Summer 2010

Economic Ideas and Development Strategy: The Case of London Ontario

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Résumé

Récemment, le Canada a connu une période significative de restructuration économique et d'innovation publique. Tandis que la plupart des recherches s'intéressent aux plans fédéraux et aux stratégies provinciales de relance, le présent article propose d'étudier certains acteurs et milieux fortement impliqués par la restructuration. À partir d'une analyse des idées et des dynamiques de changement à London, Ontario, une ville moyenne manufacturière, l'article constate des tendances d'ajustement incrémental des politiques pendant que sont avancées des idées audacieuses remettant en question le statu quo. Arguant que les contextes politico-institutionnels et les différentes échelles de gouvernance marquent l'influence des idées sur les politiques, l'article situe l'expérience de London dans le débat théorique plus large relativement à l'innovation institutionnelle. Au niveau national, les idées procurent aux partis politiques des «outils de persuasion de masse» en vue de gains électoraux. Au niveau local, les idées visent plutôt à offrir des points d'ancrage pour des réseaux de résolution de problèmes qui, avec le temps et par-delà les enjeux particuliers, peuvent mener à des changements significatifs.

Mots clés: innovation publique, restructuration conomique, ides politiques

Canadian Journal of Urban Research, Volume 19, Issue 1, Supplement pages 1-22.

ISSN: 1188-3774

Abstract

The past two decades in Canada have witnessed significant economic restructuring and public policy innovation. While most research concentrates on federal recovery plans and provincial adjustment strategies, this article makes the case for studying actors and places on the restructuring front lines. Offering an ideational analysis of change dynamics in London, Ontario, a mid-sized manufacturing city, the article reveals a pattern of incremental policy adjustment even as bold ideas contesting the status quo were brought forward. Arguing that particular institutional-political settings operative at different governance scales shape the policy influence of ideas, the article situates the London experience in broader theoretical debates about institutional innovation. At the national level, ideas often supply "weapons of mass persuasion" for political parties seeking electoral breakthroughs. At the local level, ideas serve a different purpose—providing focal points for problem-solving networks that over time and across issues may bring about significant change.

Key words: local economic development, social learning, policy innovation, London Ontario

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.

In this article we turn 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 in locally-specific ways as municipal governments, typicially in partnership with community-based organizations, seek to lead their places beyond crisis (Pike et al. 2006). 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 is needed now are more fine-grained analyses of such local experimentation, probing how and whether these actors reposition 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 program" (Berman 2001, 238) 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 (1993) influential model of policy paradigms and social learning to analyse local economic development.

Our case study is one Canadian city situated on the front lines of economic change: London, Ontario. A mid-sized city in southern Ontario's manufacturing belt west of Toronto, London has been rocked in the past two decades by the 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, we track 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, we discuss 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.[1]

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 Blyth (2002, 6) summarizes, "structures do not come with an instruction sheet"; in periods when such structures come apart, the demand for new ideas is especially strong. What Berman (2001) 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 compelling approach to the study of institutional change and policy innovation. 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; Campbell 2001).

Yet this ideas-centered approach has not found 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 (1981) classic study, *City Limits*, which saw economic development policy as an undeniably important, but uncontested municipal imperative. 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).

We challenge that position on two grounds. First, we see mounting evidence that the structural transformations related to contemporary globalization are unsettling long-standing municipal thought and practice (OECD 2006; Brenner 2004; Bradford 2007). Indeed, the cross-pressures currently affecting 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 reveal 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 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, upper-level government, encouraged by a host of think tanks and international consultants, increasingly 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 local development textbook summarized recent dynamics: "[f]undamental questions about what constitutes 'success' and 'development' in localities and regions are being posed" (Pike et al. 2006, 3).

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 in the comparative and international fields provide a good starting point. Berman (2001) 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? On each of these questions, the existing cross-national studies offer 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.

Given the national level of analysis, these studies convey a particular image of how new ideas influence policy innovation (Hall 1989; Bradford 1998). New ideas often 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). Ideological politicians use elections to realign politics and rapidly shift the course of public policy. Such national level restructuring accounts are instructive for analysing contemporary local change. But the conceptual borrowing requires contextualization. Change agents and switchpoint mechanisms operative at the national level may not be locally engaged. Municipal politics are typically non-partisan, local civil societies rarely feature the type

of encompassing interest groups underpinning stable cross-class coalitions, and local administrations are highly permeable and often fragmented organizations (Savitch and Kantor 2002). Without programmatic political parties, powerful social partners, or strong bureaucracies, local change dynamics will develope their own agents, pathways, and rhythms. In their study of how national education reform ideas play out at the urban scale, Stone et al. (2006, 529) make an important point:

> 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 may be of less concern than the enlistment of scattered cadres of task-specific activists.

In fact, the strength of the evolving national-level ideational research program is 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). Moore's account of "where ideas work" highlights the "different institutional contexts" that shape agenda-setting at national and local levels (Moore 1988, 72-75).

In these terms, Peter A. Hall's model of social learning and policy change is especially suggestive (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. As the discursive boundaries expand, 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 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. National-level analyses describe rapid and comprehensive policy transformations when new ideas realign political conflict. As Stone and his colleagues underscore, however, in the municipal institutional-political setting, the prospects of major policy breakthroughs through electoral realignment or bureaucratic innovation are remote. From this perspective, Hall's first and second-order change speak directly to forms of social learning more attuned to local settings.[2] 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 article 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. Surveying the scholarly literature and think tank reports, we identify a limited number of what Hall would label policy paradigms around which local goals and instruments in Canadian municipalities have clustered (OECD 2006; Savitch and Kantor 2002; Pike et al. 2006).

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 eco-

nomic 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 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 attracting 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

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 engaged with potential investors as innovation partners. Firm success requires institutional support for upgrading technological capabilities, managerial competencies, and skill levels. Firms need access 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). 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).

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. By contrast, *socially sustainable* development is "compatible with the harmonious evolution of civil society, fostering an environment conducive to the compat-

ible 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 (Morgan 2004), these advocates argue that governance needs to include social and community movements expressing "a broader notion of 'development' encompassing health, well-being and quality of life in localities and regions" (Pike et al. 2006, 114). 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, municipal planners are empowered with infill development tools for brownfield revitalization, growth boundaries, and heritage preservation (Healey 2007).

Table 1: Local Development Paradigms: Distinguishing Features

Development Paradigm	**Growth Machine**	**Knowledge Mobilization**	**Social Sustainability**
Development Goals	Rapid Growth	Cluster Building	Inclusive Development
Development Instruments	Industrial Incentives/ Property Servicing	Research Commercialization/ Technology Transfer	Infill Planning/ Neighbourhood Regeneration
Policy Authorities	Economic Development Corporation	Knowledge Economy Institutions	Social and Community Movements
Governance Model	Business-led Governance	Associational Governance	Collaborative Governance

PART 3: Economic Restructuring in London, 1990-2008

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. 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, aircraft, 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 and Fanshawe College.

Two major rounds of restructuring (the 1990s free trade shock) and recession (the 2008-2009 global downturn) have affected London's economy. In response, various local actors have mobilized around the three development paradigms we have described. As analysed below, the initital 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

Continental restructuring in the 1990s hit London's economic base hard. Financial head offices 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 who 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 career mobility. A groundswell of concern rose among civic leaders about economic prospects. In 1997, the London Chamber of Commerce convened a group of some 40 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). In 1998, the City established the LEDC with a mandate "to strengthen the London business environment so as to improve the economic well-being of all London citizens" LEDC 1998, 3) The LEDC's Chief Executive Officer, well-connected London businessperson, John Kime, began revamping municipal economic development. External business attraction emerged as the first priority. The goal was to exploit London's locational advantage half-way between Detroit and Toronto to benefit from the recent federal negotiation of the North American Free Trade Agreement and the provincially-led annexation of surrounding communities that

tripled London's geographic size. The federal and provincial actions combined to make available new lands for development along a major international trade corridor (Martin, 2007).

The LEDC's external orientation received 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: they hoped for the advanced and specialized kind, but would accept warehouse and other distribution facilities requiring more space than knowledge. The City planned to keep available for development of 180 acres of serviced land, attracting industrial investors through roads, sewers, utilities, and the like. As a further enticement, the City waived development fees for 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 service 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. Indeed, 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). National automotive analyst, Dennis DesRosiers reported that "London has the best record out there in landing automotive parts plants" (De Bono 2007, A5). For their part, City officials believed "London had become one of Ontario's premier destinations for the development of industrial land" (Perspective London 2007).

In terms of the 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; 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 quantita-

tive 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 profile for London among manufacturing site selectors in Europe and North America (LEDC 2003).

In relation to Hall's concept 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 place of the government department, an arm's length agency led by business 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 nascent high technology community (DeBono 2006; LEDC 2006).

Important here was the recruitment of a new Chief Administrative Officer, Jeff Fielding, from Kitchener, a city located in Waterloo Region's Technology Triangle. On his arrival, he delivered a wake-up call to the City Council (Miller 2004). Pulling together 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 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," the Task Force 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 findings that a city's cultural diversity and social connections are crucial for prosperity, the Task Force 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, a new "Prosperity Congress" would "champion common causes" for the creative city (City of London 2005, 15).

The second learning excercise pursued similar themes. *London's Next Economy* was a hard-hitting report from a leading London technology entrepreneur who shared the Task Force's concern about London's development trajectory. Challenging the growth machine paradigm, the report rejected London's "past modesty and conservative style" and called for "more passionate, entrepreneurial environment" suited to the new economy *(London's Next Economy* 2005, 10). 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). Priorities quite different from the growth machine emerged, 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 the university and college.

In sum, the Creative Cities Task Force and *London's Next Economy* packaged new ideas drawn from the knowledge mobilization paradigm. The reports rallied influential supporters. The Dean of the university'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 2005, 3). The LEDC was immediately reorganized with its CEO replaced by a younger leader with deep roots in the high technology sector and research networks.

Interestingly, just as these initiatives 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, A3). In fact, such concerns dated back to a public engagement exercise in the 1990s known as "Vision '96." As one city councillor later reflected, the intent was to "plan the city differently to protect agriculture [and] environmental features" and envision "an improved quality of life" (Martin 2007, A8). However, these recommendations remained just that —there was neither the political will nor the bureaucratic capacity to implement the sustainability ideas. Not surprisingly, 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). While the London business community has frequently mobilized around core policy interests, urban social movements have been relatively fragmented pursuing 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.

Surprisingly, social sustainability concerns moved center stage in London politics following the 2003 municipal election. When the newly elected Council, based on what critics saw as a technical loophole, chose to ignore the results of a referendum calling for reorganizing municipal governance, London's formerly disparate social and environmental groups rallied around a new movement named Imagine London. As its name suggests, the coalition's purpose was to envision a qualitatively different development path for the city implemented through a Council governance structure that would replace the Board of Control executive body that Imagine London saw as too closely allied with land developers. The vision was rooted in the social sustainbility paradigm: a compact city of neighbourhoods valuing human scale, mixed use, and infill development to revitalize the downtown core. In 2005, the group took the case to the Ontario Municipal Board, calling not just for the abolition of the Board of Control but for formation of small neighbourhood-based wards. In a surprise decision, the provincial authority accepted Imagine London's ward structure recommendation, and cleared the path for a 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.

The result has been a fractious City Council, with politicians increasingly divided across varying development visions. Observers worried about an incoherent or stalemated political system characterized by mean-spiritedness and lack of cohesive vision (Belanger 2007b). In 2007, when the Council Planning Committee refused to expand the city's urban growth boundary to accommodate a developer's request for a $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 2007a). The Chamber of Commerce CEO urged the Mayor to appoint an outside facilitator to find 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 2010, E1).

In sum, the years between 1998 and 2008 witnessed heated debate about the course of development in London. The long established growth machine paradigm was renewed through formation of the London Economic Development Corporation 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 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 in the country; social assistance claims increasing 20%; and more than 8,000 jobs disappearing with only part-time jobs showing any resiliency (Hunter 2009).

The depth and breadth of the latest economic shock triggered widespread discussion and urgent calls to action. 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 goverment announced plans for a regional development agency for Southern Ontario, and London municipal, academic, and business leaders participated actively in forming a regional economic alliance extending from Waterloo to Windsor. Complicating London's

challenges were economic studies (Martin Prosperity Institute 2009; Conference Board of Canada 2010) from national think tanks that took a dim view of the city's economic prospects, especially in comparision with key mid-sized competitors such as Waterloo and Ottawa.

It is precisely such moments of widely perceived crisis that Peter A. Hall interprets as tipping points for third-order change (Hall 1993). In his study of Great Britain's monetarist revolution, Hall noted that the devastating 1978 winter of discontent cleared the path for the Thatcher Conservatives to drive the paradigm shift from Keynesianism. However, the local institutional-political setting makes such dramatic realignments unlikely. Instead, local change occurs 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 produce significant policy change. Through such pragmatic collaborations, municipalities and communities may move beyond what Hall terms second-order conflicts to discover new common ground around shared civic purposes.

The unprecedented pressures set in motion by the 2008 Great Recession in London offer some evidence to support this account of how local paradigm shifts come about. 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 University of Western Ontario 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, Online).

While such summitteering might be dismissed as simply talk, there has been concrete follow-through. We close the paper 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; City of London and United Way of London & Middlesex, 2008). It brings together priorities from each of the social sustainability, growth machine, and knowwledge mobilization paradigms. 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"(City of London 2008, 1). 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. London now features a multi-level governance structure implementing community-driven priorities on diversity crossing economic, social, and cultural priorities (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 blends 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. The City has forged a 'Gateway City' coalition: 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 City's new economic development fund made Gateway investments its first priority, and the federal development agency came to the table with $8 million (Perspective London 2010).

Learning by Doing (3): Inclusive City

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 center of the collaborative process was the Old East London Business Improvement Area, an inter-organizational network that used a "community devleopment methodology to affect social economic revitalization" (Meyer 2010, 2). 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 center 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.

In sum, each of these three recent collaborations represents a new and different way of doing economic development in London. As ideational and organizational hybrids, they variously blend growth, knowledge, and sustainability goals. 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 pragmatic action" remain an important yet fragile part of an emerging local governance landscape (Stone et al. 2006, 531).

Conclusion

Ths article 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 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 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.

Notes

[1] The research draws on 50 semi-structured interviews conducted between 2007 and 2009 with individuals from the municipal government, business community, and community organizations knowledgeable about London economic development. The research assistance of Kadie Ward, Paris Meilleur, Kate Graham, and Matthew Patterson is gratefully acknowledged. This study is supported by the SSHRC funded project *Innovation and Creativity in Canadian City-Regions* directed by Dr. David A. Wolfe at the University of Toronto. I would like to thank three anonymous reviewers for their constructive feedback and Dr.Marie-Odile Trépanier for translating the abstract.

[2] One reviewer pointed to interesting parallels between Hall's interpretation of policy innovation through social learning and evolving debates in urban planning about the importance of social learning as a strategy to link knowledge and action in community settings. Beyond the scope of this article, such a comparative exploration of urban planning and political science research traditions would generate further insight into the interplay of ideas and institutions in local economic development, especially in connecting the spatial and social dimensions of policy innovation. Major contributors to this planning tradition include John Friedmann (1987), Patsy Healey (1997), and Judith Innes and David Booher (2010).

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