ECONOMIC IDEAS AND DEVELOPMENT STRATEGY: THE CASE OF LONDON ONTARIO

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Canadian Political Science Association Annual Meetings, 2010
Concordia University, Montreal
Introduction

The past two decades in Canada have been marked by significant economic restructuring and public policy innovation. Difficult adjustments to continental free trade across the 1990s have been followed by an even more wrenching set of changes forced by the 2008 global financial crisis. Urgent concerns about global ecological sustainability add yet another layer of complexity to the search for new economic strategies. Given the scope and scale of these recent shocks to the Canadian political-economic system, it is not surprising that public policy scholars have focused their attention on the ‘high politics’ of federal recovery plans and provincial adjustment policies.

However, this paper turns the spotlight on another scale of action typically overlooked in relation to the ‘big’ issues of economic change – local municipalities and communities. Indeed, a growing body of literature on the “new localism” argues that global shocks and continental challenges play-out locally in context-specific ways as municipal governments, typically in partnership with other community-based organizations, seek to lead their places ‘beyond the crisis’ (Clarke and Gaille, 1998). The OECD and other influential think tanks catalogue the creative work of cities across Europe and North America testing new ideas and innovative practices (OECD, 2006; Wolfe 2009). What’s needed now are more fine-grained analyses of such local experimentation, probing how and whether these actors on the front lines are able to resposition their economies for future success.

We take up this challenge drawing on a research tradition in comparative political economy and international relations that uses an ideas-centered approach to the study of policy making under stress and uncertainty. This body of work has demonstrated the power of new economic ideas in periods of crisis to shift policy approaches and alter development trajectories. Thus far, the “ideational research agenda” (Berman, 2001) has attracted limited interest from scholars of local politics and policy. Making the case that such inattention leaves a widening gap in our understanding of contemporary economic restructuring, we apply a conceptual framework inspired by Peter A. Hall’s influential model of policy paradigms and social learning to analyse local economic development (Hall, 1993).

Our case study is one Canadian city very much on the front lines of economic change, London Ontario. A mid-sized city located in southern Ontario’s manufacturing belt, London has been rocked in the past two decades by a flight of corporate head offices, the closure of many traditional industries, and a limited ability to attract and retain ‘creative talent’. Not surprisingly, municipal officials, business leaders, and community groups have engaged in intensive public discussion of the city’s economic future, with several different visions taking shape. Applying Hall’s ideational lens, this paper tracks London’s progress toward a new economic development paradigm. The analysis reveals a pattern of incremental policy adjustment even as sweeping alternatives to the status quo are brought forward. Observing that such change dynamics differ from those described at the national level, the paper discusses the implications of the London experience for broader theoretical debates about the role of ideas in influencing policy change. We
emphasize how particular institutional-political contexts at different scales of governance shape the policy influence of ideas.

The research for this paper is based on 50 semi-structured interviews conducted between 2007 and 2009 with individuals from the municipal government, business community, and community organizations participating in or knowledgeable about London economic development. Other data sources include author participant observation in several local policy forums, and numerous policy reports, planning documents, newspaper articles and other secondary sources.

PART 1: Local Economic Development: Bringing Ideas In

Recently scholars of comparative political economy and international relations have focused attention on the role that ideas play in shaping political life and influencing public policy (Berman, 2001; Blyth, 2002). Concerned to understand how national governments and international organizations respond to major transformations or shocks in their policy environments, these writers argue that new ideas help make sense of rapidly changing conditions and reduce uncertainty for decision makers. As Mark Blyth summarizes: “structures do not come with an instruction sheet”, and in periods when such structures come apart, the demand for new ideas and their potential policy influence are especially strong (Blyth, 2002:6). What Sherri Berman calls the “ideational research agenda” has now produced a robust scholarly literature revealing how ideas emerge, acquire political influence, and become embedded in organizational structures. The result is a quite compelling approach to the study of institutional change and policy innovation.

Yet, this ideas-centered approach has not found much resonance with scholars of municipal government or local governance. Indeed, the dominant approaches to local economic development offer few conceptual openings to such a line of inquiry (Rast, 2005: 64). The orthodoxy takes its cue from Paul Peterson’s classic study, City Limits, that saw economic development policy as an undeniably important, but uncontested municipal imperative (Peterson, 1981). Beyond politics, municipal economic development is everywhere and always driven by clear corporate priorities and transparent market signals about inter-municipal competition. In effect, only one set of ideas matters and once embedded in the business-government structure, policy debate logically comes to a close.

The main scholarly challenge to Peterson’s deterministic framework comes from regime theorists who explore variation in local priorities and development strategies (Stone, 1989; Mossberger, 2009). Analysing the governing coalitions that manage economic development, regime theorists reveal the terms under which public and private actors come together to “get things done” (Stone, 1989). However, struck by the enduring stability of the partnerships, regime theorists emphasize the flow of material benefits -- selective incentives and side payments -- that motivate the different partners to stay at the table, often over decades. Once again, ideas recede into the background as potential
sources of change; development strategies come to be seen as the by-product of various deals and compromises quite detached from larger policy visions.

Thus, in relation to building a better understanding of the role of ideas in local policy change we are left without much guidance from the established frameworks. Of course, arguments that local scholarship lags behind the comparative and international field in ‘taking ideas seriously’ could be viewed as true but trivial. After all, municipalities are highly constrained governing entities and their main development preoccupations have historically been mundane -- either administering upper level policy mandates or packaging the same set of incentives for potential investors. Those interested in understanding the ideas that inform local policy might just as well join their comparative and international colleagues studying national/provincial governments and global organizations (Bradford, 2008).

This paper challenges that position on two grounds. First, there is mounting evidence that the big structural transformations related to contemporary globalization are equally unsettling long standing municipal thought and practice (OECD, 2006; Brenner, 2004; Bradford, 2007). Indeed, the cross-pressures currently bearing down on local-scale actors are far from familiar or routine. They include: the transition to a knowledge-based economy that is hollowing-out traditional urban economies, downtown cores, and middle class neighbourhoods; the out-migration of youth that is forcing many cities to rethink their identity and explore new forms of diversity planning; and ecological pressures that are revealing the limits to sprawling growth and call for different thinking about land use, transportation, waste management, and economic development.

Second, and complicating local responses to the above structural transformations, are demands from upper level governments ‘to do more with less’. On the one hand, the top-down narrative is straightforward: resources are cutback, responsibilities expanded, and municipalities muddle through their own version of offloading and downsizing. On the other hand, the message from above is different: influential think tanks such as the OECD and the Conference Board, numerous high profile academic policy consultants, most notably Richard Florida and Michael Porter, and many national/provincial governments ‘celebrate’ the local scale as globalization’s most promising sites of innovation and creativity (Florida, 2002, Porter, 2003; Wolfe, 2009). By this account, municipalities are the leading edge of experimentation in economic development and the laboratories for all manner of new policy ideas -- knowledge clusters, holistic development, smart growth, creative diversity, and social innovation. As one recent local development textbook summarized: “The often dominant economic focus in in local and regional development has broadened since the mid-1990s in an attempt to address social, ecological, political and cultural concerns” (Pike, et al.2006). Under such conditions “[f]undamental questions about what constitutes ‘success’ and ‘development’ in localities and regions are being posed” (Pike, et al., 2006).

It is time for local studies to engage in a more substantive way with questions about the role and influence of economic development ideas. For this task, the conceptual advances made by the comparative and international fields provide a good starting point.
Sherri Berman clarifies three distinct yet interrelated questions that researchers must address: *when* do new ideas emerge; *who* carries them forward; and *how* do they acquire lasting influence (Berman, 2001)? On each of these questions, the existing cross-national studies offers guidance. Crises, in the form of sudden shocks or more incremental accumulation of policy failures, can discredit existing authorities and their belief systems, opening the intellectual-political space for new ideas to break through. While experts or intellectuals draw new “road maps”, their take-up requires “carriers”, individuals or groups able to persuade others and mobilize support for change (Berman, 2001: 235). In turn, carriers work through institutions – political parties, interest organizations, informal networks, bureaucratic agencies – to embed the new ideas inside government.

Thus far, the bulk of the ideational research has focused on large-scale historical transformations in public policy frameworks (Campbell, 2001; Berman, 1998; Blyth, 2002). The rise and fall of the Keynesian welfare state has been a major preoccupation, producing rich accounts of ‘crisis and change’ in the turning point decades of the 1930s and 1980s (Hall, 1989, 1993). Given the national level of analysis, these studies convey a particular image of how new ideas influence policy innovation. New ideas supply “weapons of mass persuasion” for political parties to challenge the socio-political base of incumbent governments and their policy orientations (Stone et al., 2006: 542). For example, the ideas of Keynes in the 1930s and 1940s enabled new cross-class coalitions supporting welfare states in their pursuit of full employment through demand management instruments (Hall, 1989). A similar dynamic between political parties, social coalitions, and centralized bureaucracies powered the neoliberal victory over Keynesianism in the 1980s (Campbell, 2001). In these macroscopic change narratives, conviction politicians are idea carriers using elections to realign politics and shift the course of public policy.

While these national level restructuring analyses are highly suggestive for interpreting contemporary local change, the conceptual borrowing cannot be straightforward. Local idea carriers and mechanisms for their institutionalization are likely to differ significantly from those operative nationally. Local politics are typically non-partisan, local civil societies rarely feature the type of encompassing interest groups underpinning stable formal class coalitions, and local administrations are highly permeable often fragmented organizations (Savitch and Kantor, 2002). Without programmatic political parties, powerful social partners, or strong bureaucracies, local change dynamics will evolve their own agents, pathways, and rhythms. In their study of how national education reform ideas play-out locally, Clarence Stone, Marion Orr, and Donn Worgs make an important observation:

The role of ideas in the local setting is quite different from their role in the media-infused battles at the national level. Local arenas are frequently nonpartisan, with actors focused on immediate concerns, daily demands and scarce resources. Because concrete actions may be more important than ideological posture, mass persuasion be of less concern than the enlistment of scattered cadres of task-specific activists (Stone et al., 2006: 529).
In fact, it is a strength of the evolving national-level ideational research program that it pays attention to such variation. Berman calls on ideas-centered scholarship to take full account of the “particular causal pathways or mechanisms” by which ideas influence outcomes (Berman, 2001:243). Similarly, Mark Moore’s account of “where ideas work” reveals the “different institutional contexts” that shape agenda-setting at national and local levels (Moore, 1988:72-75). In his cross-national study of economic policy innovation, Neil Bradford highlights how the relevant idea carriers and change mechanisms vary across jurisdictions in relation to institutional-political contexts (Bradford, 1998).

That this cross-national ideational framework is available for productive local application is especially clear in Peter A. Hall’s model of social learning and policy paradigms (Hall, 1993: 278-279). Hall draws on Thomas Kuhn’s argument that the development of science can be understood as a succession of dominant paradigms coming apart through periodic revolutions wherein an ascendant framework challenges and ultimately replaces the embedded one, redefining the parameters of legitimate research. Extending Kuhn’s analogy to the policy-making arena, Hall argues that during normal times policy is made within the context of a “policy paradigm” that defines legitimate policy goals and instruments thereby bounding conceptions of the politically feasible and desirable. In exceptional times, however, policy learning extends well beyond adjustments at the margin. Now the discursive boundaries expand, the established authorities are discredited, and a new policy paradigm takes hold.

To capture the complexity of social learning processes, however, Hall further specifies different “orders” based on the degree of change involved and range of actors engaged. *First-order change* works within the broad parameters of the existing paradigm, as established authorities fine tune their policy instruments to address certain policy “anomalies”. *Second-order change* involves deeper questioning of the dominant paradigm, as new or different actors challenge the established authorities and their policy adjustments. This order of learning sees challengers publicize evidence of significant policy failure and formulate alternative paradigms. *Third-order change* is about paradigm shift. First order adjustments and second order debates are both transcended as supporters of an alternative paradigm forge coalitions, secure power, and institutionalize new ideas.

The particular strength of Hall’s model for local level analysis stems from its careful attention to the *evolutionary and incremental* dimensions of policy change. As noted above, the national-level analyses describe rapid and comprehensive policy transformations when new ideas realign political conflict. However, in the municipal institutional-political setting as Stone and his colleagues underscore, the prospects of major policy breakthroughs through electoral realignment or bureaucratic innovation are remote (Stone et al., 2006). From this perspective, Hall’s first and second-order change speak directly to forms of social learning more attuned to local settings. Moreover, in the local institutional-political context, paradigm shifts, if and when they occur, will almost certainly express a logic of change quite different from one powered by ideological
parties or powerful bureaucracies. Hall’s three order learning model is sensitive to such variation and therefore offers a promising framework for studying the specific ideas, carriers, and mechanisms in local settings.

PART 2: Local Ideas That Matter: Three Development Paradigms

The remainder of this paper applies Hall’s orders of change framework to interpret social learning processes about economic development in London Ontario. In the 1990s, London’s traditional strengths in financial services and secondary manufacturing were hit hard by North American free trade, and in 2008-09, the so-called Great Recession devastated Southwestern Ontario’s key automotive assembly and parts sector. Between 2004 and 2008 London’s manufacturing employment declined by 12,000 or 41% of the sector’s workforce (Hunter, 2009). Often seen as unremarkable and largely ignored by urban scholars, London now merits attention because it may represent an emerging urban reality as long settled development trajectories falter, leaving local leaders in search of new ideas to navigate between harsh external shocks and more complex internal demands.

To situate the case study we begin with brief exposition of the three key policy paradigms that came to structure London’s development debates across the last decade of the 20th century and first decade of the 21st century. Surveying the scholarly literature and think tank reports, it is possible to identify a limited number of what Hall would label policy paradigms around which local goals and instruments in Canadian municipalities have clustered (OECD, 2007; Savitch and Kantor, 2002; Pike et al. 2006). Three such paradigms have structured debates about London’s recent development challenges and strategies for change.

Growth Machine: Landing Industry
In urban political economy analysis, the growth machine refers to powerful alliances of land-based elites, specifically developers, realtors, financiers, whose economic fortunes are tied to the rapid growth of their municipality (Molotch, 1976). Supported by a wider circle of boosters in the media, utilities, chambers of commerce, and government, growth machines seek decisions that increase the value of land and its revenue streams from property taxes, rents, and profits. Growth comes to be seen not simply as a material benefit for particular elites but as the basis for broad socio-political consensus (Peterson, 1981). The overarching development goal is the attraction of footloose capital investment, often in direct competition with neighbouring municipalities controlled by their own growth machines. To this end, a development strategy division of labour typically emerges between the municipal government and the business leaders, with the former supplying abundant serviced land and the latter undertaking place-marketing to potential investors. Competition among municipalities turns on the mix of incentives, subsidies, and information offered to ensure a smooth landing for incoming firms and plants.

The economic substance of the growth machine agenda is actually quite prosaic, privileging one traditional factor of production (land) to attract large scale industrial or
commercial developments, and then relying on local multipliers for spread effects. The policy and planning agenda is straightforward: expedite approvals, limit taxation, extend infrastructure, and deliver ‘investor magnets’ such as road widening schemes, rural annexations, or greenbelt flexibility. Growth machine measures of success are equally clear – counts of firms lured and jobs created; hectares of serviced land; and kilometers of transportation corridors.

**Knowledge Mobilization: Growing Clusters**

A second development paradigm focuses on *knowledge mobilization*, challenging some of the growth machine’s key assumptions and metrics. The central concern is innovation and the resiliency of local firms in the face of ideas-driven competition. Rather than trying to attract ‘any and all’ external investment, knowledge mobilization advocates are more selective in their targets and more engaged with potential investors as innovation partners. Firm success, whether lured from the outside or grown indigenously, requires institutional support for upgrading technological capabilities, managerial competencies and skill levels. Firms need access not simply to transportation corridors, but to multiple channels of knowledge, both formal and tacit, from a range of sources – other firms, universities and colleges, research centers, and governments. They must be embedded in an *innovation system* that connects entrepreneurs to local suppliers and global pipelines of industry knowledge (Gertler and Wolfe, 2004). A high performing innovation system will arrange the physical and social infrastructures appropriate to a city-region’s particular’s sectoral strengths and clusters of excellence (Porter, 2003). With its emphasis on knowledge and learning, this development paradigm finds strong support in high technology firms, research institutes, and science and engineering faculties in post-secondary institutions. Often attracting political interest from creative city builders, it proposes “associational governance” that brings together knowledge producers and users to apply innovations across the economy and municipal institutions (Cooke and Morgan, 1998; Florida, 2002; Landry, 2000).

Unlike the growth machine, the knowledge mobilization paradigm emphasizes the need to nurture local multipliers in the form of spin-off firms or technology transfer along supply chains. To limit local vulnerability, external investment attraction must be balanced with internal institutional development. Only then will footloose corporations or branch plants become anchor firms and performance platforms for local clusters.

**Social Sustainability: Shifting Green**

The third paradigm distances itself from the growth machine and knowledge mobilization projects, viewing both as too “economistic” in their preoccupations with either rapid growth or technological innovation (Morgan, 2004). Each fails to incorporate distributional and ecological considerations into their frameworks. Richard Stren and Mario Polese introduce the idea of *social sustainability* to distinguish forms of development that are “compatible with the harmonious evolution of civil society, fostering an environment conducive to the compatible cohabitation of culturally and socially diverse groups while at the same time encouraging social integration, with improvements the quality of life for all segments of the population” (Stren and Polese, 2000:15-16). Observing that some of the most innovative and creative cities are also the
most polarized and segregated, these advocates argue that governance processes need to reach well beyond the elites of the growth machine and knowledge mobilization networks to include social and community movements. These popular forces offer different metrics that “reflect a broader notion of ‘development’ encompassing health, well-being and quality of life in localities and regions” (Pike et al., 2006: 114; Morgan, 2004).

This paradigm often works at the neighbourhood scale, organizing community-driven renewal in inner cities and older suburbs where urban poverty and environmental threats are increasingly concentrated. Valuing citizen engagement and broad-based participation, the social sustainability discourse envisions “empowered and participatory governance” for “socially oriented economic alternatives” that deliver inclusive, sustainable growth (Fung and Wright, 2003; Defillipis et al., 2006; Healey, 2007). Through these institutional arrangements, planners are empowered with infill development tools for brownfield revitalization, growth boundaries, and heritage preservation. Local policy makers would only ‘go after’ progressive investment that delivers quality employment, equitable opportunity, and environmental sustainability.

Table 1: Local Development Paradigms: Distinguishing Features

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Having outlined the three key development paradigms, we now turn to discussion of their roll-out and resonance in London. A mid-sized Canadian city, with a population of about 350,000, London is the country’s tenth largest market area, serving as a regional hub for Southwestern Ontario agricultural producers and smaller cities and towns. Located at the junction of three major provincial expressways and the Ontario city closest to all three major US border crossings (Detroit, Buffalo, and Port Huron), London prospered in the second half of the 20th century as a site of choice for many subsidiaries of American manufacturers, notably in food and beverage, automotive parts, air craft and locomotive assembly. Once known for its strength in banking and insurance, London has more recently developed a profile in health research and post-secondary education through the University of Western Ontario (UWO) and Fanshawe College.
However, London’s economy has been negatively impacted by two major rounds of restructuring (the 1990s free trade shock) and recession (the 2008-09 global downturn). In response, various local actors have mobilized around the three different development projects described above. As we analyse below, the initial round of change involved only the limited adaptations to the city’s established growth machine of the kind associated with Hall’s first-order change. Subsequent debates, however, engaged more fundamental questions about the city’s development trajectory, raising the possibility of a paradigm shift.

**Retooling the Growth Machine: First-Order Change**

London’s economic base was hit hard by continental restructuring in the 1990s. Financial head offices were relocated, large manufacturing plants closed or moved to lower cost North American regions, and the city’s once vibrant retail and commercial core visibly deteriorated (Cobban, 2003). Across the decade, London’s economic performance, population growth, and median family income fell behind those of its key mid-sized municipal competitors in southern Ontario (Statistics Canada, 2008). The corporate flight not only drained away the business leaders and philanthropic families that had invested heavily in social and cultural institutions, but also signaled to younger professionals that the local labour market would no longer offer the same opportunities for either senior management or career mobility. Among city leaders there was a groundswell of concern about economic prospects and in 1997, the London Chamber of Commerce convened a group of some forty business leaders under the banner “Advance London” to revitalize the city’s economic performance.

Most concerned to replace lost industry and expedite development approvals, Advance London recommended a new economic development agency freed from what the business leaders saw as an incompetent municipal bureaucracy. Structured as a public-private partnership, the proposed London Economic Development Corporation (LEDC) would be overseen by a business dominated Board of Directors, consistent with the Chamber of Commerce view that “business professionals prefer dealing directly with other business people” (LEDC, 1998:14). On receiving the proposal, the City hired a consultant to consider comparable structures in 35 other municipalities. The Coopers & Lybrand report endorsed the Advance London proposal and in 1998, the LEDC was established with a mandate to strengthen “the London business environment making our city an attractive place to live, work and operate a business”. The LEDC immediately became the focal point for local economic development strategy.

The LEDC and its first Chief Executive Officer, well-connected London business person, John Kime, went to work on revamping policies and practices. External business attraction emerged as the first priority. The goal was to exploit London’s locational advantage that had resulted from the recent federal negotiation of the NAFTA and the municipal-provincial territorial annexation of vacant farmland. Half-way between Detroit and Toronto, London was a strategic locale on the NAFTA “401/I-75” transportation corridor connecting Canada’s Golden Horseshoe with the American
eastern seaboard and mid-west. The LEDC’s external orientation was given strong endorsement and a tangible boost in 2000 when the City launched its 20 year $65 million Industrial Lands Strategy targeting seven industrial parks (Perspective London 2007). Flush with serviceable, flat greenfields, the City looked to compete hard for manufacturing operations, hopefully of the advanced and specialized kind, but equally for warehouse and other distribution facilities requiring more space than knowledge. The City planned to keep available for development 180 acres of serviced land, attracting industrial investors through roads, sewers, utilities and the like. As a further enticement, development fees were waived for the construction of industrial buildings. (Perspective London 2008). London’s specific attraction approach was called “speculative development”, whereby the risks of upfront public investments in facilities would be managed by aggressive tenant recruitment and marketing by the LEDC through a single business services window detailing site availability, infrastructure access, and workforce skills (Perspective London 2008).

LEDC’s vision with the industrial lands/external attraction strategy was to position London at the center of a Southwestern Ontario automotive cluster. LEDC leaders described an economic geography where Japanese assembly plants – known to prefer smaller city locations for the non-union environment and “rural work ethic” – established operations in Woodstock and Ingersoll, while European auto parts suppliers, drawn to the amenities and culture of larger urban centers, located in London (De Bono, 2007). The LEDC had always acted on the premise that for London manufacturing and distribution activities had built-in location advantages over life sciences and high technology, and that it was therefore hard to compete head to head with other well-established Ontario ‘new economy hot spots’ such as Waterloo or Ottawa. And there were impressive third party testimonials for the LEDC’s approach. National automotive analyst, Dennis DesRosiers reported that: “London has the best record out there in landing automotive parts plants” (De Bono, 2007). For their part, City officials believed “London had become one of Ontario’s premier destinations for the development of industrial land” (Perspective London 2007). The LEDC’s outreach program was considered by many economic development professionals to be the “Gold Standard in Canada as a business attraction initiative in the manufacturing sector” (City of London et al, 2005:14)

In terms of our three economic development paradigms, the LEDC embodied the growth machine. Its leadership was business dominated and focused on land development. Overtures for more community representation on the LEDC were rejected and initial proposals for including community economic development and community-sponsored investment funds in the LEDC toolkit were not acted upon (Belanger, 2006). The LEDC’s performance measures emphasized quantitative growth (employment, income, annual acres of industrial land, firms recruited, commercial and retail development) reflecting the growth machine’s economistic ethos. With this focus, the LEDC built a strong London profile among manufacturing site selectors in Europe and North America (LEDC, 2003).

In relation to Peter A. Hall’s conception of policy learning, the LEDC’s renovation of London’s growth machine paradigm conforms well to first-order change. Its creation
responded to concerns among business leaders and some government officials that the City’s bureaucratically-managed instruments for investment attraction were ill-suited to changing market conditions and inter-municipal competition. In the place of the government department, economic an arm’s length agency with direct business leadership took charge, mandated to bring new credibility and focus to external recruitment practices still considered the foundation for sound local economic development.

**Knowledge Mobilization or Social Sustainability? Second-Order Change**

In 2005, the City completed a strategic plan that identified five civic priorities with economic development at the top. With nearly $30 million of the $360 million annual municipal operating budget devoted to economic development, concerns began to surface about the LEDC’s overall performance. Was sufficient attention being paid to nurturing London’s own knowledge economy assets in health products and life sciences? Were the incoming manufacturing operations sufficiently embedded in an infrastructure for innovation such that local multipliers actually took hold?

With these questions, some City officials and business leaders worried about the lack of synergy between the LEDC’s outward focus and London’s local high technology community. The LEDC’s own research confirmed that London’s knowledge-based sector lagged well behind manufacturing recruitment – by 2005 the number of net ‘new economy’ companies registered in its business directory was largely unchanged after seven years of LEDC work, and an innovation survey ranked London low on the “glue” for the high technology sector (DeBono, 2006; LEDC, 2006). It was reported that 60% of businesses in advanced manufacturing, life sciences, and information technology had skilled labour shortages. Not surprisingly, then, the City looked to the LEDC leadership for a more balanced strategy.

Important here was the recruitment of a new Chief Administrative Officer, Jeff Fielding, from the Waterloo Region in 2004. On his arrival, he delivered “a wake-up call” to the City Council (Miller, 2004). Pulling together a range of trend line data, Fielding’s team documented London’s declining population growth rate in comparison to competitor cities, and drew attention to labour shortages rooted in a persistent failure to either retain young professionals or attract skilled immigrants. Challenged by Fielding as to whether the city sought to play in the municipal “big leagues”, the Deputy Mayor conceded that London had been sliding over the past decade, that it had limited influence on the provincial or national stages, and that a new development strategy was in order (Miller, 2004). These sentiments resonated strongly with an emerging network of technology entrepreneurs who believed the LEDC was insufficiently attuned to their growth potential.

Fielding’s wake-up call set in motion two novel policy formulation processes unfolding across 2005, each representing the type of social learning that Peter A. Hall links to second-order change. The first learning process was a task force on London’s potential as a “Creative City”. The second was an economic review titled *London’s Next*
Economy. Together they made the case for London development to be guided by the knowledge mobilization paradigm.

The Creative City Task Force (CCTF) was a 16 member inquiry with cross-sectoral membership from the arts, technology, business, immigrant settlement, municipal government, architecture, and tourism sectors (City of London, 2005). With a mandate to change “the way London thinks” and generate a “strategy to help London become a leader in mid-sized cities in North America”, the CCTF focused on issues of cultural diversity, workforce development, and urban design. Its 87 recommendations were framed by a general declaration that “London’s assessment, future prosperity and downtown development will be driven in large part by the creative industries and the people who work in them.” (City of London, 2005: 7)

Drawing on research finding that a city’s cultural diversity and social connections are crucial for prosperity, the CCTF argued that London’s conservative reputation, siloed communities, and lack of “buzz” were all barriers to economic development. London could reach its destiny as the “Regional Capital” of Southwestern Ontario with a new governance structure quite unlike that associated with the growth machine. With a mandate to convene partnerships across education, business, government, and cultural sectors, London’s “Prosperity Congress” would “champion common causes” (City of London, 2005:15).

The second learning exercise pursued similar themes. London’s Next Economy (LNE), was a hard-hitting report from a leading London technology entrepreneur who shared the CCTF’s concern about London’s development trajectory. Echoing the critique of an outdated growth machine paradigm, it rejected London’s “past modesty and conservative style” and called for “more passionate, entrepreneurial environment” appropriate for the new economy. It argued that “London’s efforts in developing homegrown knowledge-based business has been below expectations” and concluded that if London was to transcend “branch plant status” it “must collectively invest in its own organic growth program with the same vigor it has pursued its attraction agenda” (City of London et al., 2005: 15). Only through an “organic growth plan” could London’s fledgling knowledge clusters take-off. The call was for a broader and integrated vision of local economic development: “In addition to continuing support for such programs as the industrial land use strategy, this plan advocates building upon the themes outlined in the Creative Cities Task Force”. Priorities quite different from the growth machine were offered, notably land development that clustered technology driven industries in a “downtown tech alley” and the university’s Research Park rather than vacant land at the city’s edge; and external attraction efforts that were more selective in linking firms to local suppliers and to researchers at UWO and Fanshawe College.

In sum, the CCTF and LNE packaged new ideas drawn from the knowledge mobilization development paradigm. Their critiques were both pointed and urgent. The CCTF described a city that was isolated, complacent, and “perceived as not having an exemplary reputation for welcoming newcomers” (City of London, 2005). The LNE spoke about the city’s inaction in the face of a “stealth-like erosion” of high-end jobs and talent, and perceptions of London “as a comparatively lethargic business community”. The reports rallied influential supporters. About the LNE, the London Mayor stated “The
timing of this bold and insightful report could not be better”. The Dean of UWO’s renowned business school lauded both exercises as groundbreaking for London, signaling that the city was “embarking on an all-important, community-wide partnership” (Stephenson, 2005a). The LEDC was soon reorganized with CEO John Kime, the architect of the manufacturing attraction approach, replaced by a younger leader with deeper roots in the high technology sector and research networks.

Interestingly, just as the CCTF and LNE were challenging the embedded development paradigm for its inattention to knowledge and creativity, advocates of the social sustainability perspective -- who had never really been part of the local economic debate -- weighed in with a different critique. Environmentalists and anti-poverty advocates argued that the growth machine’s preference for speculative land development ignored the social and ecological implications of sprawl-based growth. The Chairperson of the Urban League of London noted the city’s rising poverty and homelessness and questioned priorities: “I wouldn’t want to see $65 million set aside so we could have $65 million worth of truck stops or warehouses along the 401” (Dauphinee, 2001). In fact, such concerns dated back to a public engagement exercise in the 1990s known as “Vision ‘96”. The municipality consulted 5000 residents in production of a sweeping blueprint that acknowledged the interdependence of economic, social, and ecological priorities, and recommended a new social plan to guide municipal policy. As one City Councillor later reflected, the intent was to “plan the city differently to protect agriculture, environmental features and for an improved quality of life” (Martin, 2007). However, these recommendations remained just that -- there was neither the political will nor the bureaucratic capacity to implement the sustainability ideas. London’s growth machine and industrial lands strategy never included the “eco-industrial networks, clusters and parks” that had been implemented in several other Canadian cities (Conference Board of Canada, 2007).

The historically limited impact of the social sustainability paradigm in London reflected the organizational gaps and representational weaknesses of the city’s ‘popular sector’. Unlike the London business community that has frequently mobilized around core policy interests, urban social movements have been relatively fragmented pursing issue-specific causes quite independently (LCRC, 1999). Absent are strong peak associations or inter-sectoral councils framing community-wide agendas and engaging city-wide development debates. London has no social planning council, and agencies such as the United Way and Community Foundation, that pursue broad community building mandates in other Canadian municipalities, have until very recently confined their work to conventional fund raising.

A consequence of London’s relatively disorganized civil society has been that social groups function much more as external critics than partners in economic development. The Urban League of London has long been a vocal opponent of the business attraction and industrial lands strategy, and in the mid-2000s a new social sustainability movement known as ‘Imagine London’ launched a campaign through the Ontario Municipal Board (OMB) to eliminate City Council’s four member Board of Control elected on a city-wide rather than ward basis. London was the only city in Ontario retaining such a structure
and Imagine London saw Board members as the political arm of the growth machine, heavily dependent on developer funds to mount their expensive city-wide campaigns.

Surprisingly, Imagine London’s concerns moved center stage in the 2003 municipal election that included a referendum question on abolishing the Board of Control. When the new Council chose to ignore the ‘yes’ result on what critics saw as a technical loophole, London’s formerly disparate social and environmental groups came together through Imagine London. As its name suggests, Imagine London’s purpose was not to contest specific policy issues or planning decisions but to envision a qualitatively different development path for the city made possible through a new Council governance structure. The vision was rooted in the social sustainability paradigm -- a compact city of neighbourhoods valuing human scale, mixed use and infill development to revitalize the downtown core. Realizing this goal, Imagine London argued, required different leadership from the existing growth machine with its power base in the LEDC and the Board of Control. They took their case to the OMB, calling not just for the Board’s abolition but for formation of small neighbourhood-based wards. In a quite shocking decision, the OMB accepted Imagine London’s ward structure recommendation, and cleared the path for the restructured Council to abolish the Board of Control.

In the wake of the OMB decision, the 2006 municipal election brought to City Council several new members supporting socially sustainable development (Sher, 2007). The result has been a fractious City Council, with politicians increasingly divided across the different development visions. Key policy and planning decisions increasingly turned on the votes of two or three ‘non-aligned’ politicians swinging back and forth between the main blocs. Observers worried about an incoherent or stalemated political system characterized by “mean-spiritedness” and lack of “cohesive vision”(Belanger, 2009). In 2007, when the Council Planning Committee refused to expand the city’s urban growth boundary to accommodate a developer’s request for $80 million industrial park without prior assessment of the financial implications for the City, the Board of Control’s Deputy Mayor complained that a “whining socialist cabal” was stopping progress (Belanger, 2007). The committee’s response was that future economic development demanded better integration of social sustainability goals. Worried about the impact of such disputes on the local investment climate, the Chamber of Commerce CEO made an extraordinary plea to the Mayor calling for a “cease fire” and urging appointment of an outside facilitator to help City Council reach consensus. But when one long time Councillor announced that she would not seek re-election in 2010 she stated that the Council’s “camps are so divided there is no bringing them together” (Belanger, 2009).

In sum, the years between 1998 and 2008 witnessed heated debate about the course of London development. The long established growth machine paradigm was renewed only to be challenged from different perspectives, one calling for knowledge clusters and the other for socially sustainability. Overall, London’s once closed and business-dominated decision making became much more politicized as the alternative paradigms found public expression in task forces, research networks, and social movements. The critiques went beyond fine tuning the status quo. They expressed Hall’s second-order learning, thereby raising the possibility of a development paradigm shift.
**Part 4 : Beyond the Great Recession? Toward Third-Order Change in London**

Our account of debates across London’s decade of free trade restructuring between 1998 and 2008 revealed unprecedented turbulence for a city long known for its economic stability, political conservatism, and policy continuity. However, there was still more to come. In late 2008, London’s economy was rocked by the global financial crisis and plunged into its worst recession since the Great Depression. The statistics for 2009 tell a grim story: an unemployment rate skyrocketing to over 11%, the second highest urban rate in the country; social assistance claims increasing 20%; and the disappearance of more than 8,000 jobs with only part-time jobs showing any resiliency (Hunter, 2009).

The depth and breadth of this latest economic shock triggered widespread discussion and urgent calls to action both in London and beyond. The *London Free Press* launched a year long special series “Beyond the Crisis” reporting on problems and convening local leaders and outside experts to advise on new strategies. The federal government announced plans for a regional development agency for Southern Ontario, and London municipal, academic, and business leaders participated actively in formation of a regional economic alliance extending from Waterloo to Windsor. Complicating London’s challenges were a series of economic studies from national think tanks that consistently took a dim view of the city’s economic prospects, especially in comparison with key mid-sized competitors such as Waterloo and Ottawa (Martin Prosperity Institute, 2009; Conference Board of Canada, 2010).

It is precisely such moments of widely perceived crisis that Peter A. Hall interprets as tipping points for third-order change. In his study of Great Britain’s monetarist revolution, it was the devastating 1978 ‘winter of discontent’ that finally cleared the path for the Thatcher Conservatives to drive the paradigm shift from Keynesian to monetarism (Hall, 1993). However, as we have seen, the local institutional-political setting makes such dramatic realignments unlikely.

Here, the arguments cited above from Stone, Orr, and Worgs are important. Local change occurs, they suggest, when “big ideas” become translated into specific civic purposes that in their immediacy and concreteness “bring together people who don’t share a world view” (Stone et al., 2006: 529, 530). Over time and across a host of concrete projects, inter-organizational networks deliver cumulative results that can deliver significant policy change. Through these pragmatic collaborations, municipalities and communities may move beyond their second-order conflicts to discover new common ground around shared civic purposes. Local actors learn through joint works that represent civic “purpose in action” (Stone et al., 2006: 541).

Indeed, the unprecedented pressures set in motion by the 2008 Great Recession in London may be providing evidence to support this account of how local change happens. In September 2009, the City and the LEDC co-hosted the first ever multi-sectoral London Economic Summit. They called on public, private, and community sectors to recognize
that their goals now “must be aligned, coordinated and mutually supportive in order to achieve success” (LEDC, 2009). Observing that other cities are much further ahead than London, the Summit’s keynote speaker, new UWO President Amit Chakma, emphasized the “need to be innovative in our approach” and “to speak with a single voice and shape our own future” (Chakma, 2009).

While such ‘summiteering’ might be dismissed as simply talk, there has been concrete follow-through. We close by highlighting three purposeful inter-organizational networks, all ‘learning by doing’ about how London’s different development paradigms intersect in practice. As such, they represent the kind of ideational hybrids and purposeful networks that Stone and his colleagues argue can bring about meaningful change over time.

**Learning by Doing (1): Diverse City**

This collaboration is a legacy of the CCTF, taking the form of a community-based coalition of service providers, municipal departments and agencies, businesses and trade unions, and university researchers (City of London, 2006, 2008). It brings together priorities from each of the social sustainability, growth machine, and knowledge mobilization paradigms. Co-sponsored by the City of London the United Way of London and Middlesex its purpose is to upgrade immigrant employment and enhance diversity. Joint project work is organized under five themes: Income; Neighbourhoods; Social Inclusion and Civic Engagement; Services and Supports; and Systemic Change. Leadership has come from different local sources with the City creating a new Culture Office to coordinate a stream of initiatives including an immigrant settlement portal, and a business-led immigrant employment task force to tackle economic marginalization of newcomers. The value of this multi-sectoral initiative has been confirmed in two forms of recognition. First, London won a national multiculturalism award for its partnerships in “fighting racism, creating inclusive work places and stimulating dialogue and action on making Canada a nation open to the diversity of the human condition”. Second, upper level governments have made substantial investments. The provincial government established in London its first credential recognition centre outside Toronto and the federal government funded a Local Immigration Partnership Council to institutionalize the collaboration ((Bradford and Esses, 2010).

**Learning by Doing (2): Gateway City**

At the 2009 Economic Summit, the City confirmed plans to make London a regional transportation logistics hub for moving freight internationally by rail, highway, and air (LEDC, 2009). This project represents an interesting blend of growth machine and knowledge mobilization priorities. Like the growth machine, it seeks comparative advantage in London’s location along the NAFTA trade corridor and its transportation cost advantages over Greater Toronto Area competitors. But it also emphasizes knowledge mobilization, leveraging London’s traditional locational advantages for a transportation technology cluster featuring inter-modal logistics, aircraft manufacturing, and aviation design. To consolidate this developmental package, the City has built a coalition of ‘Gateway City’ partners and investors: the federal and provincial governments; the two post-secondary institutions; and local firms in global supply chains. Synergies are emerging: Fanshawe College launched a $31 million program in
transportation trade and logistics, the UWO business school has developed research expertise in sustainable transportation infrastructure and the role of cities in inter-modal linkages, and the City’s new economic development fund made Gateway investments its first priority (Perspective London 2010).

**Learning By Doing (3): Inclusive City**

Like many mid-sized manufacturing based cities, London’s downtown core and inner city neighbourhoods have suffered from disinvestment and decline. One troubled area known as Old East Village has launched a promising revitalization through multiple partnerships. The City offered various investment incentives, a professional team from The Ontario Provincial Planners Institute drafted a revitalization plan with community input, and local developers, retailers, artists and residents responded to new opportunities. At the centre of the collaborative process was the Old East London Business Improvement Area, an inter-organizational network that used a “community development methodology to affect social economic revitalization” (Meyer, 2010). Revitalization was conceived as a means to both change the area’s physical and social infrastructure and build community capacity. Through the revitalization network, it is estimated that by 2012, investments totalling $200 million will result in new parkland, a mix of housing options, commercial expansion, and a cultural district featuring a refurbished theatre, a clay arts centre and potters guild, and an ‘avant garde’ performing arts hall. With its blend of creative city business themes, infill planning, and high rise living, the Old East Village project brings together elements of all three economic development paradigms. Expressing the pragmatic spirit of concrete purposes, the Manager of the Old East Village Business Improvement Area explained that the revitalization was about participants being able “to challenge each other’s thinking, ask the tough and the right questions to gain new knowledge about old issues and then move on” (Meyer, 2010).

In closing, it can be said that each of these three recent collaborations represents a new and different way of doing economic development in London. Whether they endure and scale-up to produce Hall’s third-order change remains to be seen. As Stone and his colleagues conclude, network-based collaborations that express big ideas in action remain an important yet fragile part of an emerging local governance landscape (Stone et al., 2006 :531).

**Conclusion**

This paper has tackled two main tasks. First, it sought to unpack the course of economic development debates and practices in London, a mid-sized city on the front lines of major restructuring challenges in the 1990s and 2000s. In addition, it also explored the value of an ideational approach to interpreting the local policy shifts. Our departure point was that in the contemporary period of intensified global-local flows and interactions, city actors increasingly find themselves engaged in substantive policy discussion about the economic future.

In relation to our first task, London’s recent economic development reveals a complex story of incremental adjustment to long established strategies, framed by more
fundamental debates over appropriate development goals and instruments. Further, we traced a movement over time in the tone and style of social learning as quite polarized positions in the early and mid 2000s found more pragmatic expression towards the end of the decade in several purpose-driven networks addressing issues of immediate concern to multiple local interests. Using Hall’s concept of policy paradigms to conceptualize the flow of ideas, we highlighted particular forms of learning and change pathways in London. Our findings underscore important variation in the role of ideas and their influence. At the national level, ideas may well be weapons of mass persuasion deployed by political parties campaigning for electoral advantage. At the local level, ideas can serve a different and perhaps more modest purpose -- providing focal points for problem-solving networks that over time and across issues may bring about significant change. Bringing an ideas-centered approach to local studies is a worthwhile scholarly endeavour but careful attention must be paid to the specific content, carriers, and mechanisms of diffusion as these are likely to vary by governance scale and institutional setting.

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