

Session-III

Devising and Tracing Institutional Changes - London

The following three sessions, two today and the one tomorrow morning have been titled *Devising and Tracing Institutional Changes*. By means of these three sessions we seek to learn from the governance mechanisms and arrangements of a few international megacity regions, including London, Toronto, Tokyo, Jakarta and Johannesburg. The various presentations followed by comments into our discussion we hopefully think that we should have a fair idea about the genesis, for political issues and processes adopted and adapted by diverse megacity regions all over the world. In this presentation session we have the presentation jointly prepared and presented by Prof Andy Thornley who is from the London School of Economics, Prof Mike Raco from University College London and Dr Sue Goss, the Principal at the Office of Public Management, London. They will jointly make this presentation. The session is chaired by Shri Nimesh Kampani who is the Chairman of the JM Stanley in JM Financial Group. He is also a member of the CPR Governing Board. The presentations will be followed by comments by Ms Marie-Helen who is a Research Fellow with the Institute of Research for Development and is deputed by the CSH India. Joining here would be Mr Kingshuk Nag, who is the Resident Editor of the Times of India in Hyderabad and we also have Ms Uma, who is the Chief Planner of MMRDA.

Presentation by Prof Andy Thornley:

Very good afternoon. First of all, I would, on the behalf of the three of us I would like to thank for inviting us to this session and into join in this very important discussion and we are hoping that we will be able to learn a lot from this and we have got a unique opportunity for us to learn about your Indian cities and also experience while we are here in Mumbai, experience the maximum city which is something I haven't experienced before. So thank you very much indeed for inviting us.

As we said, the presentation is in three parts. I am going to start by talking about the background into the formation of the GLA – the context and background – and then pass over to Sue who is going to talk more about the actual practice and the experience of having it in place and followed by Mike who is going to go beyond just the formal government and talk about governance beyond the State. As we have only got 8 minutes each I am going to go through these slides pretty fast and for issues that you are particularly interested and of course we can pick up on them afterwards.

The presentation is oriented around the questions that we were given, that were the questions that you specifically were interested in and we are starting here with the actual formation of the GLA as the starting point for the story here though Sue might go back further when she speaks. So one of the first questions you asked us was why was there a new form of metropolitan governance at this particular time? Why in 1999 was that this new Act and I have identified here three reasons, three aspects that came together at that point, three rather different aspects that happened to come together at this particular moment. One was the experience of not having a metropolitan government in the previous periods. Since 1986 we had no metropolitan city-wide government and that created certain issues. The second one was changes that were taking place globally in terms of globalization and the intercity competition that resulted from that and then the third one was the advent of a new Labour government in 1997 and that is why I say these three came together. So in terms of the main issues from that previous period, this was the period when Mrs Thatcher with her minimal

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government approach abolished the GLC and saw it as a political threat and in that period many of the powers were transferred upwards to central government or down to the boroughs but perhaps most interestingly importantly a lot of ad hoc bodies came into being to fill the vacuum at the strategic issues that were needed to be dealt with and as the difficulties and challenges of that kind of government grew more and more of the ad hoc bodies arose and so we got a very fragmented and complex system. This diagram, which is my attempt to put together the position in 1990, of all the various bodies that were operating to deal with city-wide issues in London by the end of the 1990s and not only are there a lot of bodies there and there are also very different and complex relationships between these bodies. Sometimes it is a legal relationship, sometimes it is financial, sometimes it is just personnel and so the understanding of this was that very limited because of it being so complex. These issues then led up to a certain build up of pressure for some kind of change to the system. It was felt at this time that London was not doing very well in the intercity competition. This gave the Paris, with its Mayor, and Frankfurt with its European Bank were actually doing rather better in this competitive game and that something needed to be done about that and that one of the principle things that was needed was city-wide leadership and a clear strategic vision in order that London can compete. London needed a voice for the whole of London. At that time there was no single voice for London and so that was considered needed and then this complexity that I have just shown you, that concern for this complexity was on the issue of accountability. There were so many different bodies, no one knew who was making decisions and this was particularly problematic. It was called, given the name of “democratic deficit”. But as a result of this many of them were non-elected bodies and a lack of any accountability meant that it was a democratic problem and that in this period without that direct democratic involvement and a more market oriented system it was very difficult to actually develop priorities for the city. What was the agenda? Where do the social issues come in and so these were more concerns that felt some kind of a change was needed.

The next question you asked us to talk about was how was the consensus secured? I think the first thing to say on that is that there was a consensus and there was a general opinion that something needed to be done from all the various actors and sectors involved. The private sector wanted change. As I say the private sector was concerned about the position of the London as a world city and London First, which is an organization you know from the city, was in the forefront of actually trying to develop more interest and involvement in mechanisms to ensure that the world city aspect of London could be promoted. Central government supported that view. Boroughs also felt they could get benefits from it, particularly the inner boroughs. The new Labour government that came in at that time had an agenda of devolution anyway. So this fitted into that ideological position and they were concerned with a more direct policy involvements and coordination and felt there was a need for a vehicle for that in London. The media were also supportive. The local newspaper for London and the Evening Standard had a campaign at that time to support the idea of a London Mayor and a referendum was held amongst Londoners which showed that of those that actually bothered to vote 75% of them were in favour of a London Mayor. So altogether, from all those different aspects there was a general swell of opinion that these reforms were needed.

So your next question was what decisions over institutional design? I divided these into three, what are considered to be the three biggest decisions that had to be made. One was the geographical one about how were the boundaries of the new authority to be devised. Then what power should it be given, and thirdly what kind of leadership should be put in place. So first of all, then the boundary for the new authority. Many people talk about the need for

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being a functional urban region and economic entity, commuting patterns and this economic entity should be matched by the political entity and this was a view put forth by many academics and that was I say put forward at that time. However, one of the problems with that was that such an entity for that London region would be very big and very powerful. In terms of its population and in terms of its economic activity you would dominate the country and so that would create an imbalance in the political framework of the country and in fact would be very difficult to pass in parliament anyway where you have MPs from the rest of the country who always anyway feel that London dominates and so it was not politically possible to pursue that and in any case the government wanted to put in place a new authority that could be achieved within the electoral cycle of four years. They promised a new authority. They had to deliver it within four years and therefore they have to produce some fairly simple way of achieving that and the simple was to return to the old GLC boundary and which meant that the act, the legislation could be achieved more easily. It was still a very big Act. It was said to be the biggest Act since the Government of India in 1935 and so it was still quite a big job to put in place this legislation. Now, one of the issues of going back to the GLC boundaries means that the authority is only covering 7 million people. That is now increasing. It is around 8 million now because of polices of increasing densities in London and a gentrification and people returning to the city and strong flows of immigration from Europe. But even at the 8 million it is still only part of the functional urban regional population where estimates vary from that 14 million to even more and so that leaves an issue of the relationship between the new authority, the GLA and the rest of the region. That is a diagram showing the GLA on the centre there, the darker area and surrounded by various interpretations of what that true economic region should be.

Then what powers should be given? It was decided that there should be a slim line authority. It should be as small as possible on basis of subsidiarity and that only strategic issues should be given to the new authority and where four functional bodies were set up and these were to cover the basic strategic services that were allocated to the GLA – transport, police, economic development and fire and security. But on top of that there was also another important function as also a central function in terms of strategic policymaking and so the Act requires the Mayor to produce eight strategies. They are listed there, the coordinating strategy being the London plan. Many of those strategies required innovative at that time. Many of the environmental ones had not been done before in Britain and so there it was quite at the cutting edge at the time of strategic policymaking.

Then what kind of leadership? The committee, the parliamentary committee considering this went around the world looking into Mayors throughout the world and across America and Barcelona which is always seen as being a good model and looking at the relationship between the Mayor as an individual and the elected assembly from the constituencies of the area and there are various models, with different strong and weak Mayors and they came up with best decision to have a strong Mayor. So Mayor is strong in relation to the GLA organization. The assembly of other elected people is only scrutiny and checking power. So that is quite an important aspect of the structure. The other one is of course having it as a directly elected Mayor and this was the first time in Britain that we had had a directly elected Mayor and the sort of feasibility the direct elections give.

So finally in my part of the presentation then, just a look at the relationship. We were asked to look at the power relationship between the GLA, the metropolitan authority and other bodies. Here I am just looking at central government. There are certain things that need to be said here. The central government still has a lot of power and the main reason for that is

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central government still controls financial allocation. A Mayor has very little direct, independent finance raising powers. That is very important in relation to the power relationship between the Mayor and the central government and it differs from Mayors in many other cities in the world. Central government also has legislative power. So any additional powers for the GLA has to be passed by central government and so they can control that. We have no written Constitution. So that can change and Mrs Thatcher's abolition of the GLC showed it is possible for central government to use that power. Then the Mayor gets his power from the direct electoral mandate. I am elected by 7 million people, 7 million people behind me and therefore that gives him a certain degree of power. He gets a high degree of visibility. So whatever his powers are most London citizens think that he has far more powers than he actually has. So he has high visibility and often we have seen the Mayor use that and he has some statutory power of the lower tier boroughs which Sue will talk more about in a minute. This creates an issue of tension between central government and the Mayor, constant process of political tension between the two with the Mayor lobbying central government for the finances and for the support of his ideas and his plans and the London Plan is a vehicle which is used in that lobbying process. So there is a lot of public posturing and behind the scenes pressuring going on in this tension between the metropolitan and central level.

So now I am going to hand over to Sue who is tell more about the relationship with the Mayor with the other levels of government.

Presentation by Dr Sue Goss:

Thank you. I thought I would just start with a recognition of history because the big growth in London was not in the last few decades but in the period between 1835 and 1900 when it grew from 1 million to 6 million and the first London government that was set up was set up in 1888, the London County Council with very strong, both strategic and delivery powers and I say that because some of the issues with which you are wrestling – issues around sewerage and water and infrastructure might require some of the powers that the London County Council had back in the early 1900s up until 1965 when the GLC was created. The GLA is a strategic body but works through influence and one of the debates we might we want to have is how much power do you need to create the right infrastructure versus how much influence do you need to create strategy. The other thing I wanted to just say in introduction, I was interested when Amy from Brookings this morning was talking about the city needing economic boundaries because the city was entirely an economic construct serving the interests of commerce and economy. I think for Europeans a city is always also a human construct, a place where people want to live a fulfilling life and bring up their children and have a leisure and a cultural identity so that the demand of the economy are always to be negotiated with the demands of the cultural and identity a city which is something that in London we are always grappling with.

The city governance in London, the GLA does strategy. One of the arguments we always have is what counts as strategic. In reality, powers are constantly moving backwards and forwards from the city-wide authority to the local authorities or to quangos and back again depending on short term political expediency and it is worth remembering that in London we don't just have the directly elected member in the GLA but below them are 32 directly elected London boroughs, municipal authorities which are big in international terms with populations of a 150,000 to 300,000 without overlap of function so they are unitary authorities providing the whole range of locally run services, street lighting, waste collection, parks, libraries, education, housing, social services, public health, even some benefits. So

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these London boroughs are powerful and they are responsible for most of the operational delivery and therefore the relationship between the Mayor and the London boroughs is now the crucial relationship in governance in London and the debate continues. But I think the conclusions are that London-wide governance works best in areas of transport infrastructure, waste disposal, the environment, planning and economic development but doesn't work well in areas of direct service delivery. For example, there was a time up until the 1980s where the London government, the GLC ran the schools and actually the quality of education was considered to be quite poor because it was considered to be such a vast organization it was very hard to make the connections at locality level that would ensure that kids got good education. Now education has moved to the boroughs and is a much more effective way of delivering a local service although in fact schools are now becoming more and more independent. The boroughs were seen as better at delivering operational services such as housing, such as waste collection, such as social services. We have a series of running debates, however, about the grey areas so that the boroughs see themselves as strategically involved in housing and health and education but Boris Johnson is increasingly wanting to take control of those aspects of policy. So there is a power grab going on at the moment where the Mayor is looking for power over education strategy even though the Mayor doesn't have a role in education delivery.

So the relationship between the Mayor and the boroughs has been tense sometimes because the old Labour London County Council was doubled in size in the 1960s to create the Greater London Council that was a sense in which the suburbs were absorbed back into the city. So instead of it being a very narrow city became it covered the suburban area. Of course, as Andy is saying the city is growing since and we still have a gap. But for a number of years there was a tension between the suburban boroughs and the Mayor because the richer communities didn't want their taxation to go to solve the problems of the deprived in the city areas that tension still exists. There was also a tension I think in the early days of the GLA under Ken Livingston where he was seen as power arrogant and technocratic by a number of the boroughs. Of course, arrogant for some is powerful for other so he was actually trying to impose some policies that would deal with poverty and deprivation and not everybody liked that. The GLA interestingly now has more powers under Boris Johnson because the powers were allocated at the same time as the election was held and the Mayor changed over. But Boris Johnson is a much more conciliatory Mayor and has tended to be much more working through partnerships and seeing the boroughs as potential allies. Of course, some people would argue that because he is not trying to achieve so much. So there is now, and this is a temporary political situation, it might not last, there is now quite a strong alliance between the London boroughs and the Mayor and the importance of the city economy I think has meant, particularly post-recession, that the boroughs are willing to collaborate and cooperate far more than they used to be and the Mayor has got this huge visibility and international presence – he came to Mumbai and some of the Indian cities – recently and the boroughs see the power of that visibility and the importance in wooing international capital at the success of the Olympics.

The Mayor also has the air of government. It helps if they are both from the same political party but is seen as very powerful in winning resources for the city. So that alliance has been building up and at the moment it is underpinned by a voluntary city charter which is a partnership signed by the Mayor and the Chairman of the London Councils to create a sort of alliance in which they work together. So there is a Congress of the Mayor and the borough leaders that happens twice a year and there is a delivery board to deliver what they have agreed in partnership. Of course, as Andy was saying because the economic region which

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represents London in the South East is somewhere between, he says 40 million, the London Plan says 21 million (there are all sorts of arguments about how big the London wider region is). That means that the London boroughs are not the only local authorities with whom the Mayor has to work in order to develop the region's economy. So actually the wider region probably includes a working network of about a100 local authorities beyond the city boundaries and increasingly now we have a debate about what sorts of conversations need to happen with that wider network of authorities. At the moment we have almost nothing holding that much wider degree of local authorities together. There is a very weak advisory forum on regional planning for London's South East and the East of England but it doesn't have any formal power. So for us going forward that is going to be a big question I think.

There is always a strategic versus local dilemma in cities. I am sure it is part of the struggle. You have it, it is part of the struggle that we have. The more strategic authority becomes, the larger it becomes the further away it seems to local people and although city-wide governance is good at the physical infrastructure our experience is that it is far harder for a big strategic authority to create identity, meaning and a sense of belonging and as megacities absorb people rapidly for us the biggest challenge is the human dimension of growth, the integration of arriving populations, understanding tensions and creating a shared culture and I think my final observation would be that actually it is in that sphere where the boroughs with smaller populations although still large in European standards, play a crucial role and they have had a really important role in place making, in orchestrating social cohesion, in trying to create tolerance. You will Remember that we had riots a year ago. The riot recovery programme has been led by the municipal boroughs and below them is a patchwork of small neighbourhood structures, panels, advisory groups, neighbourhood councils different in each borough. So we are struggling with this question about community building and whether that is a job for city-wide governance or whether it is something the boroughs can do and how this fit between a vibrant civil society and the big infrastructural projects that are being run by the State connect together and how we connect people together across the vast city and Mike I think is going to take us through some more thinking about that.

Presentation by Prof Mike Raco:

Thank you and thanks for the last two speakers for setting things up. What I thought I would do just for a few minutes so to finish off is to talk a little bit about some of the key challenges ahead really in London and to think a little bit about how the very nature of the State and the planning system in the city is being reconfigured by a number of things that are going on. They don't immediately seem to be about State reform but actually I am going to argue about fundamental restructurings of what the State is there to do. So I will talk a little bit about governance beyond the State and certainly in the British context broadly has been a wider agenda which has embraced the kind of UN's good governance agenda if you like. A focus on devolution, a focus on what is called yet again for about the fifth time in the last 20 years a new localism in the context of British planning where power will be given to communities, local authorities and others to drive the planning system forward, to drive development forward. It is a fantastic rhetoric out there about that, so much lifted entirely I think from international discourses of good governance.

When I think about London East though it is a place of phenomenon polarization and I think one of the things perhaps that you were thinking in terms of the invitation to us was to hear from a city. In fact, it seems to be moving forward in terms of its wider dynamics as a global city, it is very successful don't forget, it is one of the great success stories of planet earth and its new economy and all these kind of things. Only people like Danny Dorling have shown in

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their research that if you take the top 10% of the richest people in London and the bottom 10% in terms of their income and asset ownership those are differential of 273 times between the richest and poorest groups in London. That is a staggering underestimate because people at the top also put a lot of their money into other places. Their money shifts around the world so we don't actually know how wealthy the top people are in a city like London and yet official figures show this and Danny Dorling's work I think very powerful. This chasm of inequality in the city is very much there. It is not necessarily a success story London in a wider sense and this creates huge challenges for planners and planning. How do you govern a city that is so unequal, has such vibrant sectors here at the same time by so many people, some of Europe's poorest living alongside them, living in levels of poverty that are quite staggering actually when you look at the detail. What does planning do in that context to deal with that. I will talk a little bit as well about governance beyond the State and the wider agenda. One of the answers to that question if you like which is the privatize, to build public-private partnerships, bring in the private sector and they will fill the gaps that planning cannot fill by itself. We are going to languish, we heard about this morning as well in relation to Indian cities and I will also saying something about community politics.

To give you a sense of the challenges in London as well bring the figures up to date, published last month. In fact, in London the new census figures in 2011 and they show the London's population is now 8 million so you get another figure...in the last two. There has been increase of about a million people in the last ten years which is actually a lot in western European context. They forget that every individual in a city like London consumes amounts of small resources than in a city like Mumbai. So having an extra million people there creates big demands in terms of welfare, in terms of jobs, housing, transport and the like. It is a very young city, but I think quite remarkably 2.6 million people in London in 2011 were foreign born which is actually a remarkable percentage when you think about the diversity. Some people have called London the hyper diversity of the world and in many ways it is. Some research shows that over 50 indigenous groups and over 10000 people in the communities, over 300 languages are spoken as first languages in London which is again remarkable and creates some real challenges for a planning system and state system, we can have more discussion in terms of what we do, in terms of building collective identities, for example, or building collective discourses. I think these are really interesting challenges there that we might face.

Just in terms of where I think we are trying to move in terms of these issues there is still a growth first logic in London. There is still what you might call a managing growth agenda that has been around for the last 15 years or so in the city. How do we manage London's growth? How do we use regeneration to connect global development with local communities and regeneration programmes, big projects like the Olympics and others have been used to try to do that. There is a real focus on opportunity areas in London, areas of intensification, big global projects that are designed to help local people too. There has been (it is not a really big surprise) the adoption of yet another discourse around urban resilience this time now to talk about London's future, making London a resilient city as is something being peddled by people of Davos Summit for example a couple of weeks ago in Europe, big businesses got very interested in resilience because it can define it, create it and then give it to policymakers as a policy framework to use and this has become a really, really significant discourse in the context of London.

There is a focus on a global city emphasis. There is still a focus as well on picking winners in London, thinking about your globally successful sectors. How do you pick them, how do you

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support them? As some people would argue that most planning policy in London for the last 20 years has been thinking about those global winners and how you sustain that success to use the language of the previous London Mayor. And I think there is couple of things I want to talk about really briefly, just a couple of minutes which is there is a number of things happening. On the one hand, one of the most interesting things about London and this is something which is very relevant to what is happening here is that it is increasingly, in terms of its State resources, becoming the most privately owned city probably in the world. Britain is at the forefront of a privatization agenda of welfare which is a groundbreaker to use I think the term of Goldman Sachs. In other words, it is one that is ahead of the game. There is over 300 billion pounds worth of private finance contracts currently that have been signed by the British State. 45 billion pounds worth of which are in London and London is perhaps a city which is unique in terms of the amount of private ownership of welfare assets and also of the private running benefit services and maintenance around those assets. It is a remarkable story of privatization that we have seen in London.

What is interesting about this to me are many things. Just a couple of things I want to pick on and many things we could talk about. But one of them is that the State role is being transformed completely. What a civil servant and even a politician now does is write a contract to a private company and then gives it to that company to deliver on behalf of the State and this is absolutely fascinating change then what it is that the State it has become a contract manager. It has become a delivery manager. State actors now work with lawyers, accountants and others to write good contracts and then give them to private companies to run on the contracts. For those private companies that is where the money increasingly is, the finance in particular. We heard this morning that \$800 billion worth of investments now needed here in Indian cities. What a fantastic business opportunity that is for private companies. Of course, the biggest, arguably the world's biggest business opportunity is in capturing welfare contracts and that is where the money, the smart money has very much gone and that is where it is still going. But there may be some benefits and positives about that you might argue too. So we also think about those but I think what I am interested in here is thinking about what it means for the State. What does it mean for you as a politician or for somebody who is a civil servant when you have written a contract. Often those contracts will be as long as possible because the private companies want as little risk as possible so they want a contract that is as long as possible.

Some of the contracts that have been signed in the UK are 40 years long in terms of welfare assets. Do you then change your communities when you want to change things, when they can make demands, when the things change, when the world changes and you have got a 40 year contract that cannot be broken with a private company. There are some massive implications for democracy in terms of how we think about change. My local hospital, for example, in South London which has just gone bankrupt is a public hospital. I have done lot of research on this in terms of this is public hospital. It was built by private finance in 2003, private companies built it. They then leased it back to the State under private finance deal for 30 years until 2039. The State does not own this building but it pays for it and it pays for it through a contract that was set in 2003 which has big implications I think. I have done lot of research on who actually owns the contract. Fascinating actually to look at this. So you have all the usual big companies from PricewaterhouseCoopers to KPMG to United Healthcare who are part of Innisfree to Barclays to Lloyds TSP anybody that tells you that privatization means simplification needs to look at map like this when you look at the ownership structures of the hospitals that I have been doing research on. These are the people who are owning the infrastructure. You get a hyper diversity of players rather than a simplification by having

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public-private partnership. That is a reality. You have to bring in lawyers, contract writers, accountants, financiers. All of these people need to be involved in privatization, not just one or two companies. So it becomes more complicated. How do you get anything done, not only in the context that Andy showed us in terms of the formal governance arrangements. But then the very structures of ownership of things like hospitals, schools, even London's fire engines are now under these private deals. How do you actually govern/manage these things strategically in the context where everything is broken up and fragmented to that level. It is a real warning I think for people who want to embark on public-private partnerships elsewhere. It is just something to think about and work towards, work positively towards in terms of how you build partnership, and just the final point here in terms of some of the community politics too to say something about this and very important that London has always had a vibrant community sector, a third sector or whatever you want to call it. In fact, some people would argue there has always been a collection of villages in many ways in terms of the metropolitan area. That is very interesting again because a lot of the research is beginning to show, just as Sue was saying that where government has control of things, whether it is transport or planning, people become very politicized. So you can actually get into a virtuous circle where if you empower government bodies to have control of things people then become more interested democratically in what those organizations do and they get more and more involved, then there is a kind of positive circle.

Again, privatization tends to mean a negative circle where people feel they cannot engage with the things around them, whether it is the hospitals or whatever it might be and then begin to back off because they will just be up against who they are actually talking to or engaging with whereas when you have powerful government bodies they become a focus for democratic engagement and participation which is a bit of a paradox because of course the good governance agenda is all about devolution and empowerment through democratic participation of communities and others. In fact, what I found in my research is where government has more responsibility people have been more politicized and engaged. This is a little bit of a paradox you might think but an interesting one to develop.

Final point, people's governmentalities or mindsets have also shifted in London. People think more now about the metropolitan scale because of the things Andy and Sue have been talking about, because it matters, because the London Plan, London system matter and people have started to think about, say, community action on a London scale rather than on a level both at the same time. But the London scale has become more significant. Organizations like Just Space, for example, very interesting group. Anybody who is interested, an example of a really good networking group, i.e. Citywide and a really good example of how they work then the Just Space Network is worth looking at I think.

So we are going to leave this diagram up here. Between the three of us we felt this was the key diagram out of the London Plan that captures much about the city that we think is relevant. Thank you.

Nimesh Kampani (Chair): It was fantastic presentation. I think India needs to learn what the UK has done and how they have planned their cities. Instead of giving my comment now I think I will make the presentation by the other side also.

Ms Marie-Helen Zerah: I will be able to comment really because I have to step in so it is really a kind of very rapid reactions to what you have been very interestingly presented to us. It is a bit in disorder and then the end of the presentation raised a number of issues which I

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think are very important. Maybe just a few words to say that when you look at institutions sometimes it seems that there are lot of apparent similarities with Indian context because these challenges are the same, seems to be the same, the question of economic growth, managing these engines of growth that cities in India are actually doing as well as the importance of local culture, like local identity of the boroughs which are the wards in Indian cities and these leads really to rethinking the institutional set up. I think I would agree with you that this is not only a question of efficiency and managing efficiently services and providing good governance but I think what you have shown very clearly is the importance to think about metropolitan governance as a tools to mediate scales because this cities are really spread,very large and also they have very different identity if you look at them at the local scale or the larger scale. If you look at your neighbourhoods you will have very different issues. How to measure scales seems to be a very strong concern for Indian cities as well as to ensure more democratic representation and I think to the listening to the end of the presentation to think of the metropolitan institution as a ways to increase democratic representation in the context of Indian cities is very important since new institutional mechanisms such as private partnerships are very strongly promoted and how to ensure that new government structure will be able to counter maybe the powers of some private companies or private stakeholders is extremely important and also to ensure that this democratic representation I think really taking to account maybe the various levels of capacity and expertise between the core and periphery of this metropolitan region because I think in cities in India between the core city and the suburbs or the peri-urban areas there is really very strong difference in terms of abilities and competence.

So I think one of the key issue would be to really have the circulation of maybe demands, ideas, local concerns because if you think that institutional fix by creating metropolitan structure will be able to lead to a strategy I don't think it will work. That is really the idea that we need to circulate from the local to the larger scale to be able to have an anchored strategy.

It seems to me also that even if you manage to think of metropolitan restructuring to have anchor strategy there are two important questions that Indian context will raise. It is how to separate strategy making for implementation. I think in India the story it seems to be even though I am of course talking a bit from outside, is that institutions building has often been linked to capture resources to implement projects. So how you are able to delink the fact that you want to create some metropolitan authority and CPR has been really trying to think about how to do that, but to make sure that this is somehow delinked to implementation. That is a very important question and also I think this will not prevent thinking about how the existing institutions, the ad hoc bodies or the local corporation, the wards administration will have to redefine their responsibilities because the strategy will be above it but it still needs to go into the nitty-gritty.

Maybe there are two things that one needs to think about. Even if there is, let us say, a march or something going towards institutional change and I think there is a consensus building right now that one needs to take into account that metropolitan dimension. There are two things to be done. Most probably is to expand the debate because the debate remains still very located in certain circles and I think the core of the cities. You need to expand the actors who are discussing this, including the politicians as well at the spaces where it is discussed, not only in the central of the city but also in the peri-urban areas, in what you call the suburbs. We have the same problem in France. How do you When you discuss Paris, how do you include the suburbs in the discussion, and the second thing I think which is very important is

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it doesn't prevent you right now to go into the nitty-gritty of how you manage because even if there is a shift and this is going to be a slow shift because there is strong resistance towards metropolitan governance. The questions of which financial powers for whom, how do you negotiate contracts, how do you manage your PPPs because they are all happening right now even though there is no metropolitan governance per se, it doesn't prevent you to think very clearly about all these nitty-gritty which seems a bit...often not very interesting to think of but you need to think of it right now because if this move happened towards metropolitan governance you need to be ready with what powers you give or how you want to the projects to be implemented.

Ms Uma Adusumilli: Since I also was thrown in (in) the last minute please excuse me if I am not up to the expectation. Comparing with London's experience as well as the USA's experience that was explained this morning, it is very clear that in the Indian context at metropolitan level we need democratization. There is no doubt about it. But if you trace the institutional background of urban development authorities and metropolitan development authorities that are kept in charge of metropolitan planning and development in India they largely focussed on planning, coordination and to a great extent land development for some reasons, strange reason, in India. Most of the urban development authorities do engage in land development to raise finances, to fund the infrastructure projects that they undertake at metropolitan level. But these infrastructure projects did largely confine themselves to transportation and sporadically housing, land development related to housing. I think to that extent it shares the experience of Greater London Authority where the metropolitan control on infrastructure or planning and development of infrastructure remained at strategic level. It did not go down to large-scale housing, health, education and solid waste management.

However, if we must trace the history of regional development authority in Mumbai metropolitan region, it did start with the basic objective of implementing a regional effort, regional planning effort and the regional planning effort itself was emanating from the regional planning; Town and Country Planning Act which focused on a metropolitan or otherwise economic or biodiversity of these regions and initially the task was to act as planning and development authority but I think our political setup is slightly different from international experience that in Mumbai metropolitan region currently we have 17 elected urban bodies and approximately a 1000 villages and each of these 17 municipalities have their own elected party at government and we have a State government to which MMRDA reports and the political divergence between the party at the State level and the parties in the municipal level actually determines what role and responsibility and finances MMRDA exercises. So it is directly related to that diversity and the equations between them. Therefore, its role largely moved into execution of projects in the recent times which probably will not last if there is political convergence in the region between the State and the elected urban local bodies.

To avoid this kind of movement of major functions that the metropolitan authority is playing here probably an elected body, elected body for the Mumbai metropolitan region as a governance structure would be more permanent feature and which could actually decide on the coordination and the financing of infrastructure between these bodies and also look at economic development of the region as a competitive region to the rest of the regions in India and region outside India would be a far more workable model. But what has been observed here is that with these bodies which are in existence in this region, like the boroughs there, the correlation has been in terms of helping them with technical assistance in drafting PPP kind of models or preparation of their project planning, etc., and also actually financing urban

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infrastructure in these areas. These are the two functions which have gained immense trust and cordial relationships between the elected local bodies and the metropolitan authority so far even in the absence of an elected government at the metro level. But the moment projects jumped in, execution of projects by the regional authority at the local body level, which involved using that regional authority's funds for execution of these projects is something that triggered kind of, I would term as a little unhealthy competition where the elected bodies at local levels are willing to give away their democratic rights to an extent in exchange for lobbying for projects to be implemented in their areas.

However, once lobbied the negotiations on the choice of project, choice of its location, the cost that it should involve and the way the contract should be awarded and the way the contract should be managed subsequently post-execution. These are the things on which lot of heartburn has happened through projects. So in a way jumping into execution of projects at local levels, even with money, with regional money coming in is something that I don't see has a very long lasting effort unless the projects are of regional nature, significantly regional in nature which individual municipalities cannot execute on their own and where regional wisdom and finance should find a role to play. This is what my immediate reactions. But what I found very strange is the models of PPP that you are executing in London. If private assets are being leased to the government (if I am not mistaken that is what is mentioned, isn't it?), privately built assets being leased to the governmental bodies for health or education or even other governmental structures. This is something that is unusual I would find in Indian context because our PPP is largely dependent on public assets leased to private institutions for operation and maintenance.

Prof Mike Raco: Thank you for your comments. Two quick things. Firstly, you made a comment about, maybe giving more technical assistance to local actors to negotiate better contracts in effect and I think that is a really interesting answer to the current context and I think that has a lot of merit in that. It is not just government actors by the way. We also need to think about where third sector groups connect to contract writing. For example, if we are saying that governance is becoming more about writing good contracts where do community groups fit into that picture? It is really interesting research question I think about how you influence a contract as a community group and also the timing of it. Once the contract is signed and sealed, quite for a long period of time, how then do you influence it? So in other words, increasingly lot of community groups and third sector groups have to engage earlier in a political process in order to influence contract writing and that is a huge change I think and one that a lot of groups are not simply not up to in terms of the expertise required and the amount of resources required, the third sector if we are going to say.

The second point, and also which is not my point as well. The British government's answer to the problem has been to say to local authorities and local actors maybe you should think about getting some external advice yourself. Guess where from? Well, you go to the private sector, you go to the big business, the big four companies and so on to help you to write better contracts on behalf of your local citizens which is again another form of privatization. I think what is happening to planning, in fact, in Britain is it is becoming professionalized increasingly to be privatized like that. There are other companies who come in and write the terms of reference for contracts because they are good at that as private companies. Of course, there is a logic to that. But that is the way I think things are heading.

On the specifics of what is going on in Britain I think it is very interesting because what happened was from the mid-1990s British governments have imagined that there is

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something called a gap, an infrastructure gap. In other words, they don't have enough money to meet welfare demands, they don't have enough money to meet the demands of infrastructure provision. This was quite familiar I think .sounds of today's discussion. So the solution to that in the 1990s into 2000s was to say to private companies okay you can build a piece of infrastructure, like a hospital and we will take it for nothing as the State, as the public sector but what we will do is we will rent it back from you for a period usually of 30 to 40 years and pay you all the money back and an awful lot more on top of that. (**Interruption: More like a deferred payment**) In effect it is a mortgage. When you look at the British government's current liabilities these are not counted in its official liabilities. 300 billion pounds worth of debt is not counted which is about \$500 billion worth of debt, is not accounted for in the British statute. For politicians it is wonderful. You can have a new hospital, and you don't pay for it. In fact the people that pay for it are future generations and future governments and this is why every government that has come in, whatever, it is not a political point in terms of parties, both big parties in Britain (three in fact) have engaged in these because of these private finance initiatives because they seem to fill a gap. The problem is that they are so expensive because private finance is expensive and the other costs. You cannot change them. They have a democratic cost in terms of changing them which you cannot do. So there were some schools in Britain built under these private contracts that have no children in them because the number of children has gone down in the last 10 years, but the contract is there for 30 years. So the private companies are still being paid for a school that doesn't exist. You have this kind of thing going on. That is one of the logics of it. But the other one is the financial logic. So there were lots of profits to be made and they come directly out of welfare spending. So British government is spending more money than it has every spent in its history. At the same times you have a so-called gap in terms of infrastructure provision. It is a fascinating paradox.

Mr Kingshuk Nag: I was hoping that you will not ask me to speak because I know nothing of the subject. As a newsman, as my former boss Mr Dua sitting there will testify, we are looking always for headlines. So I will dramatize everything. This guy, the London Mayor, I am trying to think of the London Mayor in the context of some of the mayors in India. How important is this London Mayor I am wondering in the sense that he has no financial power. Then the powers of implementation are with all the boroughs. So all this guy does possibly is to draw up plans for economic development. But I suppose the guy is in charge of law and order because the police is with him, I guess, because that is where he draws his strength from. This concept, this Greater London Mayor concept I don't think is feasible in India for a simple reason that as somebody said the major population growth of London happened in the 19th century and now more or less the population of London is not growing so fast and so the area under that Greater London Metropolitan Authority is also not expanding. But That is not the problem in India. All our cities are vastly expanding. They are vastly expanding not only because a lot of people are coming into the city but also because the governments by diktat, by fiat think that they should extend the borders of the city. As a result of it, say, Hyderabad the city I stay in used to have an area of 110 sq km, possibly it has gone up by 6 times because somebody decided in 2008 that the city should be 8 times more and now when you do that you encroach into neighbouring districts. So the question is whether this is workable at all in that sense. It may not be or it may be. It depends on what time you come from.

After the process of liberalization began in 1991, many State Chief Ministers decided that they are going to have many cities. The first guy who chose that was the guy called Chandra Babu Naidu in Andhra Pradesh and he went about building the city of Hyderabad and he got

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all sorts of investments from all over the world – Microsoft, IBM, etc., etc. – but he lost the election and he lost the election even in those areas where those investments had come up and now if you go to him and ask him about cities he is not bothered about at all because he focused himself on building Hyderabad, giving a Hyderabad a clean, efficient administration and giving a system of city governance. But that did not work. So that guy is not today interested in cities. He is walking around for the last two months in the rural hinterlands. But that was possibly about 10 years ago. As Mr Ajay Makan himself confessed that in the State of Gujarat the Congress Party only won two urban seats which means that he is saying which he did not say but which he says is that Narendra Modi won Gujarat because he concentrated on urban Gujarat. So the scene is changing. So when the scene is changing you do require some sort of city administration and city government. But not in the fashion of which we have in London because the problems of London are quite different from that of India, and I think what we require in India is that we need a city government for cities. We don't need a Mayor. Does the Mayor have a Council there, I don't know, in London? But what you need is a city government, proper city government, don't call him mayor because we in India we are used to mayors whose job is to cut ribbons everywhere and put garlands everywhere. In a city like Bombay I think you also have a Sheriff who also does the same thing. So, Therefore, instead of having mayors, mayoral council, we need a city government which has to be headed by a Chief Minister. There should be a Chief Minister for Mumbai city and not only a minister as you said in the morning in the Chief Minister's office. You actually need a Chief Minister for each big city, for the metro cities like, say, Mumbai or Hyderabad or Delhi. Delhi of course has a Chief Minister who doesn't have much powers. She has no powers over land allocation, she has no powers for law and order. ...[unclear] So, Yeah, but a more democratic model. I don't think Singapore model is very democratic because there is no free press there. So what I am saying is that instead of following the London model all the big cities in India should have Chief Ministers with ministers whose business it is to develop the cities.

Question & Answer Session

Ms Kalpana: First of all, I want to thank Sue Goss and Mike Raco, Sue, particularly that you brought in the issue of the human dimension because I think governance for megacities, but governance for whom? I think that is a crucial question we must not forget while we are talking about the nitty-gritty of how these kinds of things should be done. But the question I want to ask you which is based on I think something that Mike Raco said if London is the most privatized city now in the world and at the same time you are saying the quotient of inequality, inequity has grown. How much of it has to do with the fact that it has become the most privatized city in the world?

Ms Sue Goss: Can I just also take the point that was being made a moment ago. London government and the London Mayor are not inextricably linked. When we had three goes at metropolitan government. The first two were councils of various sorts. The last one is the direct elected mayor. But they all had metropolitan reach and actually the most important power that Mayors got is transport which he directly controls. So transport and the transport for London organization has made probably the most difference to London we think, **that** over the last decade at least, actually creating a really successful transport system has been the success of the new GLA.

I suspect London would be a very unequal city even if it wasn't the most privatized city in the world. So I don't think the two things are interlinked in that sense but obviously there is a

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cultural question about the extent to which one assume that the solution to every problem is privatization and how that links with a concentration on the economy to the exclusion of thinking about, for example, the public realm and the public domain and the role of public services are one of the debates that we are all having in London at the moment, post-recession, is whether we should be closing libraries and swimming baths and leisure facilities and welfare facilities in order to save public money and there is a sense in which the public space is shrinking and the private space is growing and I think there is a discomfort in London as there is in many British cities but particularly in London, that some of the important parts of the public realm which was our libraries and our parks and our cultural institutions might be disappearing and leaving us with a Starbucks city where the only places you can sit are places where you have to pay a cup of coffee in order to sit there.

Mr KK Pandey, IIPA, New Delhi: As she also said private sector at times services may not reach to the people living below the median line of expenditure. You can say “poor” in our term. So, To ensure that is there any regulatory body or the contract manager is playing the role of a regulator, i.e. the council.

Second question, that private sector will not come for losses and we need to nurture. In order to do that do you have a system of concessions and incentives in terms of soft loan and other attractions to the private sector to come for municipal infrastructure?

Prof Andy Thornley: I don't think I will be directly answering your question but putting that together with the previous question I just wanted to say something about the way in which this globalization and competition between cities that then leads to the need to have a voice and a strong mayor to promote that city, to ensure that it captures the world city, globalized activities and the international finance and the transnational corporations to come to that city and bring in with it certain elite wealthy sector, then need to have restaurants and golf courses and all this kind of thing, can transform the city physically, can have major transformation to the city. But at the same time this could be, as Mike was saying, it can increase the differential between the rich and the poor and so by carrying forward that strategy or getting that increased tension in terms of that social divide and in many cities like that can lead to a potential rest and we will know that in many of our big cities, London particularly we have had it, we get the riots and that sort of thing and so then the question becomes what if a lot of these strategies that are being developed by the strong mayors to compete against other cities having these kind of... What is the counter balance? Where are the social programs? Where are the social policies that can actually deal with some of the outcomes of that, and my view is that not many cities are doing very well on that. There are not very strong examples of cities that are actually addressing that directly or are actually producing that kind of policy and I don't think in London we are doing that and in fact in the way that the government structures a lot of the programmes to deal with that are not actually within the mayor's remit anyway. They are the central government poverty programmes and welfare state programmes and so. So there is a disjuncture between the way that issue of poverty is being dealt with and the way the world city is being promoted.

Ms Sue Goss: I think the struggle that we are all having is between trying to create a successful economy and a successful city and attract capital and ensure that we have the jobs for the people and we have a vibrant economy on the one hand and creating those sorts of inclusive policies and creating an inclusive city that which you were talking about this morning and which we were feeling very home in a debate about what do you do about housing and what you about informal economy, what do you about migrant population that

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got nowhere to live, those are all big debates that we are having. My sense is that the boroughs are where some of that work happens using money that usually comes from the centre. But where the metropolitan authority where the mayor has played a role I think is, in direct response to your question is, sometimes around assessing the added value of the private sector's contribution and beginning to choose on a citywide basis when the private sector does make a really useful contribution and when to attract it in and when to make sure that that works effectively and when to start worrying that it isn't necessarily value for money and is that it takes somebody as powerful as the Mayor to challenge a PPP type contract and the big story in London was when Ken Livingston was Mayor he and his advisers worked out that the PPP contract for the underground system was very very poor value for money, was costing the city a fortune and tried to get it stopped and was overwritten by the national government because they were so in favour of it. Actually in the event that that contract collapsed the company went bust and had to be taken back into public ownership and Ken Livingston was proved right but at that time that was a battle. So having a powerful enough citywide government to be able to say hang on a minute we are not sure this contract is in the interest of the city, has been quite a useful thing and in the end we have happy ending to that story.

Prof. Mike Raco: To add to that, the first stage of politics around this has to recognise that there are clashes of logics rather than just the consensus which the language of partnership takes us down. So what we found in the British context is that for private investors there were certain logics, of course, one of which is to have as long a period of State backed repayments as possible protected by the State in terms of risk. That is a good thing, and then to be insulated from changing democratic demands. So they don't want to take on the contracts and then 10 years later find that government changes its mind and then gets rid of the contract. So they lose the money. But that is fair enough, that is a logic. We have to recognise that is not the same logic as you might call a public logic which is to think a little bit about how you reasonably change things in response to demands. That to me is what a democratic system is. So when we talk about consensus, we talk about partnership a lot of more critical academic writing of course would argue that that is fallacy in a sense that it hides the reality of things which is actually about conflict and about arguing that and then having. To think a little bit about how powerful you really are in relation to opposing interests might help you to develop a more robust negotiating strategy and that requires governance institutions that will be able to do that, they need your recognition that we are not working towards the same thing, I would argue.

Nimesh Kampani (Chair): I will ask a last question. You mentioned Mike that State has now become the contract manager and they write 30, 40 years contract. How do you make sure that there is transparency in awarding all these contracts because in India we have come across that whenever there is a public-private partnership and if any contract is to be awarded by the public sector to a private sector there are lot of corruption which takes place. So how do you ensure that those contracts which are awarded are very transparently done.

Mr Mike Raco: It is really really important question I think, that is critical and so what you have is a kind of second order form of representation where you vote for a policymaker to get their civil servants and others to write good contracts and there is a bit of a distancing going on there which means that you have got a series of dynamics that are not necessarily in the public domain shaping public policy, the most obvious one being commercial confidentiality which is a huge problem. I did some research on the London Olympics, for example, around the contracts involved in delivering a games which cost 10 billion, that is about US\$14 to

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deliver one urban regeneration project. You cannot really follow the money because the money is put through contracts and as soon as it is contractualized it becomes something that you are not allowed to know about. When I ask about this I was told it is in my best interests not to know how the government is negotiating contracts because that might undermine the negotiating position. So you can only then look at things after they have been signed and sealed and comment on them rather than before that because if you know before that you would undermine their negotiating position. So accountability becomes something which undermines the role of the State. That is a very dangerous argument I think but this is logic. It is potentially a logical response, potentially to the way in which you might govern that.

Nimesh Kampani (Chair): We have gone through in India Commonwealth Games, there was a big controversy in all our newspapers and TV, media and all those kinds of things.

Mr Mike Raco: I didn't want to mention the Commonwealth Games.

Dr Sue Goss: I guess the other debate that we are having in the UK is the relationship between big scale contracts and small localities and how we create a dynamic culture in which local enterprise, cooperatives, locally owned projects where local people can get involved in the delivery of the things that they want through quasi voluntary civil society arrangement rather than simply delivering everything through major national private contracts. That creates all sorts of tensions because if you are contracting to local bodies and local groups they are not very organized, there may be lack of voluntary organizations, they don't have the same competitive edge as a big private contractor but if you want to provide good local services it may be that local people doing it for themselves has all sorts of benefits in terms of social inclusion. That is one of the debates that we are struggling with. It is how we get our balance right.

Nimesh Kampani (Chair): Anyway, With this we will close this session. Thanks to Susan, Mike and Andrew and Kingshuk, Uma and Marie. Thank you very much for this presentation. We break now for a cup of coffee.

End of Session III