development, Slaskie region; P rof. Grzegorz W•cawowicz, Polish Academy of Sciences; Ms Dagmara Mliczy•ska -Hajda, vice-chairwoman of the Society “Forum for Revitalisation” ; Maciej Grymowicz and Agnieszka Szczepanska -Góra, MAUS.

statutory policy competences, such as economic development, transport and environment (and previously also spatial planning).

Differently from similar associations in the Netherlands, the municipalities around Eindhoven decided to also create a separate body, the Eindhoven city -region. The 21 participating municipalities voluntarily decided to also create a joint fund to strengthen the economic structure of the area. This led to the creation of the Brainport Foundation, which further developed into an action programme and city marketing strategy. Based on the initial successes, cross-border strategic cooperation has been initiated with knowledge -based industries in Belgium, Germany and France. The voluntary cooperation between governments in the border region is also supported by the national level.

6.2.3 Example 3: Metropol-regions in Germany

It is a dilemma as to whether the German metropol-regions should be discussed as a flexible or rather a formal approach. The literature of creative governance, e.g. Balducci et al (2004) specifically mentions this German idea as one of the failed attempts towards the fixed approach. Reality, however, seems to be more complex as it will become clear from the following analysis.

The idea of metropol regions was first developed around 1995 (MORO, 2007) and after officially adopting the idea as part of the German spatial development strategy in 2005 their number increased to 11 regions.

Metropolitan regions are assigned by the German Ministerial Conference on Regional Planning (Jurczek, 2008). Beyond certain basic structures concerning population and economy – among which there is a high variation among the 11 assigned regions – metropolitan regions have to fulfil specific functions. The three most important functions are as follows (BBR 2005:177):

- Decision-making and control function: referring to the spatial concentration of political and economic centres, in which financial and information flows are being controlled. “Compared to former approaches, the newer concepts attach greater importance to the economic function than to the political decision -making and control function.”
- Innovation and competition function : high density of scientific as well as research and development facilities and the presence of creative milieus.
- Gateway function: good accessibility from international locations and multiple options for ‘face-to-face contacts’ are essential factors for the exchange of knowledge and information. A high -quality traffic infrastructure network is needed.

The ministerial document explicitly refers to flexibility and the bottom-up character of metropolitan regions, which have to be understood as regional alliances with common responsibilities:

“The question of the spatial boundaries of metropolitan regions can only be answered by its basic participants, i.e. local authorities and regional players. Only the common will of all municipalities within the metropolitan region to co-operate can result in the stronger regional

self-government described above (...). For the promotion of such regional alliances with common responsibilities (...) the following courses of action are of paramount importance:

- Infrastructural and organisational optimisation of the interconnectedness of the centres within the metropolitan region
- Integrated urban development and traffic planning for the improvement of the regional network of public transport
- Organisation of the cooperation between the core cities and other municipalities in the metropolitan region without a status of privilege
- A common regional strategy for a sustainable settlement development and for the preservation of free spaces
- Promotion of intraregional exchange processes and circular flows
- Common social political strategies on the basis of a regional equalisation of burdens with regard to tax revenues and social costs
- Common financial basis for the accomplishment of common tasks.”

The German metropolitan regions formed an informal working association (Initiativkreis Europäische Metropolregionen in Deutschland), which has regular meetings and also works in six thematic groups. The ‘governance’ working group (MORO, 2007:19) reports on a wide variety of governance solutions across the 11 regions, from task-oriented associations to looser cross-border cooperation.

It is difficult to give any clear ‘evaluation’ about the German metropolitan regions. Some competition between them and the administrative Länder exists for sure. This, however, is not decisive, as most of the metropolitan regions are far from the size of the administrative Länder and will never approach their political power. Their main task is to create cooperation between neighbouring areas, in many cases crossing Länder borders. The German metropolitan regions are much larger and much more oriented towards win-win type cooperation than the French compulsory urban communities which are smaller but able to handle NIMBY type issues as well. It can be said that the German metropolitan regions are weak in a political sense, do not address everyday problems and are not linked to the people of the area. The metropolitan region idea contributes mainly to the further development of already developed areas: metropolitan regions are almost exclusively established in growing areas and not in problematic areas. Even so, they fulfil an important role in marketing, solving traffic problems and increasing scientific-economic links.

6.3 Innovation in metropolitan areas through strategic spatial planning

The starting point of this view is that the current challenges in society and cities are structural and cannot be tackled by means of traditional approaches, especially not within the existing institutional frameworks, or whatever the innovative changes to them may be. As Albrechts (2010) puts it, “... society as a whole has to accept that it lives in a world in which much of what it does and how it does it simply cannot continue ... As our society is not a prisoner of

its past and because it has a responsibility for the future, it is doomed to find alternatives. It means that planners within an intrinsically changing, fluid and transforming social and physical reality ... are also called upon to study the forces of change and to look for means and instruments to make alternatives happen.”

Albrechts argues for ‘transformative practices’, which “... simply refuse to accept that the current way of doing things is necessarily the best way; they break free from concepts, structures and ideas that only persist because of the process of continuity. ... Transformative practices focus on new concepts and new ways of thinking that change the way resources are used, (re)distributed and allocated, and the way the regulatory powers are exercised. ... Transformative practices take decision-makers, planners, institutions and citizens out of their comfort zones ... and compel them to confront their key beliefs, to challenge conventional wisdom, and to look at the prospects of new ideas and ‘breaking out of the box’.”

He considers strategic spatial planning the best way to perform the needed transformative practices, as it “... is a transformative and integrative public -sector-led socio-spatial process through which the visions or frames of reference, the justification for coherent actions, and the means for implementation are produced that shape and frame what a place is and what it might become... Strategic spatial planning is not just a contingent response to wider forces, but is also an active force in enabling change.”

According to van den Broeck (2010), due to the complexity of challenges there is a need for integration of the different social, economic and spatial dimensions. “... concrete (sectoral) interventions, without ‘localising’ them in an integrated and holistic context ... will never result in sustainable answers and can have negative and even dangerous social, environmental and spatial consequences.” He suggests to “... define ‘integration’ as the dialogue between actors dealing with different aspects of an issue in order to create shared added values by relating and linking actors and aspects with each other.” To create this needed dialogue, he considers strategic spatial planning as an appropriate tool, if it can be shifted “... from ‘regulation’ towards an active sustainable development based upon visioning, action and coproduction and based upon ethical principles, equality and social justice...”

6.3.1 Example 1: The Hague Region: integrated planning

Peri-urban areas around cities are under increasing pressure as different actors want to change these areas according to their specific interests. The peri-urban areas around The Hague, recently constituting buffer zones between the large cities, stretch beyond the boundaries of the city region. Rodenberg (et al, 2010) describe in detail the Regional Structure Plan of The Hague Region which aims for open, green, accessible and high-quality peri-urban spaces in the whole of the daily urban system area around the city.

In order to fulfil its aims, the Regional Structure Plan pushes for joint steering of area development and for joint policy implementation. Specific platforms are established as alliances between government bodies, community-based organisations, and private partners.

6.3.2 Example 2: Romanian growth-pole model: top-down initiated metropolitan cooperation

On the recommendations of the EU, as a joint initiative with the Ministry for Development, the traditional approach to urban development (assigning cities and their poorest areas as targets for improvement) has been changed in Romania for the 2007-13 Structural Funds period. Innovation is the broader approach of the 'growth pole' model: opening towards the metropolitan areas and also towards economically better areas, in order to foster territorial cohesion.

On the national level, 7 growth pole cities have been assigned (plus 13 urban development poles and urban centres of cities over 10 000 inhabitants). In the case of the 7 growth poles, the assigned cities have to delimit and establish their metropolitan areas. The government did not fix concrete criteria as to how this area should be established, except that it has to be spatially continuous and should contain at least 3 additional settlements.

For each growth pole, an Association for Intercommunity Development (AID) was created, comprising of the city, the territorial administrative units in the hinterland (towns, communes) and potentially the County Council. The AID established the geographical area of the growth pole, set up the decision-making mechanisms for the growth pole, and approved the Integrated Development Plan. In practice, however, it was mostly the growth pole city that decided about the influence area. Due to the fact that the money was fixed, these cities were interested in establishing a small metropolitan area, not splitting the money.

The growth pole had to develop an integrated development plan (including economic, environmental and social aspects according to given proportions) for the whole metropolitan area, which had to be approved by the city and all other municipalities, and finally also by the ministry. Voting in the metropolitan area follows population shares, thus the will of the core city usually dominates. However, if the city is too selfish, the small settlements might consider leaving the association.

The example of Timisoara shows how this model works in practice. The county around the city argued for a large area to become part of the metropolitan area. The city commenced an expert study to explore the size of the functional urban area (commuting, economic profile, wish of the settlements), which resulted in the suggestion to include 15 settlements in the metropolitan area. Finally, 14 settlements joined the voluntary association, one rejected it. Thus the growth pole consists of Timisoara, 14 villages and the county council. The approved integrated development plan concentrates most developments within the core urban area, for metropolitan interests.

The Romanian growth-pole programme can be considered as an experimental model of an EU metropolitan initiative. The idea is to initiate metropolitan cooperation from the top with financial means, allowing the formation of the area on a voluntary basis, but requiring an integrated approach after the area has been fixed. The first experiences seem to be promising, although more precise criteria would be needed about the meaning of metropolitan area⁴.

⁴ The author wishes to thank the following people for providing information about the Romanian case: Arch. Aurelia Junie, development direction director of Timisoara; Ciprian Silviu Cadariu, chief architect of Timisoara; Adrian Mariciuc, head of regional politics, Regional Development Agency Vest.

6.4 Socially Creative Strategies

According to Moulaert, in the last decade there was a change in European urban policies from the earlier ‘bottom-up’ integrated developments in small neighbourhoods towards city-wide and more top-down approaches (the previously discussed Romanian growth-pole model is one of the signs of that change). This does not necessarily mean the end of the possibilities for socially-innovative, creative initiatives but results for sure in the disempowerment of the local level, especially regarding the community-based approaches (Moulaert et al, 2010).

Social scientists draw attention to the dangers of this change, arguing that without community-driven, socially-innovative strategies, the whole of society might fall apart. Taking the ‘post-democracy’ hypothesis seriously, the statement can be broadened out: socially creative strategies are needed on all levels of government, which means that people have to be included in planning, decision-making and implementation of development policies, not only on neighbourhood, but also on city and city-region level.

One of the theoretical papers about socially creative strategies (Leubolt -Novy-Beinstein, 2009) describes three examples of such strategies to combat exclusionary dynamics :

- Participatory governance, which is “ ... a kind of second best solution for approaching the question of effective participation of the persons likely to be affected by the policies designed.” One of the questions is who should participate (more precisely: who has the right to decide who is interested/affected), while an even more difficult question is about the actual participation of those who should but cannot do so under normal circumstances.
- The strategic use of the discourse of rights, which can become an important element of the concept of citizenship and of the aim of enforcing equal rights.
- Citizens’ governance, or communitarianism, which aims for the empowerment of the third sector to play an important role in governance settings for social cohesion and solidarity-based economy. Citizens’ governance is in opposition both to governance by command (state run institutions) and to exclusionary dynamics created by the privatisation of formerly state-run services. Against these, the self-managed service delivery can be seen as a creative reaction.

The KATARSIS publication gives an overview of several good practices on participative and solidarity-based governance, such as participatory budgeting, employment pacts, the Quebec model of governance ensuring the participation of a plurality of actors, and social enterprises (workers cooperatives).

6.4.1 Example 1: Berlin: extending the neighbourhood programme from target-group scope towards city-wide territorial reference

The presentation of Clemens Klikar⁵ described the gradual expansion of the neighbourhood programmes for target groups, aimed at social stabilisation. First 10, later 34 areas of interventions were selected. In these districts with special development needs, 390 000 inhabitants got a decisive role in the spending of the dedicated financial means.

⁵ Case Berlin: neighbourhood development and multi-level governance. Presentation of Clemens Klikar at the ‘Cities of Tomorrow: how to make it happen’ seminar, 12 December 2010, Brussels

In the last two years, a new experiment has started: how to modernise the Soziale Stadt approach, how to apply the lessons learnt in the deprived areas in the case of the whole of the city: How can the task be re-organised between the different levels of districts-city-national ministries? The results of the experiment are summarised in a handbook of community orientation (Berlin, 2009). The essence of the change is in the perspective: the target group's specific scope is extended to include a territorial reference with a focus on the social situation. This should lead to the expansion of the neighbourhood approach, beyond the most deprived areas. The aim is to achieve a much closer relationship with the residents and between the districts and the Senat level.

6.4.2 Example 2: Innovative Hungarian approach to support local anti-segregation interventions

Hungary (similarly to many other countries) had been struggling for a long time with the lack of balance between technical-infrastructure investments and social development. The latter was for the long-term under-privileged, despite the fact that segregation and discrimination of the poor was a burning issue (see e.g. Ger•házi–Somogyi–Tosics, 2009). To ease this problem and to achieve real integration in urban development planning, a method had to be found to ensure the appropriate share of social development on the local level. The key was to make anti-segregational planning compulsory and a condition for local governments to access EU funding.

In 2007, the relevant ministry made the preparation of an Integrated Urban Development Strategy (IUDS) compulsory for cities applying for Structural Funds money for urban renewal actions (ROP 2007-13). The IUDS is a medium-term (7-8 years) strategic document, with sectoral and territorial aims, oriented towards implementation, which has to be discussed and approved by a resolution of the municipal assembly to ensure legitimacy.

The real novelty of the IUDS was that cities had to prepare anti-segregation plans. Such plans had to contain the delimitation of segregated areas and areas threatened by deterioration and segregation (on the basis of precise indicators, fulfilling prescribed benchmark values), status assessment of the delimited areas and assessment of the segregational impacts of envisaged developments and individual sectoral policies on these areas. Moreover, anti-segregation programmes (interventions) also had to be prepared, including a vision for the degraded areas as to whether they will be eliminated or will be integrated into the urban fabric by way of rehabilitation, and determining the main directions of interventions. A complex system of tools had to be used: housing, education, social care and health care (soft programmes).

The anti-segregation plans and programmes were checked by independent social (anti-segregation) experts, trained by the ministry. Without their approving signature, the application of the city for Structural Funds money for urban renewal actions was not accepted. This means that in practical terms the social (anti-segregation) dimension was included as a condition to access EU money.

This quite strong conditionality raised strong opposition from the side of local politicians. They wanted to focus only on the projects for which they asked Structural Funds money. They did not understand why they suddenly had to do real, integrated planning (which was not required earlier). A more realistic argument was that most of the municipalities lacked

professional urban development backgrounds and planners for the preparation of integrated plans.

Most criticism was targeted at the anti-segregational plans which were considered by the local politicians as top-down dictatums. A delicate relationship has been developed between the local leaders and the delegated anti-segregation experts. The latter had to understand that sometimes even the most basic data were lacking for the preparation of the sensible anti-segregation plans.

Despite all the problems, the Hungarian IUDS can be considered as a success; almost 200 cities prepared integrated development strategies, including the anti-segregation plans. The latter became a key element of the general “equal chance policy”, recognising the fact that cities could only be forced to think about how to decrease segregation if this had been put as a general condition to get EU money.

7 Towards a new model and supporting European policy

The paper argued that the growing and complex challenges of the future can only be handled by integrated urban development, covering sufficiently large areas and also taking the social aspects into appropriate consideration. It was shown that in most European countries the present institutional forms and spatial settings of local governments are inappropriate for fulfilling these aims. Without changing these conditions, urban areas will lose competitiveness and the balanced European way of city development will not be able to continue.

From the overview of the results of recent European research programmes (Chapter 5), many interesting ideas could be crystallised regarding the directions of necessary changes in urban governance. These research results helped to establish a framework of four categories, allowing the more systematic analysis of present innovative approaches to urban territorial governance (Chapter 6). Concrete examples have been shown how the urban governance problems can be tackled with fixed-boundary, strong metropolitan institutions, with spatially flexible creative processes, through strategic spatial planning and with the help of socially-innovative strategies. Needless to say, all the analysed approaches have their advantages and problems and they are partly contradictory to each other.

This last chapter of the paper aims to put the picture together and to suggest a model in which all approaches can find their suitable place. This model will obviously remain on quite a general level so that – with the modifications and adaptations needed – it could become applicable for specific urban settings in different countries. The final remarks will refer to potential EU policies and regulations which would be needed to make the model attractive to EU countries and would contribute in this way to increase competitiveness while at the same time preserving the European city model under the worsening conditions of the future.

7.1 A new model: innovative governance and participatory planning in functional areas, coordinated with decision-making on administrative levels

As shown in the paper through several examples, it is not the artificially bordered cities but the metropolitan areas where integration of the different policies (which all have several externalities) can best be achieved. On the other hand, some of the socially creative strategies work the best in small neighbourhood areas. Both the metropolitan areas and the neighbourhoods are functional levels where no elected governments usually exist.

In principle, it would be possible to create new administrative institutions, and elected or delegated governments on these functional levels, but this would not be a practical solution for several reasons. To change the present local governments (and/or the administrative regions) or add new levels is a cumbersome, long-lasting process. Moreover, by the time it finishes, the functional geographies change again: the freshly created metropolitan government would have to recognise very soon that the area it covers no longer corresponds to the metropolis in a functional sense.

To avoid this problem, the levels of functional geographies (metropolitan areas, neighbourhoods) should not be turned into fixed boundary administrative units, they should rather be kept as flexible levels, where important activities are carried out in less formal ways. This would allow for applying on these levels the innovative ideas explored in this paper: creative governance, strategic spatial planning and – partly on neighbourhood, partly on metropolitan level – socially creative strategies.

The separation of the two logics, i.e. the formal/administrative and the informal/functional forms of governing, was raised in initial form in an earlier paper (Tosics, 2007:792). This idea is very close to the new multi-level governance suggestion of Claude Jacquier (2010), which has been illustrated in one of his presentations by the following figure. In his interpretation, the formal/administrative levels are the central state – province – communes, while the informal/functional levels are the European Union – transborder and national regions – metropolitan (city-region) areas – neighbourhoods.

Figure 2. Changing multi-level government and governance structures

<i>Until now</i> Former Organisation Polarized Spaces <i>"Hardware" Policies</i>	<i>Now</i> <i>Transition</i>	<i>Then</i> New organisation Homogeneous spaces <i>"Software" Policies</i>	Vectors Sustainable Urban Development <i>Integrated Policies as operators for transition</i>
		European Union	Social Cohesion Policy SDEC, INTERREG CIP URBAN, URBACT
Central State	↘		
	↘	Transborder Regions National Regions	Regional Policies DOCUP OP Interreg
Province	↘		
	↘	Metropolitan Areas	National IPSUD (Big Cities programme Politique de la ville, Soziale Stadt, ...) CIP Urban
Commune	↘		
	↘	Neighbourhoods	Area-based approaches

Source: Jacquier, 2010

In the interpretation of the present paper, the third column, the functional area logic, does not substitute the first one, the traditional fixed area government logic (this might differ from the interpretation of Jacquier). These two hierarchies can and should exist at the same time, as they have different tasks and legitimations. The entities of the functional logic do not turn into fully institutionalised forms, therefore these new spatial levels have better chances to get accepted by the administrative levels (as when the German municipalities and the Länder accept the metropolitan regions until these do not become fully fledged, powerful administrative units).

There are several methods for how the new spatial hierarchy of informal, functional levels can be established, and how the capacities for integrated planning and monitoring can be developed without too much formalisation of these levels. It is also clear that on these functional levels, the more open, participatory governance processes can be applied, involving population groups and other important actors.

From the perspective of this paper, the metropolitan (city-region) level has extraordinary importance as this makes possible the needed spatial and content-wise expansion from the recent outdated, fragmented, small administrative local government (city) level. The expansion becomes possible with the application of new techniques: on the new metropolitan (functional urban area) level:

- visionary planning has to be carried out: integrated strategic planning, in order to judge the different (sectoral, spatial) development alternatives according to the efficiency and equity criteria, taking into account all possible inter-relationships; applying highly participatory processes, in order to explore and include the interests and views of different population groups and other actors;

- plans for social inclusion have to be prepared, based on social mapping of the whole city-region, and aiming for appropriate social interventions (horizontal policies for the poor, interventions into deprived neighbourhoods, applying cautious social mix strategies, etc.).

On the neighbourhood level, new socially creative strategies have to be developed. The results of neighbourhood-level decisions, e.g. on budget and on priorities, should be channelled into the city-region level planning. On the other hand, neighbourhood plans should fit into the city-region wide strategy, and should be developed within the framework given by the city-region level.

With the creation of these two parallel hierarchies, many problems of the present rigid and outdated administrative systems can be solved. One basic question, however, remains: how can it be assured that the plans and ideas developed in creative ways on the new functional levels finally get officially and formally accepted by the existing administrative structures (national states, provinces and local governments)? This is a crucial question, as the precondition of the establishment of the new functional hierarchy was that this should not decrease the role/power of the administrative governments.

This question is difficult to answer in a national context alone. There are many European countries which started promising programmes to establish new functional levels but failed or achieved only very few results, due to the opposition of the existing powerful, formal administrative governments.

Solving this problem is of both national and European interest. On the one hand, national governments are in the key position to develop their strategy on how to create the double hierarchy of administrative and functional levels in their country (taken the historical, geographical, etc. conditions into account). On the other hand, the attempts of the national governments at modernisation of the administrative-functional governance systems have to be supported from the European level, both by blueprints and by policy-regulatory-financial types of means (increasing incentives in the system of European regulations and funds).

7.2 The need for new EU initiatives to support the functional levels of governance

As emphasized above, the development of the double hierarchy of administrative and functional levels of governance has to be steered by the national governments, as the conditions are very different across European countries. This means that – similarly to the differences between the existing formal administrative systems – the new informal functional systems also have to be developed in different ways across the countries, the EU only able to determine the aims and basic requirements of the new systems.

Thus, the task of the EU is to raise the interest of countries in the new model, develop the basic principles and requirements regarding the different levels of the new functional system, and create financial initiatives for the introduction of appropriate models.

There are many different ways the EU can approximate these tasks. These can be classified into the following main groups:

- modifying existing EU policies and regulations to involve the logic of functional governance levels;
- creating separate financial and/or branding mechanisms to initiate the development of appropriate models;
- applying the idea in bilateral negotiations and contracts to be signed with each EU country for the 2007-13 period.

This paper cannot deal with these issues in detail, thus in the following, only some initial ideas are listed for the three options.

1) Modifying existing EU policies and regulations to involve the logic of functional governance levels

The post-2013 cohesion policy is currently under revision, thus the idea of integrated planning on functional (metropolitan) area level could easily be included in the new regulation. This requirement could become a condition in the compulsory dedicated urban angle eventually introduced within the programming of the Structural Funds.

The Urban Intergroup suggests Territorial Pacts, as development contracts within cohesion policy. The contracts could include the requirement for the functional levels. On the basis of the contract, the Commission should be able to use conditionality.

2) Creating separate legal, financial and/or branding mechanisms to initiate the development of appropriate models

A new Metropolitan Area Directive could be introduced, similar to the existing Water Framework Directive, which is a brave attempt to deal with complex issues in new ways. Regarding the potential metropolitan areas, within a given time limit the spatial location of metropolitan areas and the mapping of the interested actors have to be completed and then a development plan created through communication between these actors. This also means that a decision has to be reached as to what future actions have to be taken (strategic plan preparation, transport cooperation, etc.) on the metropolitan level and what the role of the different actors in these actions should be.

A legally easier way than the directive could be to launch a Metropolitan Community Initiative, with a non-compulsory, positively rewarded approach towards integrated development on the functional urban area level.

If an Open Method of Coordination procedure were launched for urban policies (Urban OMC), governance on functional area levels could become one of the aspects of this procedure.

If a reference framework for urban policies were issued, governance on functional area levels could become part of the framework.

3) Applying the idea in the bilateral negotiations and contracts to be signed with each EU country for the 2007-13 period

The EU 2020 strategy is of key importance in determining the EU and national development priorities for the upcoming decade. Currently, the reform programmes have to be formulated

on national level. It is crucial that regional and local authorities become real partners in this process, as until they are involved, the EU 2020 goals are hard to reach. The EU should require partnership contracts on the national level, involving the regions and cities (in different ways across different countries, but everywhere in some way), and the issue of governance on functional area levels should become part of the contracts.

The case of the Romanian growth-pole policy (with compulsory metropolitan area building around the growth poles) has shown that the idea of functional area level governance can be built into the contracts which will be signed between the Commission and the individual EU countries for the 2014-20 development period.

This paper has raised and discussed the idea of double hierarchy of administrative and functional levels of governance. The suggested model makes it possible to build up the very much needed new functional levels in such a way that the existing administrative regions and local governments need not be changed. The development of the new system is the task of the countries and the regions, without limiting their existing competences. Thus, the burning issues of the present outdated sub-national government systems can be addressed in such a way that the principle of subsidiarity does not get hurt. This is a realistic way for the European Commission to help real metropolitan cooperation, which is of crucial importance specifically for the post-2013 cohesion policy discussion and in a broader sense for the future of European urban areas.

8 References

- Albrechts, L., 2010: More of the same is not enough! How could strategic spatial planning be instrumental in dealing with the challenges ahead? In: *Environment and Planning B: Planning and Design* 2010, volume 37, pages 1115-1127.
- Balducci, A., Kunzmann, K. R., and Sartorio, F. S., 2004: Towards creative city-region governance in Italy and Germany. *DISP*, 158, 2-4.
- BBR (Bundesamt für Bauwesen und Raumordnung), 2005: *Raumordnungsbericht 2005*. Bonn.
- Berlin, 2009: *Rahmenstrategie Soziale Stadtentwicklung. Handbuch zur Sozialraumorientierung*. Berlin, 2009 .
http://www.stadtentwicklung.berlin.de/soziale_stadt/rahmenstrategie/download/SFS_Handbuch_RZ_screen.pdf
- Broeck, v. d. J., 2010: Introduction to the workshop 'Co-production in Strategic Spatial Planning and Strategic Projects' at the Belgian Presidency Multi-level Urban Governance Conference, Liège, December 2010.
- Calafati, A., 2010: *Understanding European Cities' Development Trajectories: A Methodological Framework*. Issue paper in preparation on behalf of the European Commission - DG Regional Policy. Università Politecnica delle Marche, Italy.
- Communities, 2007: *Communities and Local Government Economics Paper 1: A Framework for Intervention*. Department for Communities and Local Government: London .
- Crouch, C., 2004: *Post-Democracy*. Polity Press, Cambridge -Malten.
- EEA, 2009: *Ensuring quality of life in Europe's cities and towns. Tackling the environmental challenges driven by European and global change* EEA Report No 5/2009. European Environmental Agency.
- ESPON, 2007: *Study on Urban Functions*. ESPON Study 1.4.3 IGEAT, Brussels. Final Report, March 2007 www.espon.eu
- Gerházi, É., Somogyi, E., Tosics, I.,: *How to tackle extreme deprivation and socio-spatial segregation? Policy efforts and their results in Hungary*. *Urban Research and Practice* Vol. 2, No. 2, July 2009, 206-217.
- Goodspeed, Timothy J.: *Tax competition, benefit taxes, and fiscal federalism*. In: *National Tax Journal* • September 1998 • Symposium: What Do We Mean by "Taxpayer Relief"?
- Häussermann, H., 2005: *The end of the European City?* *European Review*, Volume 13, Issue 02, pages 237-249.
- Healy, P., 2004. *Creativity and urban governance*. *Policy Studies*, 25(2), 87-102.
- Jacquier, C., 2010: *Challenges and Opportunities of Multilevel Governance in Europe*. Presentation at the Belgian Presidency Multi-level Urban Governance Conference, Liège, December 2010.

JOINING FORCES project, URBACT II (2008 -10). Lead partner: Lille. Lead expert: Tamás M. Horváth. www.urbact.eu

Jurczek, P., 2008: European Metropolitan Regions in Germany: a new spatial planning strategy in Europe. Chemnitz University of Technology .

<http://www.tu-chemnitz.de/phil/europastudien/geographie/download/krao16.pdf>

Katz, B., 2010: Reforming State Governments to Meet the Needs of Metros. Up front blog of The Brookings Institution. www.brookings.edu/opinions/2010/0506_fragmentation

Kunzmann, K. R., 2004. An agenda for creative governance in city -regions. *DISP*, 158, 5-10.

Leubolt, B., Novy, A., Beinstein, B., 2009: Governance and democracy. KATARSIS Survey Paper. Wirtschaftsuniversität Wien. Collection Études Théoriques, no . ET0908.

METREX, 2006: The revised METREX practice benchmark of effective metropolitan spatial planning. Glasgow, January 2006 .

http://www.eurometrex.org/Docs/InterMETREX/Benchmark/EN_Benchmark_v4.pdf

METROGOV project, URBACT I (2005 -07). Lead partner: Birmingham. Lead expert: Iván Tosics. www.urbact.eu

MORO, 2007: Initiativkreis Europäische Metropolregionen in Deutschland. Modellvorhaben der Raumordnung. Werkstatt: Praxis Heft 52. Bonn, 2007 .

Moulaert, F. et al (eds), 2010: Can the neighbourhood save the city? Community development and social innovation. Routledge.

NLGN, 2006. *Seeing the light: next steps for city-regions*. London: NLGN.

NODUS project, URBACT II (2008 -10). Lead partner: Catalunya. Lead expert: Iván Tosics. www.urbact.eu

PLUREL project, FP6 programme (2007-11). Peri-urbanisation in Europe: towards a European policy to sustain urban-rural futures. Coordinator: Danish Centre for Forest, Landscape and Planning. www.plurel.net

PLUREL, 2010: Rural-Urban Regions and Peri-Urbanisation in Europe: Towards a European Policy to Sustain Urban-Rural Futures. Executive Summary of the PLUREL FP6 research. Edited by Joe Ravetz, Annette Pierr, Iván Tosics. www.plurel.net

Ramsden, P., 2010: URBACT Citylab Synthesis Report. Managing metropolitan areas across boundaries and frontiers. 12 February 2010, Lille . www.urbact.eu

Rodenburg, J., Kamminga, F., Velinova, T. K., 2010: 'Governance and integrated planning by The Hague Region', in: C. B. E. M. Aalbers, T. van Dijk, P. D. van der Jagt and J. Westerink (eds), Analysis of regional spatial planning and decision making strategies and their impact on land use in the urban fringe. Case study of The Hague Region, The Netherlands, pages 69-89. Alterra-rapport 1924. <http://www.plurel.net/images/D331.pdf>

Steineke, J. N., 2010: Trends in Nordic municipal amalgamations. Journal of NORDREGIO No. 1 April, Volume 10, 2010 .

Tosics, I., 2007: City-regions in Europe: the potentials and the realities. Town Planning Review Vol. 78, No. 6 2007, 775 -796

Tosics, I., 2009: Dilemmas of Integrated Area-Based Urban Renewal Programmes. In: The URBACT Tribune. November 2009, 27 -30. www.urbact.eu

Tosics, I., Gertheis, A., 2010: Instruments and strategies for sustainable land use in peri - urban areas. Deliverable report 3.3.10. PLUREL FP6 research. www.plurel.net

United Nations (2008): World Population Prospects: The 2008 Revision. Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat , website: <http://esa.un.org/unpp>

Weihe-Lindenberg, L., 2000: Europe of the Regions – a Growing Reality. In: *Structural Change in Europe. Innovative Cities and Regions* , Hagbarth, 6-15.

Wilkinson, R., Pickett, K., 2009: *The Spirit Level: Why More Equal Societies Almost Always Do Better*. Allen Lane, 2009. Graphs to be found at: www.equalitytrust.org.uk