

## **ESF/SCSS Exploratory Workshop Grant**

### **Economic Actors and Metropolitan Government Reforms in Europe**

**Project coordinator: Prof Christian Lefèvre, University of Paris 8, Paris, France**

#### **Scientific Report**

##### **Executive Summary**

###### **Research topic.**

The major scientific objective of the project was to better understand the reasons and modalities of the business community involvement in Metropolitan Government Reform in Europe. For our purpose, Metropolitan Government Reform (MGR) was understood as the quintessence of collective action and business involvement as a requisite for the success of MGR.

The methodology used for the project was empirically based. 7 case studies of metropolitan areas were done: Amsterdam, London, Lyons, Madrid, Milan, Paris-Ile-de-France, Rome. Business involvement was considered through the analysis of the behaviour of their associations such as chambers of commerce, employers'unions or ad-hoc organisations. They were all considered as a whole with the appellation of "Organised Economic Institutions" or OEI.

During the duration of the project, the scientific objective has slightly evolved. Considering the diversity of case studies and for comparability purposes, we envisaged MGR as only one framework through which business involvement could be tackled in the governance of metropolitan areas. Thus we concentrated our work on the evolution of the relationships between economic actors and political players, taking MGR as one modality of this relationship, another being for instance network governance or even conflict.

In order to build up a comparative framework, we decided to extend the time of the research over a longer period (we chose to focus on the period from 1970s on). Two main structural logics having a major impact on the evolution of the relations between economic and political actors were identified: a logic of decentralisation and a logic of internationalisation. By analysing the impact of these two logics over a 20-30 year period, we were able to stress one of the main features of the governance of metropolitan areas in Europe, that of an increasing fragmentation of actors and of the system of action, thus putting into question the governability of cities themselves. A more detailed presentation of our research is made in the description of our two workshops below.

## Outcome of the project

Our project has had several outcomes and outputs.

1. Two books, one in English and one in French, will be published in 2002. Their common title is: "Ungovernable cities? European metropolitan areas between globalisation and decentralisation. The French version will be published in september 2002 by Elsevier and the English version will be published in late 2002 (publisher contacted is University of Bristol Press).

2. Strong participation at the American Urban Affairs Association annual conference to be held in Boston in late march 2002. Our group will present its research in two panels with a total of 6 papers.

3. Participation at the European Consortium for Political Research (ECPR) meeting to be held in Turin in march 2002. Our comparative research will be presented in the workshop on "metropolitan governance".

4. Proposal for a ESF thematic network on "Cities as international and transnational actors" (see short description of the proposal below) to be submitted to the ESF in may 2002.

In addition, several members of the project participated in various conferences and meetings held in Roma (december 2000), Madrid (may 2001), Paris (march 2002), Oxford (april 2002) on the topic of business involvement in metropolitan governance.

## Participants

8 researchers participated in the first workshop in Madrid (28 june-1 july 2001) from France, the Netherlands, Italy, Spain, United Kingdom. 2 were Ph.Students, the others being senior researchers. 2 were women.

9 researchers attended the second workshop (Bristol 13-16 december) from Canada, France, the Netherlands, Italy, Spain, United Kingdom. 1 was a Ph.D. student and a woman.

## Presentation of the two workshops

### Workshop 1: Madrid (June 28 to July 1)

The objective of this workshop was to get everyone acquainted with everyone's case study and to set up a common comparative framework by reaching agreements on the definition of some notions and if possible on the analysis and interpretation of most case studies. Papers were committed, one for each metropolitan area, and were sent to all members of the group 3 weeks in advance. Discussants were chosen at that stage.

Papers had a two section structure. The first section was descriptive (description of economic actors and their organizations, description of the Metropolitan Government Reform (MGR) plus some basic elements regarding the socio-demography and economy of the area). The second section was more analytical, the aim being to give an interpretation of business involvement in the MGR. 7 papers were produced. They are listed below:

- . Metropolitan Government reform in Roma : a study of the arguments and positions of business interests (Ernesto d'Albergo)
- . Business interests in the metropolitan area of Milan (Floriea Diciommo)
- . The internationalization of the Lyon area: Relationships between central government, local authorities and economic interests (Bernard Jouve)
- . A 'Third Way' in metropolitan governance? Business interests and the new governance of London (Mark Kleinman)
- . The empowerment of the Ile-de-France region and the role of business organisations (Christian Lefèvre)
- . The Establishment and the consolidation of the Madrid autonomous community and the role of organized economic interests (Jose Manuel Rodriguez Alvarez)
- . From a national urban welfare regime towards a national urban pro-growth regime: the Dutch-Amsterdam case (Pieter Terhorst)

Five (5) elements of clarifying and comparability were established after a two-day discussion, first regarding papers and second regarding a comparative framework (see agenda of the workshop). They are:

1. The notion of Metropolitan Government Reform. The first remark made at the workshop was that it was impossible to find a true MGR in every metropolitan area unless we enlarge the definition of what a MGR is. Indeed, only London with the establishment of the Greater London Authority in 2000, could produce a MGR to be analysed. As a consequence, the group decided to enlarge the notion of MGR by stating that a MGR could also include 1) any reform project even though it is not being implemented as long as it remains in the political agenda (this allowed us to include Lyon with the Urban Region of Lyon (RUL), Rome and Milan with the "Città Metropolitane" and Amsterdam with the City-province project) and 2) the empowerment of an existing local government as long as this empowerment concerns an area-wide authority (this allowed us to include Madrid and Paris with the empowerment of regional governments in these two areas).

2. Metropolitan Government Reform as only one modality or one heuristic element of business involvement. Most of papers had implicitly or explicitly covered a much larger spectrum of business involvement than was initially planned with the MGR, for the very good reason that we could not find MGR everywhere. As a consequence, most papers had already envisaged other modalities of business involvement in metropolitan affairs. Another one was to be found in almost any case study, including London with the GLA, namely Network Governance. Also, some papers (Lyon, Paris, Milan for instance) had already shown some "no relations" situation or even conflictual relationships between economic actors and political authorities. This is the reason why the group decided to extend the initial question of business involvement in MGR to business involvement in the governance of metropolitan areas in general, thus including the other modalities (network governance and conflictual governance).

3. What do we mean by Organised Economic Institutions (OEI) and what is their status in our analytical framework? It was also apparent that each paper had dealt with business involvement in its own way, according to national and local specificities. Therefore, the group decided to be more explicit as what business involvement meant and overall what business signified. The notion of business community was far too wide since most papers had already shown that such a community did not really exist but was divided in several structures and interests. In addition, the organisations of the business community differed significantly from one country to the other because of national and historical reasons (for instance chambers of commerce are statutory public bodies in France and in Italy while they are only voluntary associations in the UK). For all these reasons, the group decided to study business involvement through the behaviour of "traditional" organisations (chambers of commerce, employers unions) and new ad-hoc or territorial structures such as London First in London or the AINM in Milan. We also acknowledged that OEIs behaviour could not represent the whole set of economic actors involvement for two reasons: 1) some economic actors and notably the larger firms did not get involved through OEIs but on the contrary were directly involved and 2) OEIs in some countries could have their own interests which could differ or not be completely matching those of their members.

4. What is the relevant time period to study the evolution of the relationships between political and economic actors? We decided to be flexible in that matter considering that an average of 20-30 period was relevant in order to see and analyse an evolution. However, this time period could be shorter depending on national or local specificities. For instance, in Rome or in Milan, the enactment of Law 142 in 1990 was considered a major break in the relationships between local authorities and the State, from which the system of actors had drastically changed. It was thus acceptable to study the evolution from that period.

5. What are the main elements explaining the evolution of the relationships between political and economic actors. After a long discussion, two determining process were identified as explaining elements of the evolution of relationships between actors: globalisation and decentralisation. We thus decided to take these two processes as structural dimensions of our comparative framework and to test them in the second workshop.

### **Programme of the Madrid workshop**

- 28 June : 1 pm- 3 pm. Arrival and General lunch meeting
- 3pm-6 pm. Presentation of the City of Madrid and visit of the city by the Municipality of Madrid
- 29 June : Morning (9:30-14:00) : Presentation of case studies : Amsterdam, Roma, Lyon and Paris)
- Afternoon (4:00-7:00) : Presentation of case studies : London, Madrid and Milan
- 30 June : Morning (9:30-14 :00) : discussion of the comparative framework
- Afternoon (4:00-7:00) : discussion of the comparative framework and of the outputs of the research

## Workshop 2: Bristol (13-16 december 2001)

The objective of the second workshop was to discuss the comparative framework from 7 papers, each dealing with a case study following the general lines agreed upon in the first workshop in Madrid. Therefore, 7 papers were discussed, each presenting its own analysis of the relationships between economic and political actors over a 20-30 year period through a discussion of the impact of the logic of globalisation and the logic of decentralisation. Each paper was allocated to a discussant. In addition, two other senior researchers from the University of Manchester and the University of Quebec at Montreal (UQAM) had been invited to comment on the papers, the general comparative framework and to participate in the last part of the meeting, devoted to the preparation of an application draft to the ESF thematic network programme.

The 7 papers listed below were also considered as pre-drafts to serve as the major content for a book. The discussion of the final content of the book was also part of the programme of the Bristol workshop (see programme below)

- . Business interests and metropolitan government reform in Roma (Ernesto d'Albergo)
- . Milan, between economic internationalization and metropolitan governance (Floridea Diciommo)
- . Lyon : towards a city of networks (Bernard Jouve)
- . London : Metropolitan innovation and the business community (Mark Kleinman)
- . The Ile-de-France region between internationalization and decentralization: from a State governed area to an ungovernable city? (Christian Lefèvre)
- . The autonomous community of Madrid : the « lucky » establishment of a metropolitan political region and the perspectives of the OEIs. (Jose Manuel Rodriguez Alvarez)
- . From a national urban welfare regime towards a national urban pro-growth regime: the Dutch-Amsterdam case (amended version). (Pieter Terhorst)

As a whole, the comparative framework proved to be quite fruitful. The comparison of the 7 case studies showed a significant result. In most of our metropolitan areas, the business community as well as the political sphere are showing signs of an increasing fragmentation. Therefore, part of the discussion focussed on the empirical comparative definition of what we meant by "fragmentation". Fragmentation is a double processus. On one hand, metropolitan areas are experiencing a multiplying of the places of power and of representation of interests which is leading to a diversifying of mediating channels and networks between political and economic actors. On the other hand, there is a tendency towards a higher "conflictuality" between actors because channels of mediation and networks do not match, show sometimes no relationships between themselves and are organised around different and sometimes conflictual interests. In this situation, fragmentation is to be understood as the contrary of integration.

The logics of globalisation and decentralisation also proved rather relevant as heuristic elements to analyse the evolution of relationships between political and economic actors. Globalisation because it has serious impacts on the governance of cities since territorial competition exacerbates the conflictuality of interests both between political and economic actors and among economic actors (depending on the size of the firms, their sector of activity, their openness to the world competition, etc.). Decentralisation because it has established

local governments as competitors of economic actors in major policy fields such as economic development, professional training, etc. Second because it has increased the conflictuality of interests between local governments and between local governments and the State.

Putting increasing fragmentation as a general hypothesis empirically established in several of our case studies poses a most important question to the on going scientific debate expressed in the notion of governance. Indeed, our main finding questions the so-called governability of metropolitan areas and of territories in general since we do not consider governability as a goal which can be achieved through governance instruments but as a goal less and less likely to be achieved because of the increasing fragmentation of urban societies.

Not all our metropolitan areas show sign of increasing fragmentation. Two major cities, namely Madrid and Amsterdam, do not follow the 'fragmentation' pattern, Madrid because the Regional government has apparently succeeded in aggregating around its strategies and policies the most significant economic actors (as well as the other local governments); Amsterdam because the 'metropolitan' question is taken as a national issue and as such is dealt with at the national level. In that perspective, the Amsterdam case study is exceptional in Europe.

### **Programme of the Bristol workshop**

- December 13 : arrival and general dinner meeting.
- December 14 : Morning (9-12) : discussion of the introductory chapter and discussion of case study chapters on Roma, Amsterdam and Milan.
- December 14 : Afternoon : (2-3:30) : discussion of case study chapters on Lyon, Paris, London and Madrid.
- December 14 : Evening (6-8 pm) : meeting with researchers of the University of Bristol interested in international comparative research
- December 15 : Morning (9-12) : Final discussion of the comparative research.
- December 15 : Afternoon (2-6) : Discussion about the production of a book in English and in French. General discussion to prepare a common application to European programs and notably to an ESF thematic network

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## **Summary of the draft proposal for an ESF thematic network: Cities as international and transnational actors: history, current dynamics and future role**

This proposed network is one output of the ESF 2001 exploratory workshop scheme where the core group of the proposed network has been heavily involved in the topic "Economic actors and Metropolitan Government Reforms".

### **Introduction**

European cities are experiencing a profound process of change in relation to their governance structures. There are a number of contributory causes of this. First, the globalisation of economies has put cities at the forefront of the regulation of societies. Globalisation and European Integration, by reducing the capacity of State to regulate societies (Majone, 1999; Wright and Cassese, 1996), has produced territorial competition (Gordon and Cheshire, 1996), a process through which cities are competing for resources, investment, skilled workers and residents. Second, they are at the same time having to manage tensions and problems resulting from economic restructuring, social change and international migration, which emphasises issues such as social cohesion. Third, the development of the economic integration of the European Union, symbolised by the successful launch of the Euro in 2002, and the likely prospect of further expansion of the Union, have raised all sorts of fundamental questions about democracy, citizenship, people' participation in political life at the local level, notably by questioning the relevance of the territorial basis of political identity.

### **Research topic**

In order to address these essential issues, cities compete but also cooperate, thus becoming international and transnational actors. Cities are international actors because they have become a place for the regulation of globalization and decentralisation and are no longer and to the same extent protected by their national States. They act to attract people and business at the international level. Cities are transnational actors because they build networks across and above national structures in order to protect and foster their interests vis a vis the State, the regions and other actors, specially the European Union.

This role for cities is an essential change. Various research and studies have been done to investigate this new role but they are mostly descriptive or focus on a few metropolitan areas or a specific city network only and seldom in a comparative way. To a large extent, it seems legitimate to state that so far no comparative study, both theoretical and empirically based has ever been done on the ways cities are fulfilling this role and specifically on cities' involvement in transnational networks and how those operate and on the second hand on the impact of these changes over the city's governance, externally, that is vis a vis their national and international environment and internally.

The proposed ESF network aims at critically investigating this international and transnational role for cities and its impact on cities' governance. For that purpose, we think an historical perspective is also needed in order to identify the novelty of this role. Expected outcomes will be a better understanding of the emerging international and transnational roles of cities, the impact of this new role on cities governance, and the likely evolution (building up of european networks to the detriment of national ones, role of the EU integration strategy and programmes, etc.).

## 1. Areas of investigation

We will investigate 3 areas:

1. City networks (e.g. Eurocities, ad-hoc networks like Intereg)
  - . How new are they? What is the difference with previous cities networks such as in the Middle Age and Renaissance (e.g. Hanseatic League) or in the 19th and 20th centuries (e.g. Expo networks)?
  - . What are they? What are their roles (lobbying, identifying common interests?)
  - . How do they work?
  - . What do they do?
  - . Which networks are different cities involved in and why?
2. Cities as actors. The de-construction of actors through answers to the following questions:
  - . Who speaks for and who acts for the city at the international level? The central city? The metropolitan authority (if it exists), the region, others such as business organisations?
  - . Who is really involved? The mayor? Politicians? High executives? Businessmen? Others?
  - . Who is being mobilised and how? Business communities? Civil society (voluntary sectors, citizens groups, etc.)?
3. Impacts on the city's governance. This will be done through the analysis of the following elements:
  - . Is there a link between the city's international and transnational role and its internal governance (e.g. building a metropolitan authority or arrangement, enhancement of local democracy, etc.)
  - . Evolution of relationships between the city and its politico-institutional national environment (regional level, State), e.g. claim for more autonomy, less focus on national networks, etc.
  - . Impact on the content of policies and actions (e.g. the modernity of cities?)

## 2. Method

Research will be done through interviews and will mix an analysis of metropolitan areas ' involvement in networks and international activities and analysis of specific networks. Metropolitan areas selected so far are: Amsterdam, London, Lyon, Madrid, Manchester, Milan, Paris-Ile-de-France, Rome. Other cities will be added as the network extends. City Networks: Eurocities, Committee of the Regions and others to be selected.

The research will be carried by full time research scientists and Ph.D. students doing research on a comparative basis and fully integrated in the network

### 3. The coordinating committee

Co-chairmen: Mark Kleinman (UK) and Christian Lefevre (France):

5 countries: France, Italy, Netherlands, Spain, UK

France:	C. Lefèvre, Professor, University of Paris 8
	F. Di Ciommo, Associate Researcher, LATTS, ENPC, Paris
	B. Jouve, Professor, ENTPE, Lyon
Italy:	E. d'Albergo, Associate Professor, University La Sapienza, Rome
Netherlands:	P. Terhorst, Researcher, University of Amsterdam
Spain:	J.M. Rodriguez-Alvarez, Associate Professor, Autonomous Univ. of Madrid
United Kingdom:	M. Kleinman, Professor, University of Bristol
	M. Hebbert, Professor, University of Manchester

Observers: Canada (a group of researchers doing work on 4 Canadian and US cities)

Extension of the network: other members in Spain and Italy will join the group during the first year. The involvement of Switzerland is also expected.