

Place-based Public Policy: Towards a New Urban and Community Agenda for Canada

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By

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Foreword

Cities, large and small, are where today's major public policy issues play out. Yet governments in Canada have not made much progress toward adapting their programs and delivery mechanisms to this new reality. All three orders of government are active in cities – they spend, regulate, tax, and own property there, but in ways that are not coordinated within each government, let alone across the three orders of government.

To inform the efforts to address this new policy challenge now under way across Canada, this paper by Neil Bradford (CPRN Research Associate, Cities and Communities, and a Professor at Huron College, University of Western Ontario) explores experiences in Britain, Europe and the United States. Governments there started earlier than Canada and have progressed much further, by adopting the four key elements of place-based framework: a) tapping into local knowledge, b) balancing a mix of economic and social policies which combine place-based programs with broad income security and services such as health and education, c) governing through collaboration with civil society and each other, and d) recognizing the emerging roles of municipal governments.

One way or another, these other countries have found ways to respect formal jurisdictional boundaries while acting on their policy interdependence with respect to place-based policy. Over time, they have tested and learned from their experience. Bradford extracts the learnings from these experiences, and then proposes action on four fronts: creating a new intergovernmental framework, adopting an urban policy lens based on knowledge flowing up from cities to provincial and federal departments, recognizing and resourcing local governments, and building on the Winnipeg and Vancouver experiences with Urban Development Agreements. These Agreements can be applied to one large city or to a cluster of cities with similar challenges – such as cross-border cities and immigrant-settlement cities.

The paper is a companion piece to two previous papers by Neil Bradford – *Why Cities Matter* (2001) and *Cities and Communities that Work* (2003). I want to thank him for this impressive analysis, designed specifically to address the growing sense of urgency and frustration among governments, as they turn their attention to the challenge of cities and communities. I also want to thank Jane Jenson and David Hay, the former and current Directors of the CPRN Family Network, for their oversight of the research. In addition, many thanks to the peer reviewers and to the TD Bank Financial Group, whose generous gift supported the research.

Judith Maxwell
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Executive Summary

Recently there has been growing awareness of the importance of cities, large and small, as strategic spaces in the age of globalization. They are *the places* where today's major public policy challenges are being played out. Countries that invest in their cities and communities are likely to be at the forefront of progressive change in the 21st century.

This Research Report explores ideas and options for a new approach to urban and community policy in Canada. The analysis builds on the growing body of research demonstrating how “place matters” to the quality of life for all citizens and to the prosperity of nations. Economic geographers studying innovation emphasize qualities of the “local milieu” that are crucial for knowledge-intensive production. Scholars examining social inclusion reveal the barriers individual and families face in moving forward when their neighbourhoods limit access to quality services and networks. Environmental analysts stress that urban centres are where major ecological stresses converge, and that decisions taken locally about land use, transportation, and development are crucial for sustainability.

All this research reveals the difference “place quality” makes to public policy outcomes. But what measures and mechanisms are required to act on this knowledge? How can governments at all levels reposition themselves to meet the challenges converging in urban areas?

This Research Report calls for a *place-based* public policy framework. In so doing, it takes a broader view than is often the case in assessing the problems and prospects of cities. An urban perspective concentrates on physical infrastructures and the powers available to municipalities. A community perspective focuses on social infrastructures and the networks for democratic participation. The place-based framework recognizes the importance of both perspectives, and seeks their integration through a mix of public policies responding to the needs of cities of all sizes and locations.

Part 1 of the Research Report surveys a range of urban policy and community development literatures to identify four key elements of the place-based framework:

- *Tapping Local Knowledge.* The attention now being paid to localities reflects the fact that many of today's policy challenges are resistant to sectoral interventions designed and delivered from above by government departments. Effective problem-solving requires that governments tap local knowledge, bridging outdated divides between experts, citizens, and community-based organizations. Strong urban and community policies engage different forms of localized expertise including the “lived experience” of residents, the “action-research” of community organizations, and the “technical data” of statistical agencies.
- *Finding the Right Policy Mix.* Acknowledging the significance of the locality for policy-making also means recognizing the potential risks inherent in the place focus if conceived too narrowly, or in isolation from broader policies. The mix of policies is crucial, balancing both spatially-targeted measures for distressed areas and “aspatial” policies for health, employment, education, and so forth. A robust place-based framework thus has two inter-related components: general policies guided by an “urban lens” and targeted programs informed by the ideas of residents.

- *Governing through Collaboration.* New relationships must be forged among government, civil society, and the economy, and across the different branches and levels of the state. These collaborations take horizontal and vertical forms. Horizontally, government departments represented in local projects need to join-up their interventions for a seamless continuum of supports responsive to the unique conditions on the ground. Upper level governments must also work with and through local partnerships, enabling them to revitalize their communities on terms of their own choosing, while also guarding against greater disparity between places.
- *Recognizing local governments.* Local governments are key actors in the governance of the place-based policy framework. Research shows that Canadians view municipal governments as the level most attuned to community needs and priorities. Moreover, municipal officials are best able to provide access points for citizen input, and to convene local actors for policy collaboration. Municipal knowledge is an important input for many public policies and often essential to effective implementation and evaluation. To make these contributions, however, local governments require appropriate recognition and capacity.

Part 1 of the paper concludes that Canada has not yet made much progress toward this collaborative, place-based policy framework. For more perspective, Part 2 turns to international experiences. It reviews recent developments in Britain, the United States, and the European Union, three jurisdictions that have gained international attention in the last decade or so for their experiments with community-based urban revitalization. For each case, the Research Report describes the main elements of the approach, as well as observed strengths and limitations.

In Britain, New Labour's approach presents a concerted place-based strategy for urban revitalization. Focusing attention on neighbourhoods suffering "multiple deprivation," the government situated its local interventions in a wider national policy for combating social exclusion. Implementation has proceeded through two distinct phases. From 1997 to 2000, the emphasis was on *targeted interventions* to stabilize distressed neighbourhoods. Beginning in 2001, the strategy shifted to *mainstreaming* these localized initiatives by incorporating their key lessons and innovations into broader public policies. While not without its tensions and gaps, New Labour's joined-up government and partnership approach moved beyond either a top-down imposition of central government priorities or a bottom-up competitive scramble among localities for funds. The government restored some legitimacy and capacity to local governments, recognizing them as vital policy partners, and rewarding them for working in new ways. Outreach to marginalized citizens and groups also broadened representation in local partnerships. And the strong emphasis on integration and accountability aimed to ensure that neighbourhood projects would dovetail with regional economic strategies and government social priorities.

The American case reveals a federal government learning from its own flawed urban policy history to work in new ways with states and local actors for community renewal in both urban and rural settings. Since the 1960s, the deep-seated problems of American cities have triggered much policy experimentation and, in the 1990s, President Bill Clinton implemented a "hybrid national urban policy" drawing lessons from past policy. The flagship was the 1993 Empowerment Zone and Enterprise Community program. Mobilizing community leadership and planning, the government provided a range of grants and incentives to implement locally-defined

projects. A Cabinet level Community Empowerment Board headed by the Vice-President worked to ensure that all the federal agencies active in cities and communities aligned their interventions with the plans of local empowerment coalitions. In these efforts, the government was assisted by the thick layer of “intermediary organizations” active in American cities and communities. National foundations, regional stewards, and local networks contributed knowledge, money, and expertise. The Clinton Administration’s urban and community policy legacy remains contested: some credit it with bringing new housing and employment to residents in the country’s most distressed places, while others judge the effort not sufficiently comprehensive.

The European Union offers an example of multi-level governance and policy networking. Using a mix of principles, practices, and networks, the EU in the 1990s became a catalyst for urban innovation through policy collaboration among member states and local actors. Themes of cohesion, partnership, and networking have structured three major European urban programs. The cohesion principle directed resources to the most distressed places, including both troubled neighbourhoods within larger cities and smaller urban centres struggling on the geographic periphery. It also recognized the interdependence of economic and social goals in local places, putting anti-poverty and labour force development priorities alongside technology innovation and business networking. Social partnerships have required joint planning between national governments and sub-national authorities, as well as participation from business, labour and community organizations. Here, the EU pushed some national governments to incorporate new policy ideas, and challenged many local authorities to include new actors in governance. Finally, the EU’s institutionalized commitment to networking has facilitated extensive transfer of policy knowledge, both horizontally across cities and vertically from the local level to the national and supra-national levels.

Part 2 concludes with a summary of key lessons from the British, American and European experiences. In each case, the upper level government exercised a particular form of leadership to align better public policies with local needs and capacities. In Britain, the central government was the *driver* of the process. In the United States, the federal government was more a *facilitator* of action. In the EU, the Commission became a *catalyst* for innovation. Across the cases, the overarching theme was the need for balance. Experience shows that collaborative governance and place-based policy-making requires careful management of what in practice are a series of cross-pressures. These include respecting formal jurisdictional divides and acting on the fact of policy interdependence, meeting political demands for “results” and respecting the longer term planning required for successful partnership, and connecting localized interventions to wider regional strategies and national policies.

Part 3 of the Research Report considers these comparative experiences in relation to Canada’s present circumstances. The discussion focuses on three main lines of development:

First, consideration is given to a new *intergovernmental framework* setting out basic principles, roles and responsibilities appropriate to place-based governance. Several institutions and processes are discussed including the 1999 Social Union Framework Agreement (SUFA). These initiatives establish a context for different levels of government to learn that they can achieve more together than apart, and that genuine collaboration involves flexibility in finding policy

accommodations that respect both common aspirations and local variations. The fact these intergovernmental policy processes still do not include municipalities is a design flaw from the perspective of place-based policy-making. Accordingly, the Research Report considers further ideas about bringing local voices to the intergovernmental table.

Second, an *urban policy lens* is discussed. Such a lens could enable a more holistic understanding of what makes cities and communities vital, and how local knowledge can inform the public policies of federal and provincial governments. The Healthy Cities/Healthy Communities perspective is proposed as one possibility. For such a policy lens to connect local and national priorities, however, mechanisms are needed to flow knowledge between cities and federal and provincial government departments. To this end, several innovative strategies in various policy fields are described, some initiated by governments and others by communities, to bring place-sensitive knowledge to the decision-making process.

Finally, the Research Report reviews a number of *action-oriented tri-level agreements* that presently tackle particular problems in different cities. Most prominent are Canada's Urban Development Agreements (UDAs) pioneered in Winnipeg and Vancouver. UDAs bring together the problem-solving resources of the different levels of government, and the community and business sectors. The point is not simply better adaptation of the respective government interventions to local conditions, but tri-level collaboration so that the combined effort is greater than the sum of the separate efforts. The UDAs are complex undertakings, and the Research Report provides some lessons about their governance and operation. There is now growing interest in applying the UDA model to places outside Western Canada, and to policy challenges beyond combating poverty. At the national scale, such tri-level frameworks might target groupings of cities or communities facing similar challenges and opportunities.

The Research Report concludes that place-based policy-making, properly designed and implemented, can help governments meet the key challenges and opportunities currently converging in urban spaces. A main message is that Canadian policy communities are now well-positioned for a concerted round of policy learning and practical experimentation. They can *learn from elsewhere*, drawing on the experiences of other jurisdictions, and they can *build from within*, reflecting on several promising collaborations already underway in Canadian cities.

Place-based Public Policy: Towards a New Urban and Community Agenda for Canada

Part 1. Place-based Public Policy: Knowledge, Networks, and Governance¹

1.1 Introduction: Cities and Communities on the Agenda

Recently there has been growing awareness of the importance of cities, large and small, as strategic spaces in the age of globalization. Knowledge-based innovation is the critical ingredient for prosperity and well-being in the 21st century, and it seems to thrive in local places that value diversity, encourage the flow of new ideas, and include all residents in the economic, social, and political life of the community. Contrary to predictions of the “locationless” effects of virtual communications and the “death of distance” in a weightless economy, urban centers are becoming more important as places where people live and work (O’Brien, 1992; Cairncross, 1997). And Canada is one of the most urbanized nations in the world, with fully 80 percent of its citizens living in urban areas, and some 64 percent of the population living in the country’s 27 Census Metropolitan Areas, cities with populations greater than 100,000.

It comes as no surprise, then, that urban issues are moving to the forefront of the national policy agenda. Jane Jacobs long ago made the point that innovative and adaptive local economies were the foundations of national well-being. Meric Gertler observes that cities now are *the places* where globalization’s most important flows intersect: flows of people, flows of capital, and flows of ideas (Gertler, 2001). Moreover, policy realignments among Canadian governments have reinforced the urbanizing flows of people and commerce. In the past decade or so, federal and many provincial governments have passed significant responsibility to municipal authorities for the urban physical and social infrastructure. Cities are where the major public policy issues are playing out, and municipal governments are on the front lines in responding to the pressures (Andrew, Graham, and Phillips, 2002).

Yet, appreciation of the importance of urban spaces also leads to consideration of alternative futures. Certainly, there is nothing automatic about the emergence of local places that are innovative, inclusive, and sustainable. A darker scenario is possible, where economic restructuring concentrates its burdens in specific neighbourhoods – with more poor people becoming more isolated from the mainstream; where international migrants find themselves blocked from full participation and experience cultural marginalization; or where sprawling developments segregate communities, damage ecosystems, and constrain civic engagement.

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Indeed, a number of Canadian studies point to new connections between national policy challenges, ranging from declining economic productivity and growing income inequality to environmental degradation and ill-health, and the problems of cities and communities (TD Economics, 2002; Arundel, 2003; Clutterbuck and Novick, 2003; Dunn, 2002; Sanmartin *et al.*, 2003). Recent research has clarified several key aspects of Canada's shifting and diverse urban landscape. Three major themes are evident:

- Cities are the engines of national economic prosperity. Analyses of creativity in the economy underscore the importance of city-regions, with their population density, diversity, and thick labour markets, as the critical scale at which economic innovation occurs (D. Wolfe, 2003). The growing service sector – the knowledge-intensive business, financial and professional services as well as the in-person, retail, data entry and lower end activities – are all concentrating in urban areas. The seven largest metropolitan areas generate almost 45 percent of the country's GDP, with cities such as Vancouver, Winnipeg, and Montreal accounting for more than half of their province's output (Bradford, 2002).
- Poverty and polarization evident at the national level have become more pronounced in cities. In the last two decades, in almost all metropolitan areas, the gap has grown between higher and lower income neighbourhoods. Poverty has tended to rise and concentrate in certain neighbourhood tracts in both central cities and older inner suburban rings (Lee, 2000; Séguin and Divay, 2002; United Way of Greater Toronto and CCSD, 2004). Moreover, these places are all part of a region-wide metropolitan economy, and the spatial concentration of problems can limit the growth prospects of the entire region (Pastor *et al.*, 2000; Bourne, 2004). In addition, the risks of exclusion and isolation disproportionately impact those already vulnerable, including Aboriginal peoples, recent immigrants, lone-parent families and elderly women.
- There is a widening gap between growing and stagnant or declining cities. Of the 140 urban areas that had populations over 10,000 in Canada in 2001, more than 40 percent saw an absolute decline in population during 1996-2001 while the four largest city-regions grew by 7.6 percent (J. Wolfe, 2003). The large cities face challenges in managing rapid growth and population diversity whereas many smaller communities confront population and employment decline, and need to retain their young people and recruit immigrants. Despite the differences, linkages within the national urban system remain significant: the large cities that power the national economy also rely on smaller centres for a high quality food and water supply, important aspects of environmental well-being, and many leisure and recreation amenities (Reimer, 2003: 22-26).

In sum, this body of research frames widespread concern that Canada may be becoming a country of cities and communities at risk, missing the opportunities that the age of globalization offers urban places, even as jurisdictions in Europe and the United States reposition themselves for success (FCM, 2001; Slack, Bourne and Gertler, 2003a; 2003b). At present, the problems of ageing infrastructure, insufficient affordable housing, spatially-concentrated poverty, traffic congestion and lowered air quality are piling up at the doorstep of the municipal governments. However, the implications reach well beyond the boundaries of the locality and the powers of municipal authorities. Lost human capital, increased social tensions, and foregone economic opportunity will take their toll on the overall quality of life of the provinces and all of Canada.

One recent study of the “cities agenda” summarized the case: “it is becoming overwhelmingly apparent that the long-term performance of the Canadian economy and Canadian living standards will hinge on the fortune of our cities ... *however, Canada’s cities face certain threats that, if left untended, could choke off economic expansion and gains in living standards down the road*” (TD Economics, 2002: 4,9, emphasis in original).

In this context, we have seen a surge of political and policy interest in Canada’s cities and communities, and the promise of a New Deal to make them work better. There is now broad agreement about the need for more significant and explicit national policy action to support Canada’s urban areas. Despite the emerging consensus on the need for action, however, there is little clarity about the measures required and the mechanisms for implementing change.

The aim of this Research Report is to offer ideas for moving forward. We bring a *place-based perspective* to the issues, offering it as a way to help bridge two different ways of analyzing the situation. An urban perspective is preoccupied with physical infrastructure, and the powers and resources available to municipalities. The community perspective focuses on social infrastructure, such as civic participation and inclusion networks. A place-based perspective captures the importance of both, and calls for their integration in cities of different sizes and locations. For this to happen, governments at all levels must coordinate their policies and tailor their programs to the conditions prevailing in particular places.

The Research Report begins by outlining the place-based policy approach, relating it to the increasing complexity of today’s policy problems, and the need for governments to tap local knowledge and mobilize community resources. Part 1 concludes that Canadian public policy for cities and communities has not made much progress along these lines. Thus, Part 2 reviews recent developments in Britain, the United States, and the European Union, jurisdictions that since the early 1990s have gained international attention for their community-based approaches to urban revitalization in both large city-regions and smaller centres. Part 3 of the Research Report brings the Canadian case into focus. Recognizing that all three levels of government are active in Canadian urban policy and governance, the report explores ways to improve performance through intergovernmental collaboration, an urban policy lens, and tri-level community programming. For each of these matters, several promising departures are described.

The Research Report’s main message is that Canadian urban policy communities are now well-positioned for a concerted round of policy learning and practical experimentation. Specifically, they can learn from elsewhere, drawing on the approaches implemented in other jurisdictions that have been responding with imagination to the new urban challenges. And they can build from within, reflecting on the lessons from several community-based urban initiatives presently underway in Canadian localities that establish a foundation for broader policy innovation.

1.2 An Age of Wicked Problems and Complex Files

The attention now being paid to urban places by governments at all levels reflects the fact that many of today's most important public policies exhibit the characteristics of "wicked problems." Wicked problems are the ones that "cross departmental boundaries and resist the solutions that are readily available through the action of one agency" (Perri 6 *et al.*, 2002: 34; Sullivan and Skelcher, 2002; Paquet, 1999). For governments, wicked problems present what Ralph Smith and Sherri Torjman call "complex files," distinguished by the "many layered programs involving a variety of players who need to create links between issues" (Smith and Torjman, 2004).

Wicked problems highlight critical information gaps about what precisely is required to help, and large coordination failures in terms of channelling the appropriate resources to the right target. They cannot be solved through "off the shelf solutions." With their inherent complexity, these problems are resistant to traditional sectoral interventions designed and delivered in a top-down fashion by individual government departments. Required instead are place-sensitive modes of policy intervention – strategies constructed with knowledge of the particular circumstances in communities, and delivered through collaborations crossing functional boundaries and departmental silos.

A prime example of such a wicked problem is Canada's growing income gap and its increasing spatial concentration in particular places across city-regions (United Way of Greater Toronto and CCSD, 2004). Low-income people find themselves "trapped" in deteriorating urban neighbourhoods. The poverty afflicting residents is rooted in a mix of difficulties ranging from labour market weaknesses and racial, gender or other discrimination to limited social contacts and a fraying community infrastructure of housing, education, health, transit, and so forth. In such "spaces of hardship," the variables are interconnected, and the problems of poverty build on one another "in more than an additive way" (Jenson, 2001: 20).

Any effective solution to social exclusion and spatial isolation will need to co-ordinate the efforts of many actors, agencies and governments. For example, labour market training programs that fail to take into account the barriers to participation when provinces do not ensure an adequate supply of child care, or municipalities do not arrange transit, will exclude some of the most important potential users. Federal immigration policy will not be effective if it fails to understand fully the settlement challenges that newcomers encounter in their new community, and the resources required for timely, accessible supports. By the same token, municipal zoning by-laws that constrain mixed income developments or encourage sprawling growth can undermine efforts by upper level governments to combat social segregation or meet ecological sustainability goals. In short, when the economic, social, or learning needs of people are not compartmentalized, it becomes obvious that no single government has the policy leverage to act on the myriad of factors causing the problem of spatially-concentrated poverty.

Yet, as numerous studies of public administration and public management have shown, established governing frameworks have been limited in their capacity to meet these challenges (Magnusson, 1996; Andrew, 2001; Sabel and O'Donnell, 2001). Sustainable solutions to today's wicked problems require the combined insights and actions of multiple actors learning about what works in particular places, and how to make it happen "on the ground."

1.3 Tapping Local Knowledge: Seeing Like a Community

Discussion of wicked problems and complex files brings into focus the limits to the ideas and practices of governments that work in departmental silos and through immutable hierarchies. In his book, *Seeing Like a State*, James C. Scott has detailed the gaps and oversights in such centralized structures of regulation (Scott, 1998). For all its technical expertise, Scott argues, modern statecraft remains largely uninformed by a fine-grained working knowledge of diverse localities and the impact of public policies on different residents and their neighbourhoods.

Scott's challenge to governments is to leaven the traditional "seeing like a state" perspective with the insights available when "seeing like a community" (Stewart-Weeks, n.d.). The knowledge base of the former vision is rational and prescriptive while the latter validates "the very mundane, but still expert, understanding of and practical reasoning about local conditions derived from lived experience" (Yanow, 2003: 236). Seeing like a community, therefore, requires a new approach to government decision-making, tapping "forms of knowledge that are generally unacknowledged in public policy making" (Wainwright, 1994: 81).

Such unacknowledged forms increasingly take localized expressions, bridging outdated divides between experts, citizens, and community-based organizations. Economic geographers, who study the dynamics of innovative urban and regional economies, describe the vital role of *tacit knowledge* (informal practices, know-how, imaginative ideas, and so forth), as distinct from codified, scientific knowledge, in enabling firms to innovate. Tacit knowledge circulates through the face-to-face interactions of geographically proximate economic producers, and acting on these unique insights becomes critical to competitive advantage. Analysts of urban social sustainability equally emphasize *experiential knowledge* of people's assets, needs and capacities, based on close familiarity with the local circumstances structuring their choices (Stren and Polèse, 2000). Listening to people, and mapping their interactions in places, turns out to be important for effective policy-making.

Each of the tacit and experiential forms of knowledge is thus a central part of what the public policy literature now broadly describes as "local knowledge" (Fischer, 2000; Conway, 2004). Both the economic geographers and social sustainability researchers emphasize the importance of governments, especially at the extra-local level, equipping themselves to tap such situated and contextual knowledge in policy development. This local knowledge has three interconnected aspects as it relates to the new challenges of urban policy-making:

- Knowledge *of* communities: input from the "policy clients" themselves based on their lived experience and intimate familiarity with conditions "on the ground and in the streets" of their place. Such "situated understandings" are frequently expressed in narrative form by residents or their community-based representatives (Yanow, 2003: 236).
- Knowledge *about* communities: statistical data disaggregated to the local scale, tracking trends in the city or community (labour markets, population health, poverty concentrations, knowledge resources, services availability, and so forth) that provide a profile of the place. Such mapping exercises inventory assets, generate baseline indicators, focus political attention, and reveal policy priorities (Canadian Council on Social Development, n.d.).

- Knowledge *for* changing communities: theoretical models that articulate plausible links between reform strategies and outcomes. Such models build on understandings of the factors that have produced success or failure in different places, and they guide community-based practitioners and policy makers in setting priorities. As Lisbeth Schorr notes, “not every lone initiative should have to start from scratch in making judgements about what would work in a given community at a given stage of development” (Schorr, 1998: 370).

Governments need to develop their capacity to gather and deploy each of these forms of local policy knowledge – the lived experience, the technical-rational, and action research. The point is *not to substitute experiential or tacit knowledge for technical expertise*, but rather to maximize the synergy and complementarity among the different policy inputs.

Here, conventional understandings of evidence-based policy-making are recast quite broadly. Citizens and community groups are recognized for their particular kind of expertise, and invited to participate in policy formation. Stories of the obstacles and barriers they encounter, some undoubtedly resulting from existing government policies and programs, are heard by the official policy experts. In turn, residents and representative organizations have the opportunity to shape the application of external expertise, recognizing that they have practical knowledge about the problem’s local expression and the day-to-day experience with the unique constraints and opportunities of their places. One person living in poverty in a Canadian city, asked to participate in a community public policy dialogue, aptly put the case:

We, the people in poverty, have a role to play, as we are the experts of being there, what is keeping us there and how to keep our children and their children out of there. ... My question is: How do we get more experts (us) involved in this process? Perhaps one way for this to be done is for people across the country to tell their story or list the barriers that tie them to the “poverty train” – become one voice where we speak out and let the powers that be know that we have an inherent right not to be “living in poverty” (Torjman, Leviten-Reid, and Cabaj, 2004: 3,4).

In responding to such questions, government policy makers increasingly are called on to play a dual role, acting as a technical expert in substantive policy matters, and as a facilitator of, and participant in, community-driven learning, planning, and action. Their most important role might be that of knowledge broker. The locally engaged civil servant mediates between government expectations, departmental protocols, and community practices, generating new opportunities for dialogue where more distant bureaucracies cannot connect.

Policy development becomes “a two-way translation process” that involves “on the one hand breaking down and re-working formal research so that it can be applied to specific practical contexts and, on the other, articulating the practitioner insights and know-how so that these can be shared as formal knowledge” (Leviten-Reid, 2004: 8). When the “facts” relevant to policy-making are seen as constituted by the particular contexts and experiences, rather than as external objective truths, governments cannot generate meaningful policy knowledge on their own, detached from the problems at hand or distant from the people living with them.

1.4 Place Matters: Finding the Right Policy Mix

A growing body of urban and community research now reveals how “place matters” to political life and policy-making (Dreier, Mollenkopf and Swanstrom, 2001; Bradford, 2002). As the editors of a recent analysis of new urban governance trends summarize: “From the literatures on regional economic innovation, on health and welfare and on the management of environmental qualities, there is an increasing emphasis on the qualities of ‘milieux,’ a concept which combines the material and mental experience of place” (Cars *et al.*, 2002: 20). Places are no longer viewed in the nostalgic terms of traditional, homogeneous communities, nor as mere locations on a map. They are conceptualized as dynamic locales – with their own diversity and power relations – where the larger forces and flows that structure daily life are contested and given meaning (Reddel, 2002; Conway, 2004).

From this vantage point, a number of specific points follow about how the local milieu impacts key aspects of citizen well-being and liveable human settlements:

- *Economic Innovation.* Cities, with their population density and concentration of economic actors, represent an ideal space for the idea fermentation and organizational synergies in knowledge-intensive production. But it is not just the collection of assets in a place that matter. It is the social networks, personal interactions and distinctive amenities that spur the learning and innovation process. Richard Florida adds that these elements of place quality are crucial in attracting and retaining creative people (Florida, 2002). As observers of the Silicon Valley technology cluster conclude: “If innovation is iterative, face-to-face, and network based, then innovation is also place based” (Joint Venture: Silicon Valley Network, 2001: 23).
- *Social Inclusion.* Cities have become more polarized and segregated in terms of living spaces, as different socio-economic classes and ethno-cultural groups cluster together in particular neighbourhoods. Studies of community life across urban space reveal how distressed areas with limited connections and inadequate services multiply the constraints on people already in difficulty (Ellen and Turner, 1997; Sampson, 1999; Beauvais and Jenson, 2003). The effects of living in such places extend over the life cycle from infant well-being to youth development and adult employment prospects (Caughy, O’Campo, and Brodsky, 1999; Dreier, Mollenkopf, and Swanstrom, 2001). It follows that many urban poverty researchers now call for national social policy to include a “spatial component” focused on urban centers (Lee, 2000: 94).
- *Environmental Sustainability.* Cities are increasingly where major ecological pressures originate and innovative solutions are to be found. Massive consumers of non-renewable resources and producers of solid wastes that are not easily disposed of or broken down, cities face complex challenges to ensure air and water quality, effective waste management, and preservation of greenspace and ecosystems. Decisions about local land use, transportation, and residential and commercial development influence social sustainability and public health (Gibbs, 2002). The National Round Table on the Environment and the Economy recently stated that “if Canada hopes to make a positive contribution to global sustainable development, perhaps nothing is so important as ‘getting the cities right’” (NRTEE, 2001: 1). Environment Canada reports that it has “achieved considerable success in implementing models of integrated decision making and governance frameworks using a “place-based” approach” (Environment Canada, 2004: 3)

- *Citizenship Rights*. In light of the above dynamics underscoring the economic, social, and environmental significance of local places, researchers now describe a politics of community life that engages the fundamental issues of human well-being (Preston and Wong, 2002). Simply put, issues of access and inclusion in local places make a significant difference to the quality of life for all citizens. The effects are manifest in prospects for employment, housing, health, personal safety, and cultural recognition. As residents mobilize around these concerns, experienced most directly at the local scale, “they become active citizens, developing new sources of rights and new agendas of citizenship” (Holston, 2001: 326).
- *Sense of Belonging*. Through such localized citizenship struggles, residents can develop a new sense of meaning and belonging. In this context, the notion of place conveys a unique community heritage of natural, built-form and cultural resources that create shared points of reference for a diverse urban citizenry. “Placemaking” is “a means of fostering a sense of community or neighbourhood identity, and of redefining the value and qualities of public space” (Baeker, 2004: 8). Critical here is reclaiming and revitalizing streets, parks, vacant lots, derelict buildings and other public spaces for community interaction and cross-cultural learning.

In all of these ways, the local place becomes the focal point for *public policy innovations* and the social milieu for *novel political expressions*. Place-based policy targets specific neighbourhoods or communities for integrated interventions that respond to location-specific challenges, and engage fully the ideas and resources of residents. The aim is both better government policy and more community capacity. In political terms, the place becomes a locus for the mobilization of collective action, generating a community of meaning and practice for those living there. With economic innovation, the process typically involves *promoting the place* as a knowledge center. In environmental sustainability, the project is often to *defend the place* against ecological harm. For social inclusion and citizenship, the focus of mobilization is to *democratize the place* by expanding economic opportunity or validating diverse cultures. To nurture the sense of belonging, citizens mobilize to *plan the place* such that there are public spaces for participation and dialogue.

Yet, acknowledging the political significance and policy strengths of the locality also means taking account of the potential risks inherent in the place focus and ensuring that the “upper levels” of government continue to play their role. If conceived too narrowly, a place-based approach can have a variety of unintended consequences (Séguin and Divay, 2002).

Research has begun to catalogue the problems. Policy coordination may be more difficult as government interventions proliferate and become too fragmented (Perri 6 *et al.*, 2002). Entrenched local “growth machines” may promote their place by competing for mobile investment and footloose talent in ways that erode inter-territorial equity or disregard environmental sustainability (Dreier, Mollenkopf, and Swanstrom, 2001). Moreover, place-based policy can further stigmatize targeted areas within a metropolitan region, increasing the concentration of problems (Walsh, 2001). Alternatively, the targeting could produce greater tension among proximate neighbourhoods based on which area receives assistance, as occurred in some cities in England when the government’s neighbourhood initiatives reinforced the separation of communities and cultural divides (Home Office, 2001: 10). The place-based approach to poverty could also miss entirely the poor people living in neighbourhoods with

higher median income levels or experiencing rapid gentrification. Finally, an over-reliance on place-based policy could deflect from the reality that the complex problems of cities originate in structural forces well beyond the municipal boundaries.

Avoiding such problems underscores the need to ensure that spatially-targeted approaches are linked to, and supported by, wider “aspatial” or generally available, often universal, policies for health, social assistance, employment, innovation, and the like. Research on the characteristics of poor populations and their pathways out of poverty demonstrates that personal and family variables exercise an important influence (Séguin and Divay, 2002). It follows that general redistributive taxation and expenditure measures for income support, child care, health care, and educational opportunity remain essential to the quality of life in local places. Federal and provincial investments in these general public services are critical for preventing social polarization and spatial segregation in municipalities (Dunn, 2002). They are the bedrock for bringing people together and providing equitable, accessible public services across all neighbourhoods in a city-region. They also reduce the incentive of wealthier people to move around the metropolitan area, based on sharp differences in taxation, services, or amenities. Simply put, aspatial policies have significant consequences for the cohesion of a community, either nurturing the sense of belonging to a shared space, or contributing to division.

Yet, given the rising importance of local knowledge for positive outcomes, these standard policies need to be informed by an “urban lens” that assesses their spatial impacts and takes account of local community needs and capacities in design and delivery. Indeed, Ann-Marie Séguin and Gerard Divay make the important point that local input is often the key to the success of such upper level policies, making services responsive and accessible to all residents. Richard Stren and Mario Polèse also report on the basis of extensive cross-national research into urban social sustainability that successful outcomes are “*affected not only by nationwide aspatial policies (social legislation, fiscal policy, immigration laws, and the like) but also, if not chiefly, by policy decisions and implementation at the local level, often in sectors which appear to be relatively banal and prosaic*” (Stren and Polèse, 2000: 17, emphasis in original). Among the “banal and prosaic” local decisions are those that shape citizen access to transit systems, recreational amenities, culturally appropriate services, affordable housing, and employment opportunity.

In sum, the place-based policy framework has two inter-related components: *general policies guided by the urban lens, and targeted interventions focused on the special challenges in certain areas*. And there can be a positive learning relationship across the two components. Successfully targeted programs generate new understandings of how sectoral policies work on the ground, and with appropriate feedback mechanisms, can better focus the urban lens for improved general policies. When upper level public policy-making, local planning, and community action come together, the result can be balanced, mixed forms of urban development, allowing all residents in the city to participate fully in, and move easily among, work, school, recreation and civic activity.

The call for better integration of targeted interventions and general policies is especially timely given the emerging “fault lines” in Canada’s urban system between those few larger places growing rapidly and the many more medium-sized and smaller communities experiencing population decline or economic stagnation (OECD, 1998; Bourne and Simmons, 2003). Moreover, the larger metropolitan spaces themselves are becoming more internally divided between richer and poorer neighbourhoods. The urban policy challenge is two-fold: on the one hand, to ensure more inclusive city-regions with mixed income neighbourhoods across the full geographic expanse of the metropolis; and on the other hand, to provide some balance in growth and opportunity between Canada’s most dynamic city-regions and the non-metropolitan communities struggling to find their niche in the new conditions. This means introducing place-sensitive policies that value local diversity but equally respect the importance of equity across space. It also means working through collaborative governance.

1.5 Collaboration in Governance: Horizontal and Vertical Networks

This Research Report has argued so far that wicked problems, and the need for local knowledge, expose weaknesses in established governing frameworks. One size-fits-all policy delivered from above is not conducive to integrated place-sensitive solutions. State bureaucracies no longer can claim a monopoly on policy knowledge, and they encounter more resistance in imposing their will on other actors. In order to meet the policy challenges, new relations must be forged among the state, civil society, and the economy, and within the different branches and levels of government. These relations will be less hierarchical, more attuned to the needs and aspirations of diverse groups, and better able to use different forms of knowledge.

Along these lines, a broad policy literature suggests that the key to success lies in developing governance relations (Pierre and Peters, 2000; Andrew, 2001; Saint-Martin, 2004). Governance is about the collective capacity to set policy directions, implement them, and adjust as circumstances warrant. The claim is that governance can enhance the overall policy capacity of the political system as input and feedback circulates among actors from different sectors and scales of engagement.

While the concept of governance is attracting considerable support as a strategy for overcoming the observed shortcomings of bureaucratic and market steering mechanisms, there are grounds for caution. A simplistic or naive view of governance design and operation must be avoided. Relying on negotiation more than hierarchical commands or market signals, effective governance depends on actors and organizations, often unfamiliar with one another, finding ways to work together and share responsibility. Managing the *transaction costs of collaboration* will require new styles of leadership and facilitation, and the cultivation of trust and respect among the players. It also implies appropriate institutional design such that the collaboration permits monitoring of commitments and accountability for outcomes. In addition to these transaction costs, there are *normative concerns about governance*. Is the result little more than an off-loading of government responsibility onto community organizations, municipal bodies, and citizens? Do the informal social partnerships become closed networks, prone to domination by already privileged groups to the detriment of disadvantaged communities and democratic accountability?

It is precisely these costs and concerns that reinforce the *local turn* in governance, and the appreciation of how experimentation in particular places can improve the prospects for successful collaboration (OECD, 1998; 2001). Communities of place can seed, and sustain, partnerships not possible at higher scales. The potential for social learning – working through conflicts to find workable compromises – may be greatest at the local level. The governance case for “going local” has three interconnected elements: cultural, institutional, and political (Amin and Thrift, 1995; Storper, 1997; Bradford, 2003).

- In cultural terms, spatial proximity allows repeated face-to-face interaction that in turn allows better information sharing and inclusive communication. There is the prospect of greater understanding and trust, and a greater stake among the participants in a collectively positive outcome as all residents live daily with the consequences.
- Institutionally, research shows that localities are often settings where civic associations flourish, and social, economic and environmental organizations most frequently “join up.” The result is an “institutional thickness” that spawns multi-sectoral coalitions around specific projects ranging from the enhancement of the economic competitiveness of local firms to the preservation of the local environment or heritage.
- In political terms, the governance literature emphasizes that it is not just the presence of certain shared identities or institutional networks that is important. Local leadership is needed to leverage the assets and mobilize the community. Crucial here are strong intermediaries – individuals and organizations with the credibility and reputation to bring together diverse interests. Familiar with local conditions and able to cross different networks, such leaders are “strategic brokers” forging new connections and acting as “local champions” for the external representation of the community’s goals and interests.

There are now numerous studies of the activities of such local intermediaries in cities and communities across Europe and North America (Wolfe and Creutzberg, 2003). They emerge from a host of institutional settings, both governmental and non-governmental, and deploy different techniques for mobilizing communities. In Europe, the process is typically known as “regional foresight” whereas in North America, the preferred term is “strategic planning.” The common goal is confirmation of a guiding vision that expresses the collective aspirations of a community, and linking this orientation to specific developmental projects managed locally through partnerships. The range of actors in the *horizontal collaboration* may be as diverse as the locality itself: ordinary citizens, civic associations, business groups, trade unions, education and research centers, and governments from all levels.

Local strategic leaders thus seek to convert their place’s cultural resources and institutional assets into robust governance relations for quality outcomes. But for this to happen, the local collaborations must also “scale up” to the extra-local arenas where key decisions are taken about policies and resources.

Vertical collaboration is all about equipping local communities to revitalize themselves on terms of their own choosing in accordance with democratic mandates, while also ensuring that the “new localism” does not breed greater disparity among places (Jenson and Mahon, 2002; Clarke and Gaille, 1998). Upper level governments are far better equipped than municipalities to flow

the necessary financial resources and technical assistance to the local partners who know best how and where to invest in physical and social infrastructures. This includes investments in the organizational capacity and autonomy of the non-profit community sector, and the civic literacy of residents seeking to contribute their ideas. It also means recognizing the role and contributions of municipal officials in place-based public policy. Further, upper level governments can facilitate cross-local policy learning by sponsoring the scaling-up of community demonstration projects and transferring lessons, where appropriate, from pilots in one city to another. Finally, there may be instances where municipal by-laws or regulations, responding to local priorities, are subject to challenge through global trade and investment deals entered into by the federal government. In those instances, the upper level government must represent the local interest in the appropriate transnational tribunal.

In sum, place-based policy for cities and communities is built on *collaborative, multi-level governance*. It brings the local scale back in to the public policy-making process. But it does so within specific parameters. On the one hand, cities and communities *are* the appropriate places to inventory the key policy challenges, to tap some of the best ideas, to invest in problem-solving capacities, and to coordinate the multiple actors with a stake in quality outcomes. On the other hand, cities and communities *are not* the cause of the problems increasingly converging in their spaces. They cannot be left on their own to meet the challenges. And municipal governments cannot be ignored when the policy and fiscal decisions of upper level governments are crucial determinants of place quality and sound choices depend increasingly on tapping local knowledge.

1.6 A Place for Local Government

The current wave of urban research demonstrates not just that local places are strategic sites in the global age, but equally warns that Canadian cities and communities are showing serious signs of strain, even decay (Seidle, 2002; Slack, Bourne, and Gertler, 2003a; 2003b). One key concern is the status and capacity of municipal governments. Canada's constitutional division of powers has resulted in two very different intergovernmental relationships for municipalities. As constitutional "creatures of the provinces," municipal governments have a sustained and far-reaching relationship with their provincial masters. By comparison, formal relations with the federal government are limited and the engagement historically quite sporadic. But a burgeoning urban policy and municipal government literature now suggests that the most striking feature of the two sets of relationships is their similarity when viewed from the local perspective (Wong, 2002; Bradford, 2004).

The fundamental pattern is one where federal and provincial governments, faced with their own fiscal pressures beginning in the 1990s, off-loaded programs (or substantially scaled back their contribution) on to municipalities and community organizations. This occurred in numerous policy fields such as social housing, public transit, airports and harbours, environmental protection, and public health. In some cases, notably Aboriginal and child care programming, protracted disputes between the federal and provincial governments resulted in de facto policy vacuums with regard to urgently needed services in cities. The combination of program off-loading and grant reductions has left Canadian municipalities with extraordinary challenges in providing an expanding range of services and infrastructure while relying mainly on the limited

revenue tools of the property tax and user fees (Kitchen, 2002; TD Economics, 2002; Sancton and Young, 2003/2004). The situation is not sustainable as estimates of the national municipal infrastructure deficit now stand at over \$60 billion.

While both upper levels of government have a large policy presence in urban centers, there is little evidence of coordination or even consultation (MacLean, 2004). The spirit of top-down unilateralism was amply displayed in the series of provincially-mandated municipal amalgamations that reshaped urban government across the 1990s (Sancton, 2001). Critics have decried the lack of public consultation and municipal input into most of these fusions. More broadly, a study undertaken for the Federation of Canadian Municipalities (FCM) of social stresses in Canadian cities reported the following conclusion from residents and stakeholders surveyed:

There was a common call for collaboration and improved working relationships between the federal, provincial, and municipal governments. No one felt the current relationships were successful; in fact, many stakeholders identified lack of intergovernmental cooperation and collaboration as the main reason that little was being done to address the mounting problems in cities (Arundel, 2003: 59)

In fact, Canada's recent urban policy-making has been little informed by a place-sensitive perspective, or particularly attuned to local knowledge. Certainly, there is variation across the provinces with some governments now moving toward more formal recognition of municipalities as independent orders of government. This has involved new city and community charters, which recognize that municipalities require adequate authority and resources to deal with their growing responsibilities, and appropriate intergovernmental consultation on the lengthening list of shared provincial and municipal policy concerns. Nonetheless, Donald Lidstone's recent comprehensive stock taking of Canadian intergovernmental relations concludes that "the existing and proposed new statutes do not allow Canadian municipalities to compete in the new globalized environment" or "meet the existing or future needs of their citizens" (Lidstone, 2004).

For its part, the federal government, as we shall see in Part 3 of this Research Report, has taken steps recently in a few fields such as homelessness and inner city decline to develop more comprehensive strategies. Significantly, these interventions involve the federal government working through locally-based partnerships that engage both municipal and provincial officials. And on the fiscal front, there are signs of progress as the federal and provincial governments variously commit themselves to sharing sales and gasoline tax revenues with municipalities. More broadly, a viable fiscal solution is likely to include both new municipal revenue streams, and new intergovernmental partnerships such that transferred monies will meet federal and/or provincial goals while respecting the right of local actors to define projects. The federal government, with its budget surpluses and superior fiscal capacity, is presently positioned to be the lead partner in urban infrastructure reinvestment (Sancton and Young, 2003/2004). With their jurisdictional authority, provinces may devolve new powers to their "hub cities" enabling them to better control their destiny on the global stage. While substantial long-term investment is needed in both the large city-region and the smaller communities, the "urban lens" can help tailor municipal financial support to distinctive local needs and capacities.

Yet, as the FCM President recently emphasized Canada's urban "New Deal is not just about cutting a cheque ... we need a new partnership among all orders of government – a partnership that recognizes municipal governments as essential to meeting common goals" (MacLean, 2004). By this standard, the overall public policy context for municipalities remains highly prescriptive and constraining. Canadian municipalities still exist in a "culture of non-recognition and neglect" that limits their ability to act purposefully on the problems in their midst, or even much opportunity to contribute ideas to the policy designs of the provincial or federal governments (FCM, 2001).

These constraints on municipal participation are a concern because local governments are indispensable actors in place-based policy-making. As one civic leader working on the *national* policy challenges of immigrant settlement and labour force development put it:

Like most Canadians, immigrants live and work primarily in cities. It is at the local level that services, training, and jobs exist. Local governments are therefore most likely to understand the specific labour needs of their communities and are most likely to leverage local partnerships that can create change. In order for there to be a seamless and systemic approach to labour-market integration for immigrants, all stakeholders – employers, labour, educational institutions, occupational regulatory bodies, community agencies, immigrant organizations, and governments – need to work together at the local level (D'Alessandro, 2004).

Similarly, Peter Clutterbuck and Marvyn Novick report from their 2002 cross-Canada "community soundings" that participants ranked municipal governments highest in understanding the needs of the community "by a wide margin over the other two levels of government" (Clutterbuck and Novick, 2003: 14). The contributions of capacious and creative municipal governments are potentially many in local governance: convening the partners and coordinating their efforts; tapping local knowledge to help ensure the balance between the targeted and aspatial policies of the different levels of government; monitoring and reporting on changing social-economic indicators in local places; planning the physical layout of cities and the scope and location of services in socially sustainable ways; providing access points for citizen input and reaching out to marginalized or subaltern groups; and developing accountability frameworks responsive to unique local conditions (Arundel, 2003; Ray, 2003).

To make any or all of these contributions, however, local authorities require appropriate recognition and institutional capacity. At present, in Canada, municipalities are on the front lines in responding to national problems, but still on the sidelines when it comes to intergovernmental policy debates and fiscal negotiations. This disjuncture is not helping to reposition Canadian urban centers as global leaders in place quality. And other jurisdictions are not standing still. In Europe and the United States, the 1990s was a decade marked by the emergence of multi-level policy collaborations for revitalizing distressed neighbourhoods, for community-driven economic development, and for regionally integrated smart growth. The next section reviews some of these comparative experiences where new ideas and institutions have carried forward policy innovations.

Part 2. Comparative Perspectives: Making Progress Elsewhere

2.1 Policy Learning and Urban Innovation: Europe and the United States

In the last decade or so, Britain, the United States, and the European Union have developed frameworks for implementing place-based public policy in both large city-regions and smaller centres in non-metropolitan areas. These governments have been *learning by doing*, testing out different instruments and mechanisms, and often refining their strategies as new information emerges about what works where and why. Each government has called for horizontal collaboration among community-based organizations, the private sector, and local governments as well as vertical collaboration between the different levels of government. Of course, none of these jurisdictions has solved their urban policy or governance challenges. Indeed, the results thus far remain somewhat inconclusive and the subject of much debate within their respective political systems. Nonetheless, each has made progress in tackling some of the present day's most complex social and economic challenges concentrated in urban spaces.

This part of the Research Report reviews these experiences, seeking a better understanding of the structures and processes that have facilitated place-based policy and multi-level urban governance. The cross-national discussion concludes with several key lessons that might usefully now inform Canada's national urban policy debate.

2.2 Britain: Neighbourhood Targeting and Policy Mainstreaming

New Labour came to power in 1997 seeking to improve on nearly two decades of area-based initiatives (ABIs) in the United Kingdom. Indeed, by the time the Blair government took office a robust body of urban policy research assessed the British experience with neighbourhood regeneration initiatives dating back to the first Thatcher government (Tiesdell and Allmendinger, 2001: 918). This research featured recurring criticisms: concentration on "bricks and mortar" property regeneration not connected to local needs; fragmented programs and divisive competition among localities for funds; community involvement that often was more window dressing than a sustained effort to harness the knowledge and energy of local actors; and a systematic marginalizing of elected local councils in regeneration processes, either through top-down directives or reliance on private sector agencies and special purpose bodies (Taylor, 2002: 113). A key recommendation was the "need to link national policy, regional governance, city strategy and local action in a coherent whole so that top-down and bottom-up initiatives are mutually supportive" (Carley *et al.*, 2000).

The Conservative government of John Major in the mid-1990s first moved to act on these policy lessons, making some significant breaks from the Thatcher neo-liberal approach. However, the significant shifts began when Tony Blair's New Labour government took office in 1997. From all the accumulating research on Britain's earlier ABIs, New Labour took to heart one overarching message: "appropriate knowledge and experience existed and that what was lacking was the political will, the institutional structures, and/or the resources to put it into operation" (Tiesdell and Allmendinger, 2001: 918). The government proclaimed that "within 10 to 20 years, no one should be seriously disadvantaged by where they live" and that low-income citizens "should not have to suffer conditions and services that are failing, and so different from what the

rest of the population receives” (Social Exclusion Unit, Cabinet Office, 2001: 8). New Labour’s embrace of previous Conservative governments’ expenditure controls made this commitment uncertain from the outset. However, seven years into the government’s tenure, there is certainly evidence of concerted policy activism to address the problems of distressed urban places.

A series of five interconnected principles have guided New Labour’s urban approach (Social Exclusion Unit, Cabinet Office, 2001). First, there was a focus on “joined up government,” specifically bringing local government back in as a full partner, as well as fostering cross-departmental working. The government rejected previous attempts to marginalize councils, arguing that such bypassing was undemocratic and dysfunctional as it contributed to a profusion of ad hoc bodies while also denying voice to some of the most knowledgeable local actors. Second, the government situated its place-based thrust in the broader national policy context of combating social exclusion. A new Social Exclusion Unit was tasked with developing a long-term, comprehensive strategy that coordinated 10 government departments and 18 Policy Action Teams comprised of outside experts, community stakeholders, and neighbourhood residents. Third, the government directed its attention to areas of “multiple deprivation,” those places with the hardest problems that had not been a priority in earlier urban strategies preoccupied with property-led development, and that had not benefited from the “trickle down” of national economic success. Fourth, the problems of the most distressed neighbourhoods would be placed not only in the national policy context of social inclusion, but also in regional settings to better coordinate city-wide regeneration efforts. Fifth, the government proposed to build the organizational capacity of the local partnerships so that the structures would endure to tackle ongoing community challenges rather than simply disappear once the government grants dried up.

To implement this place-based agenda, New Labour followed “two distinct phases of policy development” (Lupton, 2003: 141). From 1997 to 2000, the emphasis was on *targeted interventions* to stabilize distressed neighbourhoods. Beginning in 2001, the strategy shifted to *mainstreaming* these localized projects, and their key lessons, into broader national public policies. According to the government, mainstreaming had four components: changing policies to deploy resources more effectively in deprived places; redistributing or “bending” resources to meet priority needs; shaping services to make them more responsive and accessible to local communities; and incorporating innovations from special initiatives into mainstream practice (Office of the Deputy Prime Minister, Neighbourhood Renewal Unit, 2003). Across the targeted and mainstreaming phases, then, the wicked problems of the most distressed neighbourhoods would be addressed. The knowledge gained about “what works” would help recast the government’s general policies for social security, employment, health, housing, and so forth to ensure their better adaptability to local contexts and to closing of service gaps (Stewart and Howard, 2004).

The flagship for the first targeted phase was the New Deal for Communities (NDC), a ten-year program offering intensive help to the most deprived neighbourhoods (Tiesdell and Allmendinger, 2001; Office of the Deputy Prime Minister, 2004). It brought together measures for physical regeneration (specifically housing and the environment), educational achievement, and improving the employment, health and safety of residents. In flowing monies to communities, a key priority was improved neighbourhood management based on signs of strong local multi-sectoral partnerships, resident involvement, and links among related programs or

agencies. Rather than the familiar competitive funding regime, 17 areas were initially invited to be “pathfinders” with each receiving 20 to 50 million pounds over 10 years. The government selected the pathfinders based on levels of deprivation, geographic spread across the country, and signs of inclusive local partnerships. Recognizing the complexities of starting such teams in the most deprived neighbourhoods, pathfinder communities were allowed to spend their first year consulting with residents on priorities and consolidating partnerships.

Alongside the NDC, the government also announced numerous thematic area-based “action zones” in health, education, employment, and child care. The priority was innovation with the “more imaginative and entrepreneurial public managers” running pilot projects (Perri 6 *et al.*, 2002: 24). With health, for example, a broad conception of public health was stressed, focused not just on health service provision but on linking health outcomes to regeneration activities in employment, education, housing and anti-poverty initiatives. Similarly, the Employment Action Zones introduced individual job accounts that allowed the unemployed to tailor their benefit payments and training grants in customized packages most likely to return them to work. The Sure Start program aimed to bring together a host of national child development supports in high poverty neighbourhoods. Moreover, each of the zones and programs was connected to “national networks through which ideas, good practice, problems and issues of professional development can be shared” (Perri 6 *et al.*, 2002: 24).

The large number of ABIs introduced in New Labour’s first three years in office raised concerns about *initiativitis*: “overlapping and unco-ordinated activities that reduced their effectiveness and created burdens for local organizations” (Sullivan and Skelcher, 2002: 96). Fragmentation among the array of departmental activities from the central government could lead to confusion and frustration at the local level as partnerships attempted to navigate the maze of opportunities. Theoretical advantages of joined up governance were jeopardized, in practice, in the local places where implementation took place.

Wanting to avoid such problems reminiscent of past piecemeal approaches, New Labour launched the second phase of its neighbourhood agenda. The focus shifted more to the macro scale, emphasizing general policies such as the minimum wage, increases to child benefits, and working family tax credits, that flanked the targeted interventions. In addition, the priority became mainstreaming the policy lessons from the neighbourhoods. If targeted initiatives were necessary to kick-start urban regeneration, then their ultimate success still rested on subsequent changes in general services and policies. Otherwise, the benefits would be limited to a relatively few communities, and vulnerable even there to economic or social policy shifts that remained insensitive to the local contexts. The mainstreaming phase was formalized with the 2001 National Strategy for Neighbourhood Renewal. To access further funds through the Neighbourhood Renewal Fund, NDCs would now have to show how they related to other area-based initiatives in their city-region, and to national programs (Renewal.net, n.d.).

Of course, such mainstreaming required a strong commitment from the government’s central policy agencies (Office of the Deputy Prime Minister, Regional Co-ordination Unit, 2003). In joined up government, it is likely that no single department feels sufficient ownership over a wicked problem to actually transfer local lessons to their general policy work. Accordingly, new structures were established to coordinate and drive the process. In the Office of the Deputy Prime

Minister, the Neighbourhood Renewal Unit was made “responsible for driving progress across Government” and modifying national policy strategy in light of local experiences. The unit worked through nine regionally-based Neighbourhood Renewal Teams, established to ensure a two-way flow of knowledge between local partnerships and the government departments, and to assess overall progress in meeting neighbourhood renewal goals.

At the community level, the government created Local Strategic Partnerships (LSPs) as the vehicles for integrated service delivery. By including the national departments on the LSPs, the government made clear that it was the job of the LSPs to connect local funding priorities with national policies and to ensure that local actors understood how their work fit into the wider policy framework. LSPs would identify which neighbourhoods within the urban area needed assistance, oversee the formation of a plan, and arrange the necessary service agreements with other organizations. The LSPs were also responsible for seeing that their neighbourhood social strategies fit together with the region-wide economic plans developed by the Regional Development Agencies, representative bodies established in 1999 by the government to spread growth across the United Kingdom.

With construction of this rather elaborate place-based policy machinery, the government then faced three issues central to its effective operation: program coordination, partnership support, and local accountability. For program coordination, another central agency, the Regional Co-ordination Unit (RCU) was moved in 2002 to the Office of the Deputy Prime Minister. It acted as the “ABI Gateway,” working with individual departments, or groups of departments involved in a local project, to ensure that their interventions maximized mainstreaming opportunities, avoided duplication of effort, and linked with any relevant European Union program activity (Office of the Deputy Prime Minister, Regional Co-ordination Unit, 2003). A particular priority of the RCU was to prevent locally targeted initiatives from exacerbating tensions between geographically proximate communities. The latter issue had surfaced as a problem in some of England’s more ethnically diverse (and spatially segregated) cities such as Bradford, where targeted interventions were perceived as favouring certain groups over others (Home Office, 2001). Another priority for coordination concerned “exit planning.” The RCU directed departments to make funding available to local partnerships for a limited period, as particular projects neared completion, to consider ways in which successful practices could be transferred to the policy mainstream.

Accountability was a government priority across both the targeted and mainstreaming phases of place-based policy-making. The government declared that the LSPs would be the agent responsible for raising standards in the most deprived neighbourhoods to levels closer to the national average. They were mandated to achieve the floor targets set by the government in education, crime, employment, health and housing. To this end, New Labour relied on two policy management techniques: Public Service Agreements (PSAs) and Service Delivery Agreements (SDAs). The PSAs specified performance targets to which the various government departments committed themselves in return for Treasury funding (Sullivan and Skelcher, 2002: 154). Departments then prepared SDAs detailing the way they intended to achieve the targets and outcomes. The departments worked with the LSPs on their action plans, specifying the steps to be taken to meet the PSA targets in conformity with the SDA. The combination of the PSAs and SDAs provided a rigorous accountability system, binding the local partnerships managing programs to national policy goals and departmental financial commitments.

To support the local partners in meeting these expectations, the government introduced several capacity-building measures. A Community Empowerment Fund supported volunteer and resident involvement in LSPs, including training in practical skills such as running meetings, making presentations, and preparing bids for funding. A Community Chest provided “small grants for community organizations and social entrepreneurs in deprived areas” (Tiesdell and Allmendinger, 2001: 916). Specific efforts were also made in many local partnerships to reduce barriers for marginalized residents. The Bradford Health Action Zone, for example, worked with a body called the Health Equality Action Team to improve “trust between ‘hard to reach’ communities and mainstream providers,” increasing the influence of poor people on the planning process (Sullivan and Skelcher, 2002: 181). In the employment and labour market stream, the New Deal for Communities made available “personal advisers” to work intensively with people who had been out of work for extended periods and tailor assistance packages to their unique needs (Lupton, 2003: 197).

Another novel initiative was the Learning Curve, a knowledge management and transfer system for key evidence about how to transform neighbourhoods (Office of the Deputy Prime Minister, Neighbourhood Renewal Unit, 2002). Using a variety of knowledge-sharing techniques, the Learning Curve addressed the information needs of all the players in neighbourhood renewal (residents, professionals, civil servants, local authorities and councillors). The goal was to recognize the various partners’ different learning styles, from formal training to Web-based networking or face-to-face conversation, and deliver information appropriately.

In sum, New Labour’s place-based policy framework merits close attention on a number of grounds. The approach managed to move beyond the simple dichotomy between top-down imposition of central government priorities and a bottom-up competitive scramble among localities for funds. The government also restored some legitimacy and capacity to local governments, recognizing them as vital partners in local collaborations and rewarding them for working in new ways. The strong emphasis on coordination and integration meant that neighbourhood-based projects would have to dovetail with regional strategies and connect to mainstream policy. Moreover, the British government announced that its 2005 Presidency of the European Union would focus on “creating sustainable communities” and the design of “a new, Europe-wide framework for creating places where people want to live” (Office of the Deputy Prime Minister, 2005).

In terms of results, analysts of the New Labour innovations agree that it is too early to assess any transformations. The government itself spoke about a 10- to 20-year process. But researchers are tracking progress. Ruth Lupton’s detailed study of neighbourhood decline and renewal compared circumstances in 12 of the most disadvantaged areas before and after the government’s interventions. She reports that conditions were at least stabilized in the most distressed neighbourhoods, that facilities and services were improving with the extra investment, and that there were positive signs of change in the regeneration process. She found evidence of significant “cultural change” among public officials toward collaboration, and greater resident involvement and community participation in project decision-making (Lupton, 2003: 213).

Of course, tensions remain with New Labour's neighbourhood strategy. Many critics have questioned whether the government's embrace of new public management techniques, expressed clearly in the PSA-SDA regime, reinforces departmental rather than local ownership of processes (Saint-Martin, 2004; Perri 6 *et al.*, 2002). Recourse to top-down commands and controlling inspections and audits may be the preferred option when community-based partnerships do not deliver results on the government's timetable. Rather than facilitating local experimentation, the government's focus on what works and demonstrable results may become "externally applied systems of control" (Saint-Martin, 2004: 27). This could short-circuit the learning process as failures or setbacks are not tolerated, mistakes are covered up, and outside imposition of "best practices" overwhelms local knowledge. Perri 6 *et al.* elaborate on New Labour's "intolerance of failure" with its ambitious neighbourhood agenda:

We found many examples of managers in pilot projects being firmly told that the projects had too high a political profile to be allowed to fail. The effect of this message is that managers become unwilling to innovate or undertake risky initiatives. A system that cannot allow for failure cannot learn (Perri 6 *et al.*, 2002: 98).

Other analysts have traced the shortcomings of the neighbourhood agenda to what they see as the contradictions embedded in New Labour's Third Way ideology (Sheldrick, 2002). By adhering to neo-liberal spending restraints, the government cannot invest on the scale required to make a lasting difference with respect to problems of poverty and social exclusion. More likely, the argument runs, New Labour will end up, not unlike their Conservative government predecessors, off-loading problems on the local collaborators. From this perspective, structural problems of social polarization and spatial segregation will be addressed only at the margins in an overall policy framework that accepts private markets, globalization, and the contingent and racialized labour markets that always seem to follow. Even Ruth Lupton, who judged the government's neighbourhood policies as a "huge advance" on past government efforts, qualified her positive assessment by noting that "broader problems of economic structure had not been addressed in government policy" (Lupton, 2003: 217).

2.3 United States: Federal Empowerment and Institutional Intermediaries

Like Canada, the United States is a federal state. However, in relation to urban policy and governance, there are several important differences (Garber and Imbroscio, 1996). Local government receives at least some form of constitutional recognition and protection, with many states recognizing "home rule" for cities, resulting in more autonomous municipalities. In relation to these responsibilities, American cities have access to a range of fiscal tools and revenue streams. Additionally, there has long been greater federal policy engagement with urban issues. This has been exemplified since the early 1960s by the activism of the Department of Housing and Urban Development (HUD), and before that by the presence of national political parties exercising considerable local influence through urban political machines, and the advocacy activities of two robust national organizations of local government, the National League of Cities and the US Conference of Mayors.

For all their resources and options, however, American cities have not been recognized for their place quality. On the contrary, most American urban analysts are highly critical, analyzing deep-seated problems of spatially-concentrated poverty, the physical segregation of poor minorities, and sprawling suburbanization (Dreier, Mollenkopf, and Swantstrom, 2001; Frug, 1999). Despite this record – or more accurately because of it – there is now much to learn from the American urban experience. The protracted problems of American cities have triggered successive waves of intensive policy experimentation. Beginning in the 1960s, when the flaws of the “classic” urban renewal model were revealed in inner cities across the country, numerous innovations have been tried. As Bruce Katz observes:

Since the 1960s, such run-down neighborhoods have held a fascination for scholars and journalists, conservative theorists and liberal thinkers. These precincts have been the laboratories for a plethora of foundation experiments, government demonstrations, and federal policies and programs (Katz, 2004: 1).

Katz and many others have analyzed how these many initiatives can be grouped into one of two basic neighbourhood policy logics (Ladd, 1994). In the 1960s, the Great Society community-building programs pursued a *physical regeneration strategy* for inner city areas by improving the infrastructure, especially the affordable housing stock, and commercial viability of distressed places. However, this physical reinvestment approach was eventually found wanting. In particular, incentives for business investment in central cities did not have much effect in spurring local employment. When incoming firms required higher skills, they often recruited from labour market networks beyond the troubled neighbourhoods, leaving vulnerable area residents still isolated and poor.

In the 1970s and 1980s, the American urban and community policy thrust shifted to a *people relocation strategy* for expanding individual opportunity by giving residents options to leave the ghettos for the suburbs where they could live in safer neighbourhoods, attend better public schools, and access areas of job growth. While research shows that the individual mobility supports enabled some people to achieve economic and social stability, the strategy ran into obstacles such as the exclusionary nature of suburban rental housing markets, political opposition to mixed income housing, and the absence of community support networks for those relocated (Katz, 2004). Moreover, a strategy moving some people “out and up” could not address the problems of the many more left behind in troubled neighbourhoods.

The fact that both of these strategies failed to reverse the deteriorating economic and social conditions in American cities set the stage for the most recent wave of policy experimentation. Beginning in the early 1990s, a body of new urban policy research set forth the key learnings: renewal strategies designed without adequate local knowledge and intergovernmental collaboration were unsuccessful; evaluation frameworks must be built into programs at the outset; particular neighbourhoods cannot be revitalized without connection to the wider metropolitan labour markets, housing markets, and commuting patterns; and emphasis on the manifest “deficits” of troubled neighbourhoods overlooked latent community “assets” that could be leveraged for success (Rubin, 1994; Kingsley, McNeely, and Gibson, 1997). A larger message was that the way cities worked, or more importantly didn’t work, was not simply the product of market forces or individual choices. Rather, outcomes were heavily influenced by the

consequences, over time, of decisions by governments at all levels. New policy knowledge could clarify a better direction (Katz and Rogers, 2001).

These research findings came on stream at about the same time that the Clinton administration took office. President Clinton won the 1992 election, promising to bring new energy to simmering domestic policy problems, and his electoral coalition had an urban cast, with strong representation from African Americans, Hispanics, and low-income families or the unemployed in the larger cities (Clarke and Gaille, 1998). Urban advocates such as Henry Cisneros, Frederica Pena, and Donna Shalala were appointed to key domestic policy Cabinet posts. They looked to revitalize the HUD as the focal point for a new cities agenda and, between 1993 and 2000, a quite ambitious federal urban policy was pursued (Williamson, Imbroscio, and Alperovitz, 2002).

Clinton's approach has been aptly described as a "hybrid national urban policy" reflecting its integration of lessons from previous policy rounds (Clarke and Gaille, 1998). Most significant was the administration's effort to transcend the divide between rebuilding physical infrastructure *or* relocating people. Emphasis now shifted to integrating general, aspatial social policies for individuals in their family context, and targeted spatial interventions for individuals in their community context. The administration sought a "place-based people strategy" that drew together community organizing skills, private sector contributions, and local government leadership (Ladd, 1994).

The Clinton hybrid framework was expressed in numerous federal policy departures, including major new capital funding for urban infrastructure, especially transportation (Berridge, 2000). However, the flagship came early on with the 1993 Empowerment Zone and Enterprise Community program (EZ/EC). Where the previous three Republican administrations had talked about Enterprise Zones, neither Ronald Reagan nor George H.W. Bush had managed to pass such a national program. Not only did Bill Clinton do this, but his EZ/EC program was comparatively ambitious in its funding and design. The EZ/EC program was a federal, state, and local government partnership for stimulating comprehensive, long-term renewal in distressed urban neighbourhoods *and* rural communities. Specific policy instruments were employer wage credits for hiring zone residents, property depreciation credits, and block grants for social and economic development. For urban EZs, the block grant was \$100 million and for rural EZs, \$40 million. The ECs received block grants of \$3 million (Draut, 2002).

The basic idea was that the federal government should first cultivate community-based leadership and planning, and then adapt all relevant programming to the locally defined needs. The legislation made local knowledge a priority. It called for direct resident participation and community partnership in decision-making about zone goals to "allow a community's strategies to take into account unique local features ... and to create a vision that resonates with local stakeholders so that they feel a sense of ownership" (HUD, 2002: 9). Four priorities framed the EZ/EC program: economic opportunity, community-based partnerships, sustainable community development, and strategic vision for change. To encourage bottom-up planning, HUD defined these priorities only in general terms, and each partnership had to decide how it would operationalize principles such as sustainable community development (HUD, 2002: 7). Strategic plans were required to include benchmarks for measuring success, including the extent to which poor persons would become empowered (Rubin, 1994). Amid much local variation, it is reported

that almost all the plans followed a multi-pronged approach crossing the social services, physical improvements, housing activities, and public safety efforts.

In administering the EZ/EC program, the federal government provided 10-year funding to the states that flowed the money to local project managers, in some cases not-for-profit organizations and in others municipal governments. Three federal departments coordinated their activities: HUD, the Department of Agriculture (USDA), and the Department of Health and Human Services (HHS). HUD and USDA developed eligibility criteria and designated the EZ/EC localities. The HHS Office of Community Services worked directly with the local players, drawing on the long “field experience” of their Regional Offices in providing technical assistance and other resources to help communities (HHS, 2001). A Cabinet level Community Empowerment Board, headed by the Vice President, was charged with ensuring that the nearly 20 federal agencies active on the urban file supported the EZ/EC coalitions in accessing an appropriate package of supports. For example, in a number of Empowerment Zones, HUD and HHS collaborated with the federal Environmental Protection Agency to assist communities with brownfield redevelopment, including planning for new urban ecological industrial parks (Portney, 2003: 90-92). In addition, the EZ/EC program required intergovernmental coordination. Cities and communities presented formal Memorandums of Agreement that outlined the roles and responsibilities of the local project managers, community partners, and the state government. As the HHS reported: “Many state agencies are actively engaged with the localities in implementing their neighborhood renewal projects, and several are providing localities with additional state funding and other forms of assistance” (HHS, 2001).

The Administration followed a two-round approach to the rollout of the \$1 billion program, beginning with 9 EZs (6 urban and 3 rural) and 95 ECs (65 urban, 30 rural) in 1994, and adding 20 more of each in 1999. In between the two rounds, participants shared lessons in “large-scale workshops on developing citizen participation for governance, and on working with emergent entrepreneurs and grassroots groups ... to monitor progress on the strategic plan/visions, changing social conditions, and achieving outcomes to stimulate community learning for sustainability” (Aigner, Flora, and Hernandez, 2001: 504). An interim assessment was also undertaken for HUD in 1996 to highlight important lines of progress such as job growth, workforce development activities, the leveraging of private, state, and local government resources, and a better alignment of federal policy interventions in cities and communities. A further set of evaluations from the Rockefeller Institute reported that citizen participation in each city’s strategic planning was significantly and substantively greater than that which had taken place under previous federal urban initiatives (Nelson A. Rockefeller Institute of Government, 1996). The Institute also found that effective implementation of EZ/EC programs was assisted by two factors: the presence of an existing organization in a neighbourhood that was ready to lead, and the linking of that neighbourhood organization to wider metropolitan economic growth and workforce development activities that are “simply not practical at the neighborhood level” (Wright, 1997).

Indeed, another significant aspect of the American place-based policy in the 1990s was the attention paid to regional integration and metropolitan-wide connections (Katz and Rogers, 2001). This thrust was most evident in housing, transportation, and environmental policy. In housing, the federal government established in 1993 a 10-year, \$5 billion program, HOPE VI, to demolish the blighted public housing blocks that concentrated and isolated the poor and replace them with

affordable housing communities with mixed incomes, and healthier urban design. An assessment of HOPE VI by the Urban Institute and the Brookings Institution concluded that the program “represented the leading edge of policy reform” (Popkin *et al.*, 2004: 14). Forging innovative financing partnerships among all three levels of government, HOPE VI “evolved from an initiative focused on reconstruction and resident empowerment to one animated by broader goals of economic integration and poverty deconcentration, new urbanism, and inner-city revitalization” (Popkin *et al.*, 2004: 14).

Along the same trajectory, the 1998 Transportation Equity Act for the 21st Century (TEA-21) allocated \$217 billion over six years toward urban transportation infrastructure and devolved responsibility for planning and implementation to metropolitan planning organizations. In so doing, the program sought the expertise of local citizens to design more holistic transportation approaches sensitive to environmental and social concerns (Calthorpe and Fulton, 2001: 91). The federal government directed the metropolitan planners to make appropriate connections across their regions among transportation, land use planning, housing and economic development. (Edner and McDowell, 2002). Federal money on transit almost doubled during the 1990s and a novel “reverse commuting” program helped residents of inner city neighbourhoods get access to suburban areas of job growth. The “Bridges to Work” program addressed the growing “spatial mismatch” in sprawling metropolitan areas that separated poor people from labour market opportunity (Dreier, Mollenkopf, and Swanstrom, 2001: 129).

With respect to the environment, a “Livable Communities Framework” unveiled in the Administration’s final year in office aimed to support many states and cities with their emerging regional growth strategies (Smart Growth Network, 2000). Although not fully implemented before the 2000 election, the framework represented a further effort by the administration to coordinate federal policy with state and municipal initiatives. Of particular note in the Livable Communities Framework was the “Regional Partnerships for Smart Growth,” a \$50 million proposal to fund cross-jurisdictional strategies for more compact urban development and the building of affordable housing near nodes of job growth. Federal money for such projects was available to partnerships of neighbouring local governments, sometimes in cooperation with their state government, or existing regional institutions such as councils of government or metropolitan planning organizations that were designated by local governments.

A final distinguishing feature of the changing American urban policy landscape was the growing presence of “intermediary organizations” available to assist governments and communities in tailoring public policy to local places (Ferguson and Stoutland, 1999; Kingsley, McNeely, and Gibson, 1997; Harrison and Weiss, 1998). National foundations, regional stewards, and local networks all contributed to the urban policy revival. Various anchored in the philanthropic, business, and community sectors, these organizations effectively cross the three scales of action relevant to an urban agenda.

Locally, *community development corporations* address the housing and social service needs of residents in neighbourhoods. Thousands of such entities work in cities across the United States. For example, BUILD in Baltimore, a local partnership of non-profit groups, trade unions, business associations and congregations, pioneered living wage laws, worker-owned employment agencies, and affordable home ownership (Sirrianni and Friedland, 2001: 51-56).

In turn, BUILD is affiliated with the Industrial Areas Foundation, a *national intermediary organization* with deep roots in cities and communities. Many such national organizations exist, including the Local Initiatives Support Corporation, the National Community Building Network, the Community Development Partnership Network, and the Annie E. Casey Foundation's Rebuilding Community Initiative (Gittel and Vidal, 1998). With their extensive investments in local community development corporations, leading edge research, and practical toolkits, these organizations flow essential financial, technical, and human resources to local projects. They have been credited by some as being pivotal in transforming a fragmented array of local development entities into a national-scale movement capable of delivering, in partnership with governments at all levels, significant progress in America's most troubled urban places (Schorr, 1998).

In between the local and national scales, *regional development alliances* have taken shape. Spurred by the extraordinary degree of municipal "balkanization" in American local government, business leaders and community representatives have mobilized broad-based civic networks for strategic regional leadership (Henton, Melville, and Walesh, 2004). In support of such efforts, several regionally-focused urban policy research organizations have emerged. PolicyLink, for example, has developed a "framework for regional development that places equity at the center of regional growth and development" (PolicyLink, 2002). Inspired by this framework and others like it, a nationally-orchestrated regional network known as the Alliance for Regional Leadership is now supporting civic collaborations across cities, "looking for ways to create a more connected community through regional stewardship." Regional stewards are "boundary crossers" who combine a "strong sense of place" with recognition of more "integrated regional approaches" that connect the economy, community, and inclusion (Alliance for Regional Leadership, 2000: 12). An example of such regional stewardship is Joint Venture: Silicon Valley Network. This economic development partnership now includes a Civic Action Network to make the region's high technology clusters more socially sustainable through action on the "digital divide" and on the barriers faced by the region's large Latino population.

In sum, the American urban experience in the 1990s revealed a federal government learning from its own flawed policy history and working with various intermediary organizations to test new strategies for neighbourhood revitalization in the wider regional or metropolitan context. Controversy persists over the nature and impact of the Clinton urban engagement. Some judge the empowerment efforts far too modest, and compromised by an overarching social policy agenda that brought about "'the end of welfare as we know it' with little thought for the policy's effect on communities" (O'Connor, 1999: 117). However, using the most recent census data, Paul Jargowsky finds evidence of "stunning progress" in reducing spatially-concentrated poverty, particularly among African Americans, and growing home ownership and minority-owned businesses in inner cities (Jargowsky, 2003). Some explain the gains as a by-product of the national economic boom, while others see it as "the triumph of smart federal policies" (Katz, 2003).

Significantly, the essential features of the Clinton empowerment approach continued through President George W. Bush's first administration in a revamped "Renewal Community" program (Draut, 2002). However, the President's 2006 budget proposes significant cuts to HUD and rationalization of all federal community development programming, making future federal urban support uncertain (Weisman, 2005).

2.4 The European Union: Multi-level Governance and Policy Networking

Developments in the 1970s and 1980s set the stage for a concerted round of place-based multi-level policy partnerships that flowered across the European Union (EU) in the 1990s (John, 2003; European Commission, 1993; 1997). In 1975, the European Regional Development Funds were launched to encourage balanced growth across member states. Following the 1986 Single Market initiative, these funds were greatly expanded, administratively decentralized, and refocused on urban centres. Commission officials visited many European cities to consult on fund programming and elaborate an overall policy strategy. Several White Papers followed on topics ranging from transport and the environment to urban poverty and cluster-based innovation. Making these local connections, it was hoped, would enhance the legitimacy of European integration in the eyes of citizens, and mobilize a supportive new local coalition to advance European projects. In the process, the EU emerged as a catalyst for urban innovation.

The EU's urban agenda has been framed by two key principles, *subsidiarity* and *cohesion*, and three important practices, *piloting*, *partnership*, and *networking*. Subsidiarity means that public activity should be led by the territorial level of government best able to deal with the problems and the people. In the EU, this principle has translated into commitments to supply appropriate resources to make local policy participation a viable concept, and to include local officials in the representative institutions shaping Structural Fund planning. The European Union's Committee of Regions underscored "the need for close involvement of local and regional authorities in all future policy formulation, and recognizes that cities ... should be true partners in the process" (cited in Commission of European Communities, 2002: 6)

The cohesion principle has meant that resources and assistance should be targeted to the most distressed places. For the EU, this includes both troubled neighbourhoods within larger cities and smaller cities and communities struggling on Europe's geographic peripheries. The cohesion principle also emphasizes the interdependence of economic innovation and social inclusion goals, aligning anti-poverty and labour force development challenges with more traditional competitiveness issues of technology innovation or business networking. A 1997 paper on the EU's Urban Agenda stated:

The twin challenges facing European urban policy is therefore one of maintaining its cities at the forefront of an increasingly globalised and competitive economy while addressing the cumulative legacy of urban deprivation. These two aspects of urban policy are complementary. Economic progress which undermines the cohesiveness of urban areas is unlikely to be sustainable over the longer-term (European Commission, 1997: 13).

In putting the principles of subsidiarity and cohesion into practice, the EU has made extensive use of pilot projects. Such projects test out new approaches on a limited scale, and through systematic reflection generate lessons "relevant to those involved in urban regeneration across the Member States" (EUROPA, 1998). The pilot projects have enabled Commission administrators to receive ongoing feedback from the localities on how to fine-tune EU programming and design the best financing mechanisms across different member states. Piloting has also expanded knowledge about the collaborative process in cities and communities, and

clarified EU thinking about how to bring local experiments to scale through incorporating them into more general Structural Fund programming.

A second key EU urban policy practice has been social partnership (Atkinson, 2000; Geddes, 2000). European programs mandate various forms of collaboration between national and sub-national authorities. In most cases, local applicants need to find at least 50 percent of project funding from other sources, a design feature almost always engaging national governments. In practice, member state governments determine priorities with EU officials and then negotiate implementation with local coalitions in designated cities and communities. EU facilitated partnerships also typically require participation from private and community sector organizations, including representatives of minority or disadvantaged groups in the city, providing for a breadth of local knowledge in project management. As such, the supra-national programs act as the catalyst for multi-level public planning and collaborative community action. While in some national settings the EU partnerships have only extended existing government policy directions, in others they have pushed national states to relate in new ways to municipalities or community groups. This latter dynamic has been evident in France and Italy where social partnership practices had little resonance and, in the United Kingdom in the late 1980s and early 1990s, when principles of social cohesion were not part of the official policy discourse. The European Commission is reported to be “absolutely delighted to have compelled member states to provide evidence of innovation in these areas” (Le Galès, 2002: 104).

The third important EU practice is that of policy networking across national boundaries among the host of players involved in local partnerships (European Commission, 1997; John, 2003). These networks facilitate transfer of policy knowledge and know-how *horizontally* among urban and community actors, and *vertically* from the local scale to the upper levels. They have taken varying forms in relation to the different streams of EU urban programming. Europe’s menu of cross-national learning networks now include: local authorities in cities based on shared characteristics such as size, demography or economic profile; social partners from community and private sectors; representatives from cross-border cities; academic researchers and policy analysts studying city dynamics in different regions; and numerous thematically organized experts and practitioners addressing specific challenges in different places such as ethnic relations, downtown regeneration, or industrial restructuring.

In the last decade or so, these two guiding principles and the three associated practices have informed the operation of the EU’s two major urban programs: the Urban Pilot Program (UPP) and the URBAN Community Initiative (Aldskogius, 2000; GHK, 2003). Each program has operated in time-limited phases, allowing for evaluations between program rounds to improve the design and implementation. The UPPs covered 59 cities, and its initial phase from 1990 to 1993 provided the foundation for the subsequent much larger URBAN initiative. The UPPs invited cities to apply for funding and technical assistance for projects that featured urban innovations and established best practices, with an obligation to disseminate learnings throughout Europe. Following completion of the first round, the Commission’s Regional Policy Directorate catalogued the main policy lessons (Helander, 2001). These included: the value of an integrated social and economic approach; the importance of community involvement; the effectiveness of neighbourhood targeting when it is also linked to regional or city-wide strategies; and the need for localized pilot projects to explore synergies with other EU policies.

These lessons formed the analytical foundation for the five-year URBAN I program launched in 1994 in 118 cities in all 15 member states. The objective was to “tackle the problem of urban deprivation in a holistic way,” and “consolidate the lessons learnt from innovations tested in the Urban Pilot Projects, paving the way for a more tailored approach to urban disparities within the mainstream of Structural Funds” (Commission of European Communities, 2002: 7,8). URBAN I funded a range of projects such as physical and environmental regeneration, employment training, immigrant business support, and promoting social inclusion of young people.

While the UPPs and URBAN I were viewed as a good start in addressing the problems of Europe’s most distressed localities, further evaluations pointed to design improvements and these were incorporated into the next five-year round, URBAN II, running from 2001 to 2006 (Commission of European Communities, 2002). Among the changes were the extension of eligibility to smaller- and medium-sized cities, simplification of the application process to streamline funding and provide clearer guidance to local officials who often were unfamiliar with the EU, and development of common indicators to underpin the monitoring and evaluation of programs. To strengthen program management, URBAN II was also housed in a dedicated EU policy agency that promotes knowledge of urban regeneration issues across all the policy activity of the European Commission. The program identified 70 sites, respecting the need for a balanced distribution of programs across EU member states, and based on specific socio-economic indicators of distress or exclusion and the potential of the project to transform mainstream policy practice. The EU sought to enhance the prospects for policy learning by including among the 70 sites a mix of places in three broad categories: inner city areas, city-regions that included different types of neighbourhoods, and peripheral or remote communities.

The selection process for URBAN II was presented by EU officials as an example of “open co-ordination” policy development distinct from a “centralized approach” (Commission of European Communities, 2002: 23). This meant that within EU program criteria, each member state selected its own sites and decided the financial allocation. The Commission recognized that urban problems varied greatly across member states and that it was at that level that the appropriate understanding of and responsibility for such differences resided. At the same time, URBAN II also maintained the emphasis on local partnerships that dated back to the original UPPs: 80 percent of URBAN II projects involved community groups in planning, and in 66 percent the local authorities were involved in project management. To ensure that the lessons and successful practices from the 70 sites were captured and made widely available, a dedicated inter-city networking agency, known as URBACT, was built into the program.

Since the early 1990s, a diverse range of cities and communities has participated in the three flagship EU urban programs. Prominent are older industrial cities experiencing difficult economic restructurings, often marginalized in their own countries’ policy process. Huddersfield, England, is a good example of such a place making the most of EU support, in this case the UPP (Landry, 2000). The northern England city of 130,000 was hit hard by industrial restructuring in the 1980s, resulting in an outflow of jobs, investment, and young people. In the 1990s, the municipal council undertook a series of internal governance reforms to lead a local partnership bid for regeneration resources. An explicit goal of the council was to use the bidding process to rebuild community identity and demonstrate the benefits of collaboration. In 1997, the EU selected Huddersfield as a site for one of 26 UPPs out of 500 applicants. The city launched 16 innovative “creative city”

projects combining new technologies, cultural resources, and local entrepreneurship. Piloting a “cycle of urban creativity” and establishing a Creative Quarter in a derelict area of the city, Huddersfield has been widely recognized for its turnaround efforts (Landry, 2000: 224-232). According to the World Bank: “By adopting a strategy of creativity, this project provides ‘good practice’ examples to other European medium-sized cities and peripherally located towns that wish to compete in the emerging information-based economy” (World Bank, n.d.).

Bilbao, Spain, is another city that has made use of both the UPP and URBAN programs to revitalize a “neighbourhood in crisis” (Moulaert, 2000; Bradford, 2003). With a decade of EU support, a particular place – the Barakaldo municipality – established a community-based agency to drive regeneration strategy focused on labour force development. Bilbao’s achievements included the “creation of working committees to channel citizens’ participation in socio-economic planning and implementation” and “strong involvement in training initiatives within the URBAN Programme to combat unemployment and marginalization” (Moulaert, 2000: 110). Citizen working groups helped design vocational training programs for the long-term unemployed such as employment information and brokerage services, and initiatives for self-employment. Economic development linkages were also made with the community’s rich cultural heritage through grassroots music production and craft centres showcasing local talent.

Dublin, Ireland, also illustrates the scope of EU enabled urban innovations. Unlike Huddersfield or Bilbao, Dublin is a European “gateway city.” However, in the 1980s it was experiencing its own problems of concentrated poverty and social exclusion (Turok, 2001). Here, EU support in the URBAN program became a catalyst for translating existing national-level social partnerships, geared to finding consensus on macroeconomic policy, down to the local scale of neighbourhoods that were bypassed in the national growth strategy. Close observers refer to the “multi-tiered” impact of the EU on Irish local partnerships (Walsh *et al.*, 1998: 62). The effects include: “a general conscientisation of public policy; funding for local development initiatives; pilot programmes to identify new ways of tackling poverty and social exclusion; and mechanisms for transfer of good policy practice” (Walsh *et al.*, 1998: 63). In Dublin, place-based policy has extended opportunity to the long-term unemployed through labour market and social economy projects, and also managed to extend the initial partnership focus on anti-poverty to strategies for innovative business development in an inner city “digital hub” of new media production. Ireland’s progress has resulted in strong, two-way learning between the partnerships in cities like Dublin and institutions like the European Commission, to the point where the upper level officials are “looking to Ireland for answers to the problems of poverty, unemployment and social exclusion” (Walsh *et al.*, 1998: 63).

Over the past three decades, then, an urban policy coalition has taken shape in the European Union, composed of EU Regional Directorate officials, member state governments, local authorities and societal actors. Using a mix of principles, practices, and networks, the EU in the 1990s became a catalyst for multi-level governance to implement place-sensitive assistance to many cities and communities. The potential of local partnerships to integrate policy across a spectrum of interventions from supra-national and national levels was recognized. Assessments of the UPPs and URBAN programs report an improved quality of life in targeted areas, and an institutional legacy of stronger local governance based on shared leadership roles in managing complex programs from inception right through to evaluation. As Frank Moulaert and his

colleagues summarize in their cross-national study of “integrated area development”: “The European Programme URBAN is playing a very significant pilot role here, not only with respect to its policy agenda, but also as far as its networking habits and subsidiarity practices are concerned” (Moulaert, 2000: 118).

The EU programs also constitute significant arenas of policy learning. Within the European Commission, there is evidence of feedback loops, as successive iterations of the urban programming from the UPPs through to the two URBAN rounds built on one another. Certainly, municipal authorities have been fully engaged by supra-national policy development, learning about how to work at multiple government scales, and how to translate the EU norms of cohesion or partnership into concrete initiatives addressing local priorities. On the expanded playing field, many European cities have become policy laboratories, testing new roles and modes of action to tackle the wicked problems in their midst. Taking stock of the dynamics, Patrick Le Galès concludes that the EU is now “being built from below, by social and political actors in regions and cities: constructing, resisting, fighting, and adapting to new rules, opportunities, and constraints” (Le Galès, 2002: 110-11).

The result has been significant innovation, with EU programming often pushing national governments in new directions or pulling local authorities to include new actors in governance. The message to Europe’s cities seems to be: “‘opportunities exist – seize them’ and, at the same time, ‘heaven [that is, the EU] helps those who help themselves’” (Le Galès, 2002: 111).

2.5 What Are the Lessons?

In the past decade, Britain, the United States, and the European Union have implemented new urban policy and collaborative governance frameworks that reflect many of the ideas outlined in Part 1 of this Research Report. That is, they seek to develop place-based policy by tapping local knowledge, mobilizing community organizations, engaging municipalities, and forging multi-level collaborations across the different scales of government. In all three cases, upper level officials exercised a leadership role in aligning public policy with local needs and capacities. The exact nature of this role differed in each case. In Britain, the central government was the *driver* of the process, from the initial policy design through to the implementation and accountability stages. In the United States, the federal government was more a *facilitator* of local and state-level action. In the EU, the supra-national officials became the *catalyst* for innovation, providing opportunities for member states and local coalitions to explore new ideas and practices. Whether the upper level role was that of driver, facilitator, or catalyst, the common goal was multi-level collaboration rooted in particular places and focused on their revitalization.

In comparison to these rather rich histories of experimentation and innovation, the recent Canadian urban and community public policy record is thin. A recent OECD review concluded that Canada’s “disjointed approach” has resulted in “a failure to draw up an integrated urban policy” (OECD, 2002: 159). What, then, are the most important messages that can be taken from the British, American and European experiences? An overarching theme is the need for balance. Multi-level urban governance and collaborative policy requires careful management of what are in practice a series of cross-pressures:

- *Neighbourhood and regional scales.* Close attention must be paid to the particular needs, assets, and capacities of specific neighbourhoods at the same time that local strategies connect to wider metropolitan or regional opportunities. Neighbourhood renewal is shaped by, even dependent on, the broader city-regional context for planning and development. “Institutional intermediaries” can help governments make these connections.
- *Targeted and aspatial policies.* Comprehensive urban policy must integrate spatially-targeted interventions with general, aspatial programs. The challenge is to capture the synergy between the different scales of policy action. Designed and delivered in isolation from one another, neither targeted nor general policies will reach their potential. The necessary inter-departmental policy coordination may be achieved through strong central agency direction as in Britain, or through a powerful Cabinet committee as in the United States.
- *Jurisdictional autonomy and policy interdependence.* Political leaders seeking solutions to spatially-concentrated problems must develop collaborative approaches that respect formal jurisdictional divides but equally recognize the fact of policy interdependence on the ground, and work pragmatically through such common ground.
- *Evidence-based decision-making and policy learning.* Sound urban policy requires evidence-based decision-making that draws on different kinds of knowledge inputs and is open to learning over time. Learning can be enabled by the presence of institutions that act as common meeting places and/or information clearing houses for exchange and dissemination of ideas.
- *Pressures for results and patience for collaboration.* Successful collaborations take time as they ask governments, departments, and societal organizations to define shared goals and work together, often for the first time. Trust relations must develop and new capacities for collective action must be built. Clear evaluation frameworks need to be built into the collaborations from the outset, but benchmarking success must allow that the appropriate time frame may be one or two decades, not years.
- *Collaborations may combine the organizational logics of hierarchy, networks, and competition.* Multi-level governance draws on the different principles of social organization: hierarchy, markets, and networks. The local partnerships at the heart of the model express the network’s trusting relations, but also competitive dynamics as their funding allocations often come through bidding among urban coalitions representing different places. At the same time, the need for accountability reintroduces forms of hierarchy as upper level governments monitor local performance and evaluate results. Governance must respect local autonomy and diversity while also deploying more directive tools to reward excellence and safeguard equity across localities.

The final part of the Research Report considers these comparative experiences and their main lessons in relation to the Canadian debate about new approaches for cities and communities. It points to emerging trends in intergovernmental relations and policy collaboration that represent a promising base to build upon, and a context for imaginative application of the lessons available from elsewhere.

Part 3. Towards Place-based Public Policy for Canada

3.1 Cities and Communities that Work: Canada's Collaborative Imperative

The first two parts of this paper have argued that urban centres are increasingly strategic spaces of political engagement and policy action. They are the places where today's most complex problems concentrate, and equally where the critical knowledge and networks to make progress are best engaged. Recent developments in European and American contexts reveal a range of strategies for mobilizing the potential of localities to advance important national policy goals of inclusion, innovation, and sustainability.

Transposed to the Canadian scene, of course, these arguments and experiences raise a number of complexities. Acknowledging the policy significance of Canada's urban places also involves recognizing that all three levels of government are presently active in cities and communities, spending, regulating, taxing, and owning property. But there is little evidence of systematic coordination among the interventions, or even regularized contact among the different officials. One level of government supports may be effectively cancelled out by clawback from another level, or they may simply duplicate existing efforts. If Canada is to meet the place quality challenge, then a priority is adaptation of the intergovernmental system. Between the two choices of a highly problematic status quo and an equally improbable constitutional overhaul lies the *only* pathway forward: dialogue, learning and negotiated agreements that over time institutionalize a collaborative policy approach enabling each level of government to make its strongest contribution to localized problem-solving. As we have seen, the issues are certainly compelling enough, and the challenges are on an order of sufficient magnitude to draw the concerted attention of all three governments to the "cities and communities agenda." But while the conditions may be conducive to change, what are the processes and mechanisms that might move things meaningfully forward?

Here the Research Report takes up three issues. First, it considers a new *intergovernmental framework* setting out basic principles, roles and responsibilities appropriate to multi-level collaboration. Second, it explores an *urban policy lens* that would enable a more holistic understanding of what makes cities vital, and how local knowledge can inform the decisions taken at the upper levels of government. Third, it reviews a number of *action-oriented agreements* among the three levels of government that presently are attempting to deliver integrated solutions to the place-specific problems of cities and communities.

These three thrusts represent different but interconnected levels at which progress can be made – the macro level of intergovernmental frameworks; the meso level of the urban policy lens; and the micro level of action agreements implemented on the ground and in the streets. At each of these levels there is, in Canada, already a foundation on which to build.

3.2 Macro Level: An Intergovernmental Framework – Policy Principles

Research on Canadian federalism now describes an evolving collaborative model that sees provinces as equal policy partners with the federal government (Bakvis and Skogstad, 2002). This model is different from both the co-operative federalism of the early post-war decades and the competitive federalism of more recent times. In the former case, co-operation was certainly evident across a host of cost-shared programs and agreements on service standards but the intergovernmental relationship was decidedly “Ottawa-centered.” But by the 1990s, the federal government’s transfer payment reductions to the provinces left it without the credibility or capacity to define the terms of intergovernmental cooperation. Legacies of mistrust generated by failed attempts at constitutional engineering left not just governments, but the public more generally, looking for something other than zero sum competition among First Ministers. Recently, growing awareness of the interdependence of policy problems has heightened interest in finding forms of “constructive entanglement” among federal and provincial/territorial governments. Rather than reallocating formal powers of the respective governments, the goal is to exercise them in a coordinated manner.

The 1999 Social Union Framework Agreement (SUFA) most explicitly and comprehensively set out the new terrain. While not signed by Quebec, the SUFA outlines a process by which national social policy goals, including equity and fairness, are to be achieved by some or all of the governments and territories acting collectively, expressed in framework agreements not constitutional clauses (Cameron and Simeon, 2002). There is a commitment to sharing information in identifying priorities for collaborative action while also preventing either unilateral changes or duplication of efforts. The SUFA’s flexibility and adaptability aims to capture federalism’s balance of common aspirations and local variation. The same collaborative ethos informs a number of other intergovernmental agreements: the Agreement on Internal Trade, the Canada-Wide Accord on Environmental Harmonization, the Labour Market Development Agreements, and the National Child Benefit.

Not surprisingly, close observers have identified certain gaps and limitations in the practices of the emerging forms of collaborative federalism (Fortin *et al.*, 2003; Saint-Martin, 2004). A concern, directly relevant to this Research Report, is that the collaboration still is a two-level interaction, with municipalities on the sidelines. A number of analysts have made the case for “bringing the municipalities to the table” (Jenson and Mahon, 2002). Political scientists David Cameron and Richard Simeon frame the issue this way:

Collaborative federalism also needs to be set in the larger context of multilevel governance in Canada. It will become increasingly necessary to look to the role of local, territorial, and Aboriginal governments and their interface with provincial, national, and international institutions. This article has followed a standard Canadian pattern; municipalities have not figured greatly in our analysis ... robbing the very governments that are closest to the citizen and the most involved with the quality of their daily lives of much of their potential dynamism and vitality. This has occurred at a time when cities and city regions are the centers of economic and cultural innovation, are increasingly multicultural, and, in many cases, are increasingly linked to national and international networks rather than to their provincial hinterlands.

Enriching democratic multilevel governance must involve them (Cameron and Simeon, 2002: 69-70).

Elaborating further, the Social Planning Council of Winnipeg, in a detailed policy commentary for renewing and revitalizing the SUFA, recommended reforms to include a substantive role for municipalities and community-based organizations (Social Planning Council of Winnipeg, 2002). Observing that “there are differences not only across provinces but within provinces and within municipalities,” the Council stated:

This means that community organizations, the voluntary sector, and municipal governments require more than just a consultative relationship, but their ever-growing role in program delivery must be incorporated and reflected in SUFA’s administration. Thus program design should come from the bottom-up and not the top-down: problems will vary from neighbourhood to neighbourhood, and programs can no longer adopt the one-size fits all approach (Social Planning Council of Winnipeg, 2002: 11).

While SUFA has not met all the expectations of its supporters, it still offers a useful collaborative framework for different governments to learn through practice that they can achieve more together than apart. But enriching democratic multi-level governance now requires including municipal perspectives. Obviously, there is no simple remedy for this gap, and much will depend on the dynamics of intergovernmental dialogue and political leadership. Nonetheless, three general observations can be made about moving ahead.

First, several framework agreements have been implemented through flexible governance arrangements appropriate to place-sensitive policy formation that respects the principle of one-size-does-not-fit-all. The 1996-97 labour force training agreement provides one such example (Bakvis, 2002). This policy field sits at the constitutional intersection of federal responsibility for overall economic management and provincial jurisdiction over education. In that case, the federal government offered to turn over its programming, funding and staff to the provinces/territories in exchange for those governments meeting certain basic conditions and performance standards. This broad offer set the stage for a series of bilateral negotiations that culminated in separate agreements with 11 of 12 provinces and territories. As such, the agreements join up the different resources of governments, tap knowledge of sub-national (in this case provincial) conditions, while recognizing that variation in provincial or territorial capacities should determine the particular institutional form of collaboration. There are important lessons for design of a place-based national policy framework that responds to the diversity of Canada’s urban landscape.

Second, as we have described earlier, there are examples from other jurisdictions of intergovernmental policy processes that formally include substantial municipal participation in policy development. One instructive case is Australia, a country with similar constitutional non-recognition of municipalities as Canada, but where recent reforms have brought municipalities to the most important intergovernmental tables (Council of Australian Governments, 2004). Recognizing the growing contributions of local governments to effective national economic and social policies, the Australian federal government in 1992 formally invited the Australian Local Government Association (ALGA) to become a member of the Council of Australian Government

(COAG), the forum where the Prime Minister, state ministers and territory chief ministers meet regularly for discussions on broad policy issues and signing of intergovernmental agreements. The ALGA President is now a full voting member of the COAG. In addition, the ALGA is also represented on several Australian Ministerial Councils, the specialist intergovernmental bodies that initiate, develop and monitor specific policy innovations for the COAG. While often only granted observer status on the Ministerial Councils, the ALGA representative has the right to contribute to debates and, importantly, be fully involved at meetings of senior officials from the Australian and state governments. Through participation in these key decision-making bodies, local government representatives are playing an expanding role in shaping national policy agendas.

The architects of Canada's intergovernmental processes might recognize the advantages of such inclusion and develop processes to make it happen. Municipal representation could flow through the FCM, or it could involve exploring ways to involve delegations of mayors from different groups of municipalities, such as the "C5" that represents the unique concerns of the largest city-regions (*Ideas That Matter*, 2003: 3).

Indeed, the federal government has recently taken some steps to partner with the FCM in innovative ways. Donald Lidstone reports that in 2003, it "agreed to afford the FCM the same treatment as the provinces in relation to international trade agreement consultations" (Lidstone, 2004). Given the potential of global trade and investment agreements to constrain local regulatory authority, such international policy consultation is warranted. At the same time, in the field of environmental policy, the Government of Canada's Green Municipal Funds provide the FCM with the resources and authority to directly manage municipal investments in leading edge environmental technologies for waste management, water treatment, and so forth. Environment Canada has also worked with FCM and the International Council for Local Environmental Initiatives in the Partners for Climate Protection Initiative to support municipalities in developing their capacity for sustainable community planning and meeting Canada's Kyoto Protocol obligations.

Although not institutionalized in the same way as the Australian COAG and Ministerial Councils, these partnerships between the federal government and the representative body for Canadian municipalities depart from the "culture of non-recognition and neglect" when it comes to the policy voice of local officials. As occurred in Australia in the 1990s, the evolving relationship might now be scaled up to other intergovernmental tables where interdependencies are strong and growing in policy fields such as immigration, transportation, child care, and social housing.

The next two sections of the paper address further aspects of Canada's collaborative policy and multi-level governance challenge, moving from the macro level of intergovernmental frameworks to consider possibilities at the meso level of urban policy development, and at the micro level of program implementation in cities and communities.

3.3 Meso Level: The Urban Lens – Policy Knowledge

Extending the collaborative approach to intergovernmental relations to include municipalities would benefit greatly from embedding the “urban lens” in federal and provincial policy-making. As introduced in Part 1 of this Research Report, such a lens could bring an integrated perspective to the presently fragmented and diffuse policies of upper echelons of government in cities and communities. Offering a comprehensive view of conditions across diverse urban settings, the urban lens would track what the departmental “silos” are doing in particular places and bring valuable contextual knowledge to all policies. In so doing, it would better align the various targeted interventions and general policies that impact cities and communities.

The conceptual and organizational challenges in applying such a lens across government are daunting, which helps explain why there has been more talk about the desirability of an integrative lens than action. Still, the endeavour is not without guideposts. There are examples of holistic policy frameworks that could help focus a Canadian urban lens at the different levels of government. One such framework is Healthy Cities/Communities, a “broad holistic, intersectoral approach” that “touches upon most if not all dimensions of urban policy” (Hancock, 2002: 268-270).

The premise of this approach is that current debates about health focus too much on the health care system and managing services, and not enough on health promotion and illness prevention through attention to the economic, social, and environmental factors that play important roles in determining individual well-being (Dunn, 2002). Such determinants include income equality, employment opportunity, affordable housing, air and water quality, family supports and neighbourhood services, and recreational opportunities. In other words, all the place quality factors crucial for urban vitality turn out to play an important role in shaping health choices, coping skills, and ultimately the well-being of individuals. Socially polarized and spatially-segregated cities with heavy reliance on the private automobile and limited social networking or civic engagement are not healthy places. Their residents, especially vulnerable or marginalized groups, will be exposed to many health and safety risks. Investments in the infrastructure of cities and communities that make for more inclusive and equitable places turn out to have significant health benefits.

To this end, a Healthy Cities/Communities policy lens, embedded across departments, would focus on coordinating economic, social, and environmental policies in specific places. Ideally, decision makers at different levels of government would consider the urban health impacts of their policies ranging from land use planning to investments in transportation, housing, and immigrant settlement services.

The Healthy Cities/Communities framework represents a solid conceptual basis for an urban policy lens. But for the framework to actually connect local and national priorities requires a mechanism and processes to flow knowledge upward from cities and communities to government departments. A government urban policy lens, however comprehensive or compelling, crafted and imposed in a top-down manner is likely not worth the effort. Fortunately, the challenge of knowledge flows across the levels is one that has recently inspired some imaginative work in Canadian policy communities. Several innovations have been initiated from above by federal and provincial governments, while others have been driven from below by

community-based movements. In all cases the important point is the subsequent interplay of ideas and inputs. Four recent examples, two from government and two from the community, illustrate the dynamic.

The federal government's Canadian Rural Partnership represents one application of a place-sensitive policy lens, in this case, focused on the implications of federal activity for rural communities (OECD, 2002: 169-194). The process has several aspects. An Interdepartmental Working Group, with representation from 30 federal departments or agencies, meets regularly to share information on priorities and plans. Informing these deliberations is a Rural Lens, the instrument for viewing national issues from the perspective of Canadians living in rural and remote areas. The Rural Lens works by providing federal departments with a "checklist of considerations" to assess the rural impacts of their policies and programs and by connecting government departments to rural residents in an ongoing dialogue through surveys, workshops, regional and national conferences, on-line discussion groups, and quarterly newsletters.

A second example of a government-led process to flow local knowledge into public policy is the National Homelessness Initiative, and specifically the Supportive Communities Partnership Initiative (SCPI). Through this program, the federal government, in consultation with provincial and territorial governments, makes money available to cities and communities to combat homelessness (Smith and Torjman, 2004). Integral to the program is enhancing local capacities to research policy needs and apply the knowledge to close service gaps that contribute to homelessness. Emphasizing collaborative partnerships, the federal government offers urban and community leaders different models for connecting local plans with extra-local policy resources. One option devolves full authority to a local body (the municipal government, a community organization, or mix of both), while the other model retains shared decision-making as the federal government partners with a community-based advisory body. Validating community and municipal policy expertise, and respecting different forms of multi-level collaboration, the SCPI is running in 61 cities. In the process, it is engendering a new role for civil servants: the expert analyst becomes a "community facilitator," working with and on behalf of local formations while still representing the federal government. As Ralph Smith notes, this "rolling up of the sleeves and playing a dual role" is much "messier" than the official job description but is crucial to the federal government's ability to listen and learn (Smith and Torjman, 2004: 18).

Alongside these government-led processes, other policy knowledge generating initiatives have been launched by local actors themselves.

Vibrant Communities is a four-year "national community engagement" focused on reducing poverty through local solutions, led by the Tamarack Institute, with support from the J.W. McConnell Family Foundation, and the Caledon Institute of Social Policy (Smith and Torjman, 2004). Started in 2002, 14 cities and communities have been linked in a collective effort to test out strategies, reflect on successes and failures, and share the lessons. The learning process is comprehensive, and involves sophisticated forms of knowledge brokering and transfer across traditional divides. The "codified knowledge" from formal social scientific research is made accessible to community practitioners, and the "tacit knowledge" and practical lessons generated through grassroots engagement are captured and shared with other localities facing similar issues (Leviten-Reid, 2004: 8). A Learning Centre has been established for dissemination

of the new knowledge gathered from the Vibrant Communities' unique mix of research and practice. Importantly, the Vibrant Communities learning is also meant to be vertical – between the local communities and government policy makers. Regular Policy Dialogues focus on the public policy implications of community action, allowing local residents to “help turn their ‘private troubles’ into ‘public issues’” (Smith and Torjman, 2004: 36). With federal government support, monthly dialogues are held with departments, agencies, and sometimes provincial representatives.

The Caledon Institute of Social Policy has documented examples of the interactive policy knowledge flows generated through the Vibrant Communities process. These include a Gender and Poverty Project where Vibrant Communities worked with Status of Women Canada in enabling low-income women to participate directly in conducting research and organizing policy workshops. In Saskatoon, the Saskatoon Anti-Poverty Coalition partnered with the provincial Social Services Department to sponsor community forums that asked low-income individuals to identify the roots of poverty. A dialogue was established “to build the research capacity of participants, create stronger links between the community and government agencies, and establish an ongoing process for low-income residents to participate in policy making” (Torjman, Leviten-Reid, and Cabaj, 2004: 5).

Another example of community innovation with strong potential to focus the urban policy lens is the Toronto Region Immigrant Employment Council (TRIEC). Established in September 2003, TRIEC is a key initiative of the Toronto City Summit Alliance (TRIEC, 2004). TRIEC's mandate is to improve immigrant access to employment in the Toronto Region. It is a multi-sectoral collaboration with representation from all the policy stakeholders – employers, labour, community groups, occupational regulatory bodies, post secondary institutions, foundations, and three levels of government. The ideas and strategies shaping TRIEC emerged from an extensive community-based research project cataloguing the specific barriers facing immigrants and identifying an integrated local labour market approach and new policies to help bridge the gaps (Alboim, 2002). Drawing on its diverse membership, TRIEC participates in federal, provincial, and municipal discussions that affect the settlement and integration of immigrants. A key priority is “to change the way governments relate to one another in planning and programming around this issue” and “to facilitate a new culture of coordination and collaboration.” Combining labour market research and networking with immigrants themselves, TRIEC is generating new policy knowledge and, in its first year, has brought forward six specific reforms to immigration and settlement policy (D'Alessandro, 2004). Among these is a call that “cities be at the table” with a “policy and program role in the labour market integration of immigrants.”

In sum, there are now several initiatives underway in both governmental and community settings that could bring focus to the elusive urban policy lens. All offer ways to flow bodies of place-sensitive policy knowledge between communities and governments. Moreover, they are not isolated innovations. The FCM has completed comprehensive inventories of urban quality of life (FCM, 2004). In 2004, the federal government announced a five-year commitment to help build the capacity of community-based organizations to support local research on the social economy and to finance social economy enterprises. In cities and communities across the country, organizations such as the United Way, Social Planning Councils, economic development agencies, and other multi-sectoral partnerships are generating new understandings of local assets, challenges,

and opportunities. In October 2004, a partnership of municipal officials and community leaders was launched – “Inclusive Cities Canada: A Cross-Canada Civic Initiative” – aiming to build more inclusive cities using innovative tools such as civic panels, civic audits of social inclusion, and nation-wide civic networking. Each of these bottom-up processes is producing highly relevant policy data and community profiles that need to be part of any urban lens.

3.4 Micro Level: Tri-lateral Agreements – Policy Practice

Intergovernmental frameworks and a spatial lens are key building blocks in a new urban approach, but what about moving to action in cities and communities? Relevant here is Canada’s experience with agreements among the federal, provincial and municipal governments to address priority problems in different places. While more modest and diffuse than the previously discussed British, American, and European approaches, Canada’s tri-level agreements represent another foundation upon which to build. There have been two principal versions of tri-level programming in Canada.

First, national urban infrastructure programs have been implemented through the Infrastructure Canada Program and the Strategic Infrastructure Fund. Addressing the physical needs of different cities and communities, these now feature some interesting design features. As noted earlier, Infrastructure Canada has incorporated environmental priorities through the \$250 million Green Municipal Investment Fund that features a novel arm’s length partnership with the FCM for managing local investments to reduce pollution. In addition, Infrastructure Canada has used innovative “horizontal policy” strategies to coordinate infrastructure programming across the federal government. It has developed new ways to facilitate policy learning: an online Research Gateway disseminates infrastructure policy knowledge, and an InfraGuide initiative is a partnership with the FCM, the National Research Council, and Canadian Public Works Association to share and apply best practices.

Despite the progress, Canada’s infrastructure effort has been found wanting in various aspects. Inadequate funding has contributed to an enormous “infrastructure gap” in cities and communities (TD Economics, 2004). Moreover, municipalities have sometimes not been fully included in program management committees with the result that infrastructure investments may not be attuned to local priorities. Finally, concerns remain that appropriate connections are not being made in local places between investments in the “hard” physical infrastructure of public transit, highways, and water supply, and the related “soft” social infrastructure of community supports in matters such as immigrant settlement or affordable housing (Clutterbuck and Novick, 2003).

Some of these problems, especially those related to municipal input and policy coordination, have been addressed in Canada’s second form of tri-level programming: federal-provincial-municipal agreements to tackle complex spatially-concentrated social and economic problems. Known as Urban Development Agreements (UDAs), these collaborations have been pioneered in selected Western Canadian cities, most notably Winnipeg and Vancouver (OECD, 2002: 140-143). They bring together the problem-solving resources of the different levels of government, and the community and business sectors in an integrated strategy for community-driven revitalization. The point is not simply better adaptation of the respective government interventions to local conditions, but tri-level collaboration such that the combined effort is greater than the sum of the separate efforts.

In Winnipeg, there have been three agreements since 1981: the Winnipeg Core Area Initiative, the Winnipeg Development Agreement and, most recently, the 2004-09 Canada-Manitoba-Winnipeg Agreement for Community and Economic Development. Across two decades, the UDAs have levered private and public investment to deliver significant downtown revitalization (Western Economic Diversification Canada, 2004). In social infrastructure, specific achievements include new community facilities, and improved delivery of social services, education and training supports to vulnerable residents such as Aboriginal people, immigrants, people with disabilities, youth and women. The UDAs also were instrumental in major capital projects for physical renewal of key inner city areas, with new and renovated housing, industrial development support, and creation of two multi-service neighbourhood resource centres (Western Economic Diversification Canada, 2004; Social Planning Council of Winnipeg, 2002).

For the 2004-09 Canada-Manitoba-Winnipeg Agreement for Community and Economic Development, new strategic priorities have been identified: Aboriginal participation in community and economic life; sustainable neighbourhoods to revitalize Winnipeg's downtown as a vital urban center; and knowledge-based clusters for Winnipeg's economic competitiveness. An important feature of the twenty-year Winnipeg UDA process has been the steady cultivation of strong networks of community-based organizations and resident involvement in projects (Silver, 2002). This outcome is reflected in the design of the new 2004-09 UDA, which emphasizes Aboriginal participation and includes, among its Guiding Principles, recognition of "the need for community-driven approaches to urban development."

The Vancouver Agreement (VA) was signed in 2000 by representatives of the three levels of government as an unfunded five-year arrangement concerned principally with better coordination and delivery of programs and services. In April 2003, the federal and provincial governments announced they would each flow \$10 million to the agreement, with the City of Vancouver contributing various in-kind goods and services (Western Economic Diversification Canada, 2004). At the federal level, the regional council, Western Economic Diversification Canada (WEDC), played a leadership role with Health Canada and Human Resources Development Canada. The VA is focused on a specific area, the Downtown Eastside (DTES), a historic neighbourhood facing severe problems of poverty, unemployment, drug addiction, ill health, crime, and business closure. Despite years of interventions from federal, provincial, and municipal departments, conditions continued to deteriorate. Concern grew that policy impacts were undercut by the lack of coordination: "competition for government funding was fierce; it was difficult for governments to determine who to work with; and service offerings and impact were fractionated" (Macleod Institute, 2004: 10).

Against this backdrop, the VA was remarkable for the breadth of government actors brought together: 12 federal departments, 19 provincial ministries and agencies, 14 municipal departments, and two local authorities, the Vancouver Police Department and the Vancouver Coastal Health Authority. Notably, it introduced a model of urban economic development that was rooted in the Healthy Cities paradigm (Public Health Agency of Canada, 2002). The emphasis was placed on improving population health as the essential foundation for economic and community regeneration. This conceptual framework helped align the multiple actors and their interventions, and served to "rally the different participants round common objectives" (Bakvis and Juillet, 2004: 45). In addition, the government players recognized the community

“as an important participant in these planning processes, and part of the agreement focuses on building capacity to engage the community in this manner” (Rogers, 2001: 5). Prior to finalization of the VA plan, a draft was circulated for community consultations, and the dialogue between the governments and the public continued as projects were implemented. The aim was to involve communities both as advisors to the governments and as participants in decision-making.

Such encompassing participation is far from easy and a recent evaluation of the VA has identified the community’s role as “a piece of unfinished business” observing that “extensive consultation and representation have not yet evolved into formal incorporation of such groups and voices in the governance structure” (McLeod Institute, 2004: 17). Other analysts emphasize the VA’s difficulty in translating existing departmental program criteria to the unique context of the Downtown Eastside, and the often limited autonomy granted to local officials from central government agencies (Bakvis and Juillet, 2004: 43). These issues underscore the not insignificant transaction costs that accompany collaborative policy-making.

Nonetheless, the VA, in a relatively short time, has generated a number of significant local innovations (Donovan and Au, n.d.). The VA’s Strategic Plan identified three fundamental goals for the Downtown Eastside: increased economic development; improved health of residents; and increased public safety. Among the notable projects launched in relation to the goals are: the first North American safe drug injection site that brought together law enforcement officials and health providers from all three levels of government; a hotel conversion project to improve public spaces that involved the VA Housing Task Team, in partnership with the Watari community agency, the Vancouver Community College, and municipal building inspectors; a VA Women’s Task Team implemented the Mobile Access Project with two community organizations to work with sex trade workers to provide peer services; and a local economic development project that used arts and cultural activities for streetscape improvements while building relations among social service agencies, low-income residents, and the Vancouver Chinese Revitalization Committee.

The Winnipeg and Vancouver UDAs are tackling the wicked problems in some of Canada’s most disadvantaged neighbourhoods, learning how to manage complex files. Their projects address the range of contextual economic and social factors that condition individual well-being, including employment opportunity, culturally appropriate social support networks, physical environments, and health services. A similarly promising collaborative approach to place-based policy is the Urban Aboriginal Strategy (UAS). Created in 1998, the UAS coordinates federal services for the growing number of Aboriginal people living in cities who face complex social, cultural, and economic challenges. Initially unfunded, the UAS was given \$25 million over three years in 2002. These funds were allocated to pilot and demonstration projects in eight large urban centres, testing out new ideas and partnerships to meet the needs of Aboriginal people in different neighbourhood and metropolitan contexts across the country. Federal funding decisions were decentralized to local committees to respond better to community priorities and to integrate funding streams from different departments.

The example of Regina is illustrative of the UAS's potential (Canada, Government of Saskatchewan, City of Regina, 2004). Through the UAS, the federal government invested over \$6 million to support urban development priorities in the inner city. To determine expenditure priorities, Ottawa worked closely with the provincial and municipal governments, and especially with a community organization, the Regina Inner City Community Partnership (RICCP). The RICCP had just completed an extensive community consultation, and its report of a neighbourhood vision and action plan became the basis for targeting the UAS programming. Indeed, the RICCP acts as the conduit through which resources will be directed, and it has established a multi-partite steering committee that includes representation from all levels of government, and community partners including Aboriginal peoples, school boards, and police.

Not surprisingly, the urban agreements in Western Canada have attracted attention. From their concern with urban social inclusion, Peter Clutterbuck and Marvyn Novick suggest that the Winnipeg and Vancouver experiences now could serve as models to inform broader policy development (Clutterbuck and Novick, 2003). Similarly, TD Economics, concerned with ensuring Canada's economic competitiveness, has also called for further application of the UDA approach template. Noting that many "of Canada's larger urban areas face problems that are so enormous in scope that local governments cannot handle them alone," they argue that the "federal government could also spearhead the development of tripartite agreements – or formal deals between all levels of government that are designed to accomplish a specific set of goals" based on lessons from the Vancouver and Winnipeg UDAs (TD Economics, 2004: 6).

What then are the general features of the Winnipeg, Vancouver, and Regina urban agreements that have inspired support from a wide cross-section of Canadian urban and community advocates? A growing body of UDA and UAS commentary now identifies some overarching themes:

- The target is a specific geographic place within the city, and the methodology builds from the bottom-up through understanding of neighbourhood needs, assets, and capacities. This requires federal and provincial governments delegating substantial authority and responsibility to regional agencies. It also means not "starting from scratch" but rather working with and through existing neighbourhood networks or community-based projects already in place as exemplified by the Regina UAS and the RICCP.
- Strategic plans are forged through intergovernmental dialogue and community consultation identifying specific projects, and the roles and responsibilities of the various players. The close linkage between goals and projects is important for sustaining momentum: "Focusing on small but significant actions that are achievable in the short term and sustainable into the future creates a sense of continually moving forward" (Donovan and Au, n.d.: 7).
- The formation of a solid management and administrative structure for the agreement is critical, allowing roles, responsibilities, and accountabilities to be clarified at the outset. With the UDAs, this structure typically includes a Policy Committee made up of lead federal and provincial ministers, and the mayor; a Management Committee comprised of three senior representatives from each level of government; an Executive Coordinator and issue-driven, representative task teams; and finally, a single window or access point for the public and broader community to learn about the agreement. Equally important is the emergence of

“champions” for the collaboration. At the federal level with the VA, the WEDC played this role advocating, defending, and steering the agreement (Bakvis and Juillet, 2004). At the municipal level, the Vancouver City Manager was another champion (Rogers, 2001).

- The adoption of an integrative policy framework such as the Population Health approach and a “continuum of supports” program strategy is important. For example, with substance abuse problems, this comprehensive approach made a relevant mix of interventions more accessible in appropriate sequence from the client’s perspective. Supports began with urgent issues of harm reduction, treatment and prevention, and proceeded to transition strategies for housing, education and employment.
- A commitment to learning over time helps to build momentum and improve operations. Such learning has characterized the two decades of UDAs in Winnipeg where lessons have been incorporated into successive agreements about the challenges of community and Aboriginal participation. Key developments include capacity-building tools, and findings ways to help community participants balance the demands of UDA participation and constituency representation.
- The emphasis on community capacity-building produces at least two key benefits. On the one hand, it equips local residents to better control their own neighbourhood destiny and, on the other hand, it helps forge a durable institutional base for community-based problem-solving beyond the time of the tri-level agreement. The UDAs and the UAS also show how place-based policy-making puts unfamiliar burdens on civil servants, up and down the hierarchy. Appropriate training can help government partners shift from the command and control mode to that of power sharing and networking.
- To achieve their full potential, urban agreement financing needs to respect the varying fiscal capacities of the different levels of government. Municipalities cannot be expected to contribute equally with upper level governments. Their contributions are likely to be of the in-kind variety, including space, knowledge, and network leverage. Safeguards are required to guard against municipalities being left with “unfunded mandates” in their communities once the tri-level agreement expires.

Given the progress made and the lessons learned, it is not surprising that the Winnipeg and Vancouver UDAs have garnered interest as collaborative prototypes to be applied in other places (Donovan and Au, n.d.). For example, the Greater Toronto United Way has been the catalyst for exploring how a tri-level UDA could address high needs neighbourhoods across the city-region. A twenty-two member Strong Neighbourhoods Taskforce is drawing lessons from Western Canadian UDAs as well as from the recent British neighbourhood programming to define the potential scope and purposes of an agreement. According to the Chair of the Toronto City Summit Alliance, David Pecaut, “the Strong Neighbourhoods Task Force illustrates the new spirit in Toronto of all three levels of government at the table with civil society leaders to map the gaps in community services and create an action plan for filling them” (United Way of Greater Toronto and City of Toronto, 2004).

Indeed, the multi-level collaborative approach might be extended to policy fields beyond the poverty issues that have been the principal focus in Winnipeg, Vancouver and Regina. The VA is now viewed as a potential best practice governance model to tackle urban environmental problems (Donovan and Au, n.d.). This is not surprising given that any viable “smart growth” strategy will require integrated action across the distinctive competencies of the three levels of governments. Key elements include: provincial and regional land use planning to protect greenspace and agricultural lands; municipal zoning for green building codes and greater settlement density; federal investments in public transit and brownfield rehabilitation; and what the NRTEE has termed ecological fiscal reform from all levels of government for more compact development and alternatives to the private automobile.

Along the same lines, the growing interest in building “creative cities” could be advanced through tri-level collaboration (Gertler, 2004). Mobilizing the creative potential of cities certainly requires federal and provincial investments in arts and cultural organizations. At the same time, recent research demonstrates the significance of a host of indirect policies that are catalysts for urban creativity. These include municipal zoning for heritage preservation and attractive streetscapes, federal support for immigrant settlement, and provincial investments in cultural industries such as new media that drive the emerging design economy. Crucial here is the local planning that shapes the physical character of the city, and supplies the setting and milieu for a clustering of creative talent. Such talent crosses the arts, entertainment and technology sectors, and the cross-fertilization occurs in distinctive and authentic neighbourhoods or districts. Offering Toronto’s east and west King Streets as prime examples of such creative districts, Gertler summarizes the case:

The policy context shaping [creative cities] is comprised of a complex mix of initiatives at the federal, provincial, and local levels ... Its multi-level nature suggests that future efforts to enhance the creative capacity of cities must rest on the effective coordination of policy initiatives between these three levels of government (Gertler, 2004: 16).

This Research Report has argued that Gertler’s point now applies broadly across public policy fields in Canada. On a national scale, it may be possible to design collaborative agreements for groupings of cities and communities facing similar challenges and opportunities. Such thematic groupings could include “cross-border cities,” “immigrant recruitment cities” or “single industry remote communities.” This approach – similar to the EU urban networking described earlier – could deliver economies of scale in developing and administering the agreements, while also enabling the different cities or communities within each category to exchange their ideas and experiences. Aspects of the approach are already evident in the UAS, with its eight priority urban centres running their own demonstration projects while sharing lessons.

Of course, policy progress along any of these lines depends on high quality relations among all the levels of governments. The final section of the paper considers several factors that will influence how and whether the different players come together for collaborative urban policy-making.

3.5 21st Century Laboratories of Democracy? Leadership, Trust, and Accountability

Federalism is an institutional system that allows sub-national jurisdictions to act as “laboratories of democracy,” experimenting with new ideas and testing out novel approaches (Osborne, 1990). Certainly in Canada, the provinces have often lived up to this promise. In numerous policy fields, across the 20th century, they have been innovators. Health care, labour market policy, industrial strategy, and child care are all examples where provincial experimentation has helped reshape the national policy landscape. Lasting change occurs as the federal government scales up the initiatives, or the provinces share lessons among themselves about the new strategies.

Given the convergence of people, ideas, investment, and responsibility in Canada’s urban centres today, there are grounds for extending the sub-national laboratory of innovation argument to the local scale. Cities and communities are the front lines in tackling major public policy challenges, and local place quality is an important determinant of success. Significant opportunities are now available to cities and communities for experimentation, learning, and innovation. Handled properly these localized policy opportunities may provide a strong foundation in meeting key national priorities from economic innovation to social inclusion and environmental sustainability. A number of factors will influence the prospects for urban innovation. Among these, three stand out: political leadership, social trust, and policy accountability.

With *political leadership*, prevailing habits and practices need rethinking. Traditional political leadership relies on issuing commands, taking ownership, seeking credit, avoiding blame, and declaring victory in a policy field or moving rapidly on if progress appears slower than expected. This kind of leadership corresponds to the logic of policy unilateralism.

However, the multi-level collaboration described in this Research Report points in a different direction. It asks elected officials to lead in other ways. Accepting limits on their ability to make a difference on their own, politicians support the needed collaborations by putting the wicked problems on the public agenda and creating the time and space to manage the complex files. This means valuing the leadership skills of listening, learning, and communicating, and it means applying them to network management, cross boundary working, and public deliberation. Such leadership makes senior departmental managers accountable for their staff working horizontally in partnership, thereby providing the incentives to delegate downward to regional offices and “street level bureaucrats.” Political leadership also needs to help ensure that community processes include balanced representation of societal interests and address systemic differences in the ability of different partners to engage. Finally, patient leadership accepts that collaborative policy-making is not tied to the political tides but to the community’s rhythms. Progress may be measurable only over one or two decades rather than years (Smith and Torjman, 2004: 50). Sustained commitment is crucial, avoiding the “burn out” of practitioners through frequent policy twists and turns. These diffuse energy and disrupt learning. Capacity is eroded and commitment lost.

In addition to political leadership, collaborations depend on *social trust* for their viability and durability. Political inspiration may motivate the players to come to the table, but trust is necessary to keep them there. When problems are such that governments working in isolation or on the basis of command and control cannot solve them, then progress depends on establishing trust relations that reduce the transaction costs and normative concerns associated with collaborative governance.

Actors become partners, willing to put their interests on the line by delegating authority to others who are assumed to be competent, and not disposed to free ride or off-load responsibilities. Without such trust, the potential for mutual misunderstanding is great. Community-based actors will assume that those at the upper levels are not simply uninformed about local conditions but also unreliable in delivering the assistance they promise. From the perspective of the higher levels, community or municipal actors may be perceived as lacking in knowledge and skills, thereby requiring any “local turn” to be accompanied by a strict regime of inspection or oversight (Ferguson and Stoutland, 1999). Neither scenario is likely to spawn productive collaboration.

Of course, social trust can neither be assumed nor expected to appear spontaneously. Ronald Ferguson observes that for all its importance to effective governance and policy, there is little systematic understanding of how social trust develops (Ferguson, 1999: 594-598). But research has shed light on some key dynamics. Charles Sabel, in his study of local economic development, introduced the notion of “studied trust” (Sabel, 1993). He describes how engagement among actors will initially be tentative and then coalesce into a trusting relationship as the collaboration operates. As people and organizations interact, they study one another’s behaviour and performance, continuously updating their assumptions regarding trustworthiness and also discovering new ways to settle differences. Shirley Hoy, the Chief Administrator Officer for the City of Toronto has proposed some specific steps for strengthening what she terms the “intergovernmental interface.” She recommends institutionalizing regular consultation among levels of government in policy development and budget making. As she puts it: “In an interconnected and mobile world, the other two orders of government are always stakeholders in the development of a significant (new) policy” (Hoy, 2003: 19). Hoy proposes job rotations, secondments, and professional networking to enhance mutual understanding.

In short, social trust is only built over time through practice. New institutional settings for public policy development, such as community roundtables and stakeholder dialogues, help cultivate the shared understandings of localized problems that bridge different interests and reveal common ground. The “new understanding of the political process as potential generator of trust sheds new light on the range of ‘interactive,’ ‘consensus building’ and ‘round table’ practices that have emerged in the context of the network society” (Hajer and Wagenaar, 2003: 12). As Hajer and Wagenaar remind, these interactive policymaking processes are often “*the first instance* where people who share a particular space (whether this is a region or a neighbourhood) actually meet” (Hajer and Wagenaar, 2003: 12). For participants, these collaborations represent social learning opportunities:

Collaborative efforts in defining and developing policy agendas and strategic approaches to collective concerns about shared spaces among the members of political communities serve to build up social, intellectual and political capital which becomes a new institutional resource. It generates a cultural community of its own, which enables future issues to be discussed more effectively, and provides channels through which all kinds of other issues, such as recognition of the adverse social consequences of new economic tendencies, or knowledge about economic opportunities, or ways to reduce behaviours which are harming biospheric sustainability, may be more rapidly understood and acted upon. In this way, such a collaborative cultural community focused on the governance of local environments should also help to recreate a public realm (Healey, 1997: 311).

Yet, appreciation of the benefits from collaboration must be tempered by recognition that such policy partnerships raise difficult *accountability* questions. Multi-level collaboration delivers outcomes that are the product of investments, financial and in-kind, by three levels of governments and many community stakeholders. By design, the particular mix of contributions will vary from place to place. Who then is responsible for the results or, indeed, the lack of results? What factors or inputs led to which aspect of the overall outcome? Attribution of credit and blame are far from clear. Moreover, the new forms of collaborative decision-making may not be transparent or accessible to all citizens or interested groups.

There is evidence that these problems are not uncommon with public-private partnership in local governance (Bradford, 2003). And similar concerns have been registered in relation to Canada's intergovernmental policy agreements (Phillips, 2003; Gibbins, 2003). Policy-making through functional departments and compartmentalized federalism at least has the advantage of clarifying lines of accountability within and between governments. Federal and provincial governments are responsible to their respective legislatures and municipal councils to their resident taxpayers. By contrast, multi-level collaborations propose that each level of government is responsible to one another, and as well that community groups balance accountability to governments with constituency representation. Moreover, some of the important outcomes from collaborations may not conform to traditional performance indicators. The development of new relationships, local capacities, and partnership structures are key "process" milestones that not only take time but are the necessary building blocks for producing more measurable outputs, whether these be more jobs, safer streets, better health, and so forth, in the locality.

These are real challenges in collaboration and they will not be resolved in the abstract. They reflect the central tension embedded in multi-level governance models that respond to diverse local needs: between inter-territorial equity across cities and communities, an important national value, and respect for local diversity and knowledge, an equally legitimate community value. Certainly, a viable multi-level collaboration must rest on a sound financial management system and clear delineation of the roles and responsibilities of the different actors. These issues should be built into the governance structure of the collaboration from the outset, and judgments will be required about the capacity of different local partners to manage programs and administer funds. Such clarity of purpose, transparency, and dialogue may be the keys to successfully managing the challenges inherent in multi-level governance. Further progress now depends on careful reflection as practice evolves in different places under varying institutional frameworks, and better understanding of the three key conditions enabling strong collaborations – political leadership, social trust, and democratic accountability.

3.6 Conclusion

This Research Report has outlined a new urban and community policy framework, and described a growing field of practice across jurisdictions with different forms of multi-level governance. The scholarly literature and case study experience highlighted the growing importance of place-sensitive approaches. We have argued that if properly designed and implemented, such approaches can position countries to respond effectively to the challenges and opportunities currently converging in urban spaces. On the one hand, they can capture the advantages of geographical proximity for innovation in a knowledge-driven economy, as the studies of economic clustering reveal. On the other hand, as studies of social exclusion demonstrate, place-sensitive approaches can help break the cycle of disadvantage in troubled neighbourhoods. Tapping local knowledge and investing in community capacity, we have found, are two building blocks. A third condition of success involves recognizing and resourcing local governments, thereby enabling them to be creative civic leaders *and* strong policy partners.

Today, Canada faces important choices about how our cities and communities will develop. As Part 2 of the Research Report describes, other jurisdictions are moving forward, implementing promising new strategies. In Canada, the experimentation has been more limited, but a foundation is emerging, as Part 3 reveals. The architects of the New Deal for Cities and Communities are now well-positioned to move forward, learning from elsewhere and building from within.

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