



European Metropolitan Governance

Final Report – Executive Summary

The final report of the 'European Metropolitan Governance' research project takes issue with two major topics that have gained in importance to cities over the last decade: first, the evolving relationship between cities and the European Union, and second, the rise of new forms of 'governance', be it at the local level or in the multi-level context of the European Union.

Cities in Europe – Europe in the cities

European integration has led to a manifold and far-reaching involvement of cities in policies devised at the European level. In many respects metropolitan regions and cities have become the concrete, practical testing grounds for EU rules, strategies and programmes. For cities, the EU has emerged as a new political arena, offering both opportunities to gain from policies geared towards local level development, but also new constraints emanating from European regulative frameworks.

Being affected by 'Europe' in such a pervasive way, cities have long been trying to define their interests vis-à-vis the Union, to develop and promote their own European agendas and to elevate their role in EU decision-making. However, in spite of the growing visibility of cities as actors on the European stage and of urban issues in EU policies – 'Cities in Europe' – and the pervasiveness of the European Union in local affairs – 'Europe in the Cities' – the effects, processes and democratic quality of these interactions are not yet well understood.

The report of the 'European Metropolitan Governance' research project tries to give answers for both dimensions. The first part, '*Cities as a European agenda*', comprises three stand-alone chapters and is dedicated to the development of EU policies that are relevant to cities and the inclusion of cities and their interests in the decision-making processes of the EU. In these sections we look into the past and future of the urban dimension of EU Structural Funds programmes (Chapter 1.1), the involvement of cities in the European policy debate surrounding services of general interest (Chapter 1.2) and the local dimension of the European Employment Strategy (Chapter 1.3). The second part of the report, '*Europe as an urban agenda*', broadens this perspective and looks at the meaning of 'Europe' to the local level from the point of view of individual cities. After the introduction of the overall research framework (Chapter 2.1), Part 2 proceeds with three national case study chapters that examine – against the background of their domestic systems – the examples of Liverpool and Manchester (Chapter 2.2), Vienna and Graz (Chapter 2.3) as well as Dortmund and Hamburg (Chapter 2.4). The concluding section (Chapter 2.5) draws lessons from the evidence provided by the six case studies and develops a model for explaining the European engagement of cities.

Forms of governance The second pervading theme of the report is the rise of new forms of 'governance' as a major trend that is increasingly shaping the formation and substance of public policies at the local, national and international levels. The broad term 'governance' refers to the totality of collective regulation that occurs within society – including but also going beyond traditional government by the state as it has developed over the last centuries. Notions of 'new forms of governance' in the public realm therefore describe any development that either points to changes in the traditional, state-centred way of delivering public policies in the domestic context, or to the emergence of public policy-making in the absence of government in the international context. In all instances however, 'new governance' is concerned with 'soft' forms of policy-making based on voluntary commitment, coordination in place of authoritative instruction, and subordination to common goals without the threat of legal sanctions in the event of non-obedience.

Thus a particular mode of coordinating action among political subjects marks one important difference between these new forms of governing and traditional, hierarchic government based on central authority. Another refers to the actors involved in policy-making: 'new governance' implies the participation of non-state actors – like business enterprises, non-governmental organisations (NGOs) or particular citizen groups and networks – in the formulation, decision and implementation of public policies. 'Hybrid' or 'new' forms of governance emerge where non-state actors not only influence the actions taken by the state, but actually co-govern with the state.

With regard to the notion of 'governance', then, this report is a highly explorative study that tries to chart the meaning to cities of various dimensions and variants of 'governance'. In the three chapters of Part 1, where we look at the role cities can play in the formulation and substance of policies at the European level, three aspects of governance are highlighted: European *multi-level governance* in the context of EU regional policy (Chapter 1.1), the EU as a setting for *deliberative governance*, where 'good arguments' have the power to alter positions held by important EU institutions (Chapter 1.2), and forms of *new governance at EU level* in the guise of the 'open method of coordination' (Chapter 1.3). In Part 2 and its case studies, which are concerned with the meaning of 'Europe' for cities and its impact on municipal policies, the focus is on the relationship between *new urban governance* at local level and policies or programmes drawn up at the European level.

The report at a glance In *Part 1, Chapter 1.1, 'Urban Policy in Europe – Where have we been and where are we going?'*, is dedicated to a review of the urban dimension in EU regional policy as it has developed over the last 15 years. It argues that although the status of urban policy in the EU has always reflected the oscillating balance of influences between those who want to promote the urban agenda and those concerned to limit its significance, there has nevertheless been a gradually increased recognition of the importance of cities. However, on the verge of the new EU programming period crucial policy decisions remain to be made that will determine the actual visibility and strength of the 'urban dimension' in EU regional policy programmes, and the capacity of cities to autonomously utilise them, in the period from 2007 until 2013.

In terms of governance, EU regional policy represents an issue area where the embryonic state-like qualities of the European Union are rather obvious: decisions are taken in the institutional triangle of Council, Parliament and Commission through the 'community method', and the policies and programmes are based on formal EU law. 'Governance' in this context mainly refers to the intricate interplay between various levels of government in policy drafting and implementation, making Structural Funds policies the prime example of *vertical, multi-level governance* in the EU. European policies like this are simultaneously played out at all levels of public administration and policy: first, at the EU level, where formal governing in the absence of a real government materialises; second, at the level of member states governments, where programmes and strategies are formulated in cooperation with the sub-national entities (taking different forms in member states with more centralist and more federalist traditions); and third, at the sub-national tier of government that has responsibilities for programme co-drafting, programme management and operational implementation.

Chapter 1.2, 'Cities and services of general interest – A case study in deliberative European governance', takes a look into the debate on the deregulation of services of general interest through EU internal market policies. In this particular case cities have felt decidedly threatened by policies drawn up and promoted at the European level. Over the past five years, cities and their organised interests have therefore tried to influence the European debate and decision-making process in order to avert a liberalisation that would substantially intervene in the traditional mode of delivering public services in many European cities. The chapter shows how cities joined the chorus of political forces sceptical about public service deregulation, how they managed to carve out a distinct role in this debate based on their particular legitimacy and expertise, and how they strove to re-frame the discussion as a principled issue of subsidiarity.

This instance offers particularly illuminating insights for a better understanding of European-level governance: it is one of the cases where it can be shown quite convincingly that European decisions are not only dependent on the formal procedures of the EU institutions and power relationships among the member states, but also on the political legitimacy that stems from public debate and the acceptance of both decision-making procedures and policy substance by the citizenry. The conclusions regarding this case of *deliberative governance* are all-important for cities as actors on the European stage with only a very limited formal role in the EU decision-making processes: solely through their presence in the 'discursive space' that surrounds the European institutions, 'good arguments' that are brought forward convincingly and efficiently, the provision of policy expertise to the Commission and the Parliament and, in the final analysis, a 'legitimacy input' for

the European Union and the integration process, cities have a fair chance of influencing important EU policy agendas. The chapter therefore underpins the emerging research agenda that applies discourse-based theories of deliberative democracy to the EU and the European integration process.

Chapter 1.3, 'The local and regional dimensions of the European Employment Strategy – Empty phrases or a real chance for cities and regions?' is dedicated to the local implications of EU employment policies as primarily manifested in the European Employment Strategy (EES). The chapter describes how the EES, since its inception in 1997, has gradually been supplemented by a local dimension through numerous Commission policy documents, the encouragement of multi-level coordination of strategies to fight unemployment as well as EU-inspired instruments and pilot activities that are implemented at the sub-national level of government. It argues however that the success and effectiveness of local-level inclusion in this policy field is ambivalent at best, and highly dependent on the particular circumstances of the member states.

In the context of the governance debate, EU employment policies are considered an example of *new governance at the European level*: decisions are non-binding, they are taken by unanimity outside the traditional framework of the 'community method', they involve the Commission in a coordinative and initiating role and they often bypass the European Parliament. Patterns of policy development and 'soft steering' instruments that are typical of 'new governance' dominate: loose coordination, benchmarking, incentives for mutual policy learning and, not least, the attempt to incorporate sub-national tiers of government and social partners by means of consultation and support for pilot initiatives.

Part 2 of the report focuses on the impact that EU policies and programmes have on cities. Based on extensive case studies conducted in six cities in three member states, the second part takes up the theme of 'Europe in the cities', and exemplifies how the experiences with EU policies and programmes made in various places across the EU in turn feed into the notion of 'cities in Europe'. In the context of the ongoing debate on 'Europeanisation' as a result of adaptation pressure on domestic political structures emanating from EU level, as described in the introductory *Chapter 2.1*, the following *Chapters 2.2, 2.3 and 2.4* analyse the specific characteristics of the 'European turn' in the urban politics of the six scrutinised European cities.

Special attention is given to the effects of Structural Funds programmes on local government structures with regard to *new urban governance*. The comparative assessment in this 'top-down' perspective proceeds along four analytical dimensions: horizontal governance, vertical governance, citizen participation and policy learning. The comparison concludes that the actual governance effects of EU programmes (associated with the partnership and programme planning principles enshrined in EU regional policy) vary widely between the cities. Due to the specific circumstances of each city EU programmes like URBAN or Objective 1 and 2 can lead to far-reaching change in urban governance arrangements, but just as well to an

absorption of the 'EU impetus' by pre-existing structures and policy approaches. Factors that determine these specific results encompass the degree of political autonomy within the domestic political system, the dominant political culture, civil society traditions, the relative size of the EU programme or the individual leadership of key decision-makers. From a 'bottom-up' perspective the comparison of the six cities reveals five constitutive factors that either push or pull cities towards a European engagement: Europe as a 'problem solver', as a 'stage', as a 'threat', as an 'alternative', or as a 'duty'.

Based on these observations, the concluding *Chapter 2.5* 'Explaining the European engagement of cities – factors, motivations and effects on local governance' argues that cities are drawn into a European involvement for many more reasons than often assumed, and that 'Europe' will continue to matter to cities across the entire European Union no matter what the future holds for the urban dimension of EU regional policy. Overall, Part 2 of the report and its conclusions in Chapter 2.5 contribute to theoretical debates around the utility of historical/sociological institutional approaches, notions of 'download/top down' and 'upload/bottom-up' Europeanisation as well as the conceptualisation of the scope (the 'deepness') of the EU impact.