URBAN GOVERNANCE “GOING NATIVE”. EUROPEAN EXPERIENCES

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INTRODUCTION: GOVERNING THE CITY OF ESCHER

Today’s city governments look somewhat like Escher’s prints of interconnected stairs; the stairs are all connected in multiple ways, yet direct connections are absent. Traditional ‘vertical’ local GOVERNment no longer exists1. Governments maintain a myriad of relationships with their citizens, some direct and vertical, other straightforwardly horizontal in terms of ‘negotiative administration’.

For urban governments, the tasks are manifold and the limitations enormous. A steady process of socio-economic differentiation affects their administrative capacity. The middle classes keep on flocking to the suburban areas while maintaining their orientation on the city for work, recreation and identity. More and more, cities are networked metropolitan areas, large urban concoctions of small cities and ‘urban villages’ glued together2.

Meanwhile, our administrative systems still reflect the 19th-century image of the ‘compact city’. Cities possess only a limited administrative capability to solve their social and economic problems. They are highly dependent on cooperation with their neighbours to achieve their goals. In this regional dialogue, municipal autonomy rules. Regional governance is a tough subject characterized by bickering between large central cities and their immediate neighbours over the financing of urban services, housing policy, land prices and the development of commercial areas.

Within these cities, the tasks of governments have not become easier either. Recent past decades have seen a steady decline of formal participation in urban democracy, an increase in terms of citizen participation.

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1Eva Soerensen and Jacob Torfing, *Theories of democratic network governance* (Palgrave Macmillan 2006); W.B.H.J. van de Donk (eds), *The rule of law: A public administration theory* (Bruiylant 2010).

participation and growing complexity in terms of governability. More than ever, city governments are conscious of the fact that the cities crucial characteristic is diversity, and the ‘ruling diversity’ is somewhat like building a statue from loose sand: it will not hold. Cities depend on social capital, horizontal relations and participatory arrangements to safeguard their future. The term ‘government’, invoking public authority placed and working above society, no longer applies. We therefore look at a more inclusive, horizontal concept to analyze local public-social relations: urban governance.

The administrative capacity of modern local governments includes not only their own administrative staff, but that of partners and citizens as well. Through public-private partnerships, public concertation, joint action programs and neighbourhood contracting, local governments enlist the cooperation of their citizens. They shift from vertical modes, usually referred to as government, to horizontal modes that are in general characterized with the label of ‘governance’.

In this conception, the strength of city government is equal to its ability to promote social capital, to inspire and engage local businesses and citizens (cf. Toronto’s New Deal). Modern city governments focus on public service, democratic governance and civic engagement. Public management is replaced by local leadership in this modern conception that scholars have baptized the New Public Service, ‘New City management’, ‘Joined-up government’ and ‘Whole of Government’.

Urban governance is both a normative and a descriptive concept. As a normative concept, it calls for inclusion, visionary leadership and enduring partnerships between private, social and public ‘actors’.

The normative attraction of this shift from top-down government to participative governance is clear: it promises a focus on added value of the municipality, cooperation, increased autonomy, and enhanced (financial) capabilities. At the same time, it hints at the possibility of diminishing the administrative burden of local governments by relegating them to a secondary role in the social domain, enabling local governments (for instance) to cut their budgets while increasing their administrative capacity.

The obstacles, however, are also clear. Empirical research across Europe shows a decrease of social capital, such that local governments run

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the risk of ‘bowling alone’. Horizontalisation in the risk society has seriously eroded local governments’ position in the social domain. Local governments can only perform their role of ‘safeguard’ if mayors and aldermen are perceived as independent authorities outside the (level) playing field. Yet more and more, participating local administrators are drawn into the quagmire of local projects.

‘Participatory government’ increases the risks of failure and the chances of being blamed for these failures, with local government as the ever-present ‘scapegoat’, in turn resulting in reduced public trust. Last but not least, the financial leeway of European urban governments has been seriously damaged by the current financial and economic crisis, and will in all probability lead to a sharp long-term decrease in financial participation by city governments in local endeavours.

Central governments hardly offer guidance. Ten years of NPM-like reform and public-private partnerships have resulted in a myriad of hybrid arrangements and outsourced functions, leading to increased dependence of local governments both on the market and on central governments. Under the guise of decentralization, earmarked budgets and contracts have resulted in reduced autonomy of local governments and increased spending power. Now that central governments have to restrict their budgets, local governments are paying the price.

How do European city administrators cope? For coping is what they do, so it seems. All over Europe, local governments are reinventing themselves. This paper takes stock of these experiments by analyzing the debate on strong local governance in three European cities: Almelo (Overijssel/the Netherlands); Potsdam (Brandenburg/Germany) and Wroclaw (Lower Silesia/Poland). The analysis focuses on six essential elements:

- Context: the public debate on the role of local governance;
- The development of social trust and social capital;
- The role of local government;
- Public-private, participatory and other coalitions;
- The results of local governance.

I. ALMELO (THE NETHERLANDS): MAKING A DIFFERENCE

The city of Almelo, with some 80,000 inhabitants, is striving to make a difference. The core challenge is to restore urban vitality. Until the 1970s, Almelo was characterized by the textiles industry. Factories within the urban fabric dominated its appearance. Restructuring of the industry from the mid-1970s on resulted in a downward spiral so characteristic of industrial towns. Massive unemployment, urban degradation and a steady decline in population changed the landscape. In the mid-1990s, Almelo was

one of the poorer cities in the east of the Netherlands. Decreasing local revenues and high social expenditure did the rest, and the city was forced to file for insolvency (Article 12 of the Dutch Financial Relations Law). The regional government of Overijssel took over the city’s financial responsibilities, put it under direct financial rule and restored its financial footing.

‘Article 12’ had a huge impact on the city’s image, and on the image of its government. Investors shunned Almelo and halted all development. With tremendous effort, the city budget was restructured, financial order was restored and Almelo regained its full autonomy. In order to make structural improvements in its functioning, the city developed an ambitious Master Plan (2002):

- A new city infrastructure, with new regional routes and new exits to the national highway network;
- Full-scale redevelopment of the inner city;
- The development of a regional commercial area to retain and attract businesses and industry that require large spaces;
- Redevelopment of structurally weak residential areas, both pre- and post-war;
- The development of a number of exclusive new residential areas, to attract new, economically strong households.

Vitality, it was deemed, could only be improved by attracting some 30,000 new inhabitants to supplement the existing 70,000 residents. Regular city development procedures would not suffice, it was feared. The city needed a strong, integral strategy and long-term partnerships to achieve its goals. For inner-city development, long-term PPP contracts were signed with large national investors, including commercial parties. The city and the regional government of Overijssel assumed most of the risks in order to overcome reticence on the part of investors. The city actively used its spatial authority to claim areas for new development, and invested many millions to recover ownership of large tracts of land, complexes and other real estate. The regional government invested large sums in infrastructure and public real estate development in Almelo. Private-sector financial engineering did the rest.

The scale of these ventures far exceeded anything that Almelo and its regular local partners, such as housing corporations, had previously done. Convinced that local social capital and knowledge were up to the task, the city opted for an all-out “smart strategy”. The redevelopment of the city would be undertaken from above and within, with a public-private coalition of national ministries, the region, commercial partners and the municipality. Local investors were largely left out.

Boldness and an entrepreneurial spirit certainly produced results. Riding the waves of an economic boom, the city’s infrastructure was completely overhauled. New highways were built; a new ring road led to a sharp decrease of regional transit traffic within the city and improved living conditions. Large companies operating nationwide stayed in Almelo, and new ones were attracted by low prices and the cooperative attitude of local authorities. National, regional and local investments in the weakest inner city neighbourhoods spectacularly improved the city's appearance and led to an increase in quality of life in terms public health, participation and
decreasing crime figures. All of these results, however, were produced “from above”, with limited involvement of social and private actors from within Almelo itself. City government adopted the role of social engineer and became actively involved in neighbourhood life to such an extent that it impacted social cohesion within its neighbourhoods (sometimes regarded as a by-product of a negative past, a coping mechanism).

Was the city’s vitality improved by all of these efforts? An initial indication of the relativity of Almelo’s progress was its inability at the beginning of the 21st century to attract new residents. Despite the availability of spacious lots and low prices, prospective buyers chose suburban towns over Almelo to settle down, leaving Almelo with a (financially significant) gap between forecasts and the actual composition of the city’s population. The existence of the Urban Region of Twente and the regional structural policies of Overijssel could not overcome intermunicipal strife. The suburban municipalities thrived, while Almelo continued to struggle. Process costs of large development projects accrued, the value of land and real estate in public ownership decreased, development slowed, ambitions and plans had to be revised.

The painful truth did not really hit home until the eruption of the current economic crisis in 2008. The number of unemployed quickly rose, real estate development stopped, the housing market came to a standstill. “Vital alliances” with commercial partners had to be reviewed, public-private partnerships soured, and risks that hitherto only existed on paper materialized. All of a sudden, Almelo was again coping with large and rising debts.

Meanwhile, the crisis had reached the national budget. The national government announced that it would have to heavily cut municipal budgets, just as it had to economize itself. Some estimated that the cuts could amount to 10% of the municipal budget. Suddenly, many councillors realized that the steady devolution of central tasks to the local level with earmarked budgets had not only reinforced municipalities’ importance within the administrative system. It had also brought about increased local dependence on the national government. Large parts of city budgets were completely defined by assigned tasks and central government regulation, and could not in any way be altered by local political decision-making. In effect, local autonomy had decreased instead of increased.

Slowly but surely, the wisdom of the Master Plan and its smart strategy was starting to be questioned. Had it really been a stroke of strategic ingenuity to become intensely involved in real estate and land development? And what about the objective of attracting 30,000 new inhabitants from outside the urban region to change the make-up of the city? Why did the city have to be reinvented? Coping and struggling to get by, the city retained its originality. Almelo’s ambitions, it was felt, were “un- Almelo”.

Within City Hall, a small revolution occurred. The incumbent mayor retired and a city alderman had to step down. Just a few months before the elections of 2010, the new mayor took office and initiated an extensive ‘listening’ campaign among the city’s citizens. At the municipal elections of 2009, the incumbent coalition suffered a devastating blow. With a campaign
focused on the highly-ambitious plans for the inner city, the ruling parties were defeated, and a new coalition had to be formed that included staunch opponents of the “smart strategy”.

The new coalition, with a new mayor, faced three tasks:
- Rebuilding the urban polity and overcoming the rifts between political factions
- Restructuring the city budget in such a way that the city could reclaim control over its finances
- Reconnecting with its citizens, civil society and partners.

An open city dialogue proved to be the key to all three. During the coalition negotiations, representatives from various neighbourhoods, partners and social organizations were invited to share their ambitions, worries and challenges with the new city government as it was being formed. In what was a sort of ritual cleansing, much time was spent on building a collective account of the past ten years: successes, failures, frustrations and hopes. The discussions were as much about accounting for the past as they were about setting the record straight.

Getting the city council to sit back and refrain from deep intervention proved difficult. Within the council, the discussions about roles and who decided the city’s agenda were intense. The fear of capture initially prevented some parties from actively participating. Nonetheless, dialogue continued.

After the new city government had been formed, the new coalition brought the dialogue out into the open. During two large plenary town meetings, four tasks were discussed and mapped out. Schools, hospitals, charity foundations, social welfare, cultural institutions: representatives of the entire social fabric binding local government and individual citizens took part. Part of the reason for casting the net so widely was the recognition on the part of the city government that the solutions to Almelo’s problems were beyond the city’s grasp: they were to be found in other administrative domains, neighbouring municipalities, or higher levels of government. Only by involving all of its partners, who are (in contrast to the city) not restricted by administrative borders, could Almelo address its issues.

The city’s partners indicated their willingness to share in the tasks of defining and organizing a reform program on the basis of equality within that process. Four groups of partners were formed to define the Almelo Agenda:
- the physical city, focusing on reconstruction of the city centre and a reconstruction program encompassing older neighbourhoods
- ‘Attractive Almelo’, with cultural partners, schools, owners of restaurants, tourist attractions and the like, focusing on what Almelo needs to retain and attract inhabitants
- ‘A liveable and safe Almelo’, focusing on quality of life within Almelo
- Autonomy and participation, formulating proposals to boost the city’s vitality and limit city government involvement.

In a meeting held at the end of June 2010 involving some 250 representatives, the participants focused on a) the Almelo Agenda, b) the roles that each party could play, and c) the conditions necessary for the
partners to participate. In the months following the meeting, additional conferences resulted in creating mixed groups to generate proposals for the multi-annual municipal budget within the restrictions imposed by central government budgetary cuts and the need to economize. Thus was the budgetary process turned into an open, grass-roots discussion based on the premise that social investment is only to a limited degree directly contingent on public spending.

II. POTSDAM (BRANDENBURG/GERMANY): REFORMING THE REFORM

Local government in Brandenburg was a product of the German ‘Wende’: the fall of the Berlin Wall, the demise of the German Democratic Republic and the process of German reunification. Local government was perceived as the polar opposite of democratic centralism, and the perfect antidote to the potential emergence of any antidemocratic sentiment. In an effort to establish true local democracy, local government was to be as close to the citizens as possible.

The establishment of local democracy coincided with that other phenomenon so characteristic of the new Bundesländer: the adoption of established West-German regional administrative arrangements to cope with the possible negative effects of diversification. In short order, tensions between small local governments and the obligatory regional districts began to run high. In an effort to improve the situation, a sweeping local government reform was implemented in 1999 to upgrade and simultaneously merge Brandenburg’s municipalities, in such a way that they would have the adequate scale and professionalism to implement and successfully carry out all of the devolved tasks.

‘One size fits all’ solutions never hold, and this one did not either. Before long, municipalities started complaining. Demographic changes were impacting population sizes, and thereby municipal finances, in such a way that the existing effort to maintain a unified administrative scheme was untenable. Some of the poorer cities seeing drastic reductions in population pleaded for a second phase of amalgamation. Their pleas were contrasted with rural local governments opposing further mergers because of the probable distances to centrally-administered services such as fire brigades, hospitals, etc. Richer cities, such as Potsdam, were opposed too, out of fear of having to assume the debts of poorer neighbours in the process of a merger.

Central to this debate about the scale of local government was the concern over the relation between citizens and their local governments. Reunification had brought genuine local government, but it had not resulted in an enhancement of citizenship in terms of active participation. The bickering between neighbouring communities only intensified, while the centralist strategy of enforcing cooperation resulted in bitter arguments over who was worst off, and allowed no leeway for locally-developed arrangements that suited local circumstances.
Now that the first phase of reunification was over and the funds for further territorial reunification started to dry up, many municipalities feared that they would not be able to maintain the essential minimum of services required by their citizens. The first phase of reunification had brought much investment in local and regional infrastructure, but restructuring towns, transforming existing urban areas and exploiting extraordinary sites such as castles is an entirely different matter. The Treuhand succeeded in privatizing many of these objects and businesses, but it seldom considered the durability of their exploitation. More often than not, within a few years after privatization businesses would file for bankruptcy and the community still had to pay the price. Attracting capital from the former West Germany definitely helped, but it had its limits. Many smaller communities discovered that decisions about profits and investments were still being made in the West. Only by involving local capital and local people could sustainable development be guaranteed.

Financial scarcity, ever-growing complexity and an expanding rift between citizens and authorities led to a number of municipalities within Berlin, such as Berlin-Lichtenberg, engaging in an experiment with Bürgerkommune (citizen municipalities)\textsuperscript{11}. Replicating Porto Alegre (Brazil) and other participatory initiatives closer to home, many East Berlin municipalities believed that the huge social tasks of restructuring could only be completed if inhabitants were actively involved. Among the reasons for this interest in involving participants was the lack of trust and interest in formal democracy.

Ten years of efficiency reform had greatly modernized German municipalities, but also had resulted in an increasing rift between citizens and their authorities\textsuperscript{12}. The efficiency-driven New Steering Model had not delivered the promised results. Municipalities that had adopted it set strategic goals, implemented monitoring systems and contract-like relations between the city council, city government and city administration. This contractualization did not produce the gains once thought to be a given\textsuperscript{13}.

Many municipalities thus opted for another road to modernization: solidary local government (Solidargemeinde) and civic municipalities (Bürgerkommunen). Many of these experiments initially focused on the budgetary processes in an effort to economize. Inhabitants were given some say over the way the municipal budget would be spent in their municipality. This phenomenon is not uncommon in other European countries. What is special about the Bürgerkommune, however, is the extent of citizen control (in terms of the portion of a city's budget) and the rights that the Bürgerkommune has.

\textsuperscript{11} Helmut Steinbach, \textit{Die Bürgerkommune. Versuch der Verallgemeinerung von Überlegungen und Erfahrungen insbesondere in der Bundesrepublik Deutschland} (Kommunalpolitisches Forum, komunal-aktuell 2010).


The Bürgerkommune were heavily promoted by parties identifying themselves with the working-class tradition of East Germany. Being rooted in the city suburbs, with strong membership among workers' associations, such parties could count on their supporters to come and engage in participatory decision-making. For the same reason, the more conservative parties displayed suspicion and reticence, favouring a bolstering of formal indirect democracy by the creation of ‘strong municipalities’—that is, larger municipalities strong enough to carry out the entire spectrum of devolved programs while maintaining a direct line to local constituents.

Thus direct and indirect democracy clashed all over eastern Germany. These clashes were especially bitter in the strongholds of worker-oriented parties, such as Brandenburg and Sachsen-Anhalt. One of these cities was Potsdam. Among the cities in Brandenburg, Potsdam had always held a rather privileged position, with many of Berlin’s more wealthy inhabitants (and companies) choosing to live (and pay their taxes) in Potsdam instead of the capital city itself. Potsdam was rather fearful of the efforts of nearby neighbours to achieve further integration, fearing it would have to assume the liabilities of its neighbours.

Potsdam itself was in a relatively safe position. Because of demographic shifts, it would gain in importance and grow by some 15,000-20,000 inhabitants. Nonetheless, it felt the encroachment of the predicted negative effects. Many of its regional neighbours saw themselves sliding into the abyss at amazing speed. Potsdam itself saw many of the same signs in terms of the labour market, city development, social and technological infrastructure, cultural venues and municipal finances. The average age of its inhabitants was on the rise; urban population growth would be among pensioners, not working people. The six districts within the city of Potsdam went down very different paths: some were shrinking, other still growing. In terms of average age, relation to the labour market and origin, diversification loomed large. How to battle such differentiation?

In 2006, Potsdam (being the regional capital) decided to act decisively on two fronts: to strengthen regional coordination and reinforce local democracy by implementing the Bürgerkommune. Diversification and flexibility were keywords. By combining the regionalisation of services with the leeway for each of the municipalities to strike its own balance, Potsdam broke explicitly with the Grand Reform debate that was being waged across the entire state of Brandenburg. Isolation was not considered as an option. If the surrounding Havel land were to depopulate, Potsdam would be affected too.

In 2005, Potsdam adopted its guidelines on participatory city government. The existing participatory arrangements were integrated, enlarged, and supplemented with a participatory city budget (Bürgerhaushalt). When the Social Democracy and Left parties gained a majority in the Brandenburg parliament in 2009, they started the process of

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14 Germany being a federal state, Potsdam is part of the land Brandenburg. Being an integral part of the urban region of Berlin, Brandenburg and Berlin together constitute one metropolitan region. The region is characterized by large differences in terms of density: urban space in Berlin versus large large areas of agriculture and scattered settlements in Brandenburg.
adapting legislative review to promote participatory government. Passive information obligations were replaced by information rights and the duty to actively inform. In legislation on the financial relations between the Land and municipalities, monitoring and reporting procedures were adapted in such a way that municipalities could afford their citizens greater leeway.

It is still too early to evaluate the results of the Bürgerkommune in Potsdam. It is clear that the experiment is working in terms of amassing social capital and engaging civic action in weaker parts of the city. In the suburb of Drewitz, citizens have used the new platform to engage in a strategic planning process for their own neighbourhoods. If anything, therefore, participatory city government reinforces diversification. The city council of neighbouring city Brandenburg is trying to redevelop its position. It is clear to everyone that direct democracy directly affects the importance of indirect, representative democracy: its domain is limited, and local accountability processes are strengthened. Equally clear is that the city council continues to perform the central and crucial function of safeguarding the harmonious and integrated development of the entire city. Transaction costs are huge, the participation and choice of topics by Bürgerkommune is selective and prone to capture. Upon the completion of a direct citizens' initiative, more often than not, the city council is needed to close the debate, come to conclusions, formulate a decision, adopt it and order its implementation. Thus, direct and indirect democracy go hand in hand.

An obstacle to increasing local accountability is the convergence between the public and private sector. In an effort to respond to the appeal for an “active” local government, many municipalities (Potsdam included) have engaged in public-private partnerships and founded private-law companies in public ownership to further their interests, often in close cooperation with other public regional actors. These hybrid public-private organizations formally operate outside of the public sphere, but the risks entailed do wind up in the small print of the municipal budget. As long as local and regional developments are harmonious and a reflection of earlier assumptions, there is no problem; however, this has not always been the case.

Since the last all-encompassing administrative reform, demographic changes have set in on a grand scale. The number of inhabitants is dwindling, to such an extent that fifteen newly-created municipalities are already operating below the minimal threshold of inhabitants, and that number will only grow. Since 2008, Brandenburg has been experiencing one of its worst economic depressions, greatly affecting the administrative and financial capabilities of its local governments. The financial risks of entrepreneurial government have become manifest, and many smaller municipalities are operating within the financial danger zone.

Lower costs and increasing investment are paramount, but how to get there? Amalgamation of municipalities has not lived up to its promises: costs have not decreased, economies of scale have not materialized, and improved administrative capacity can be assumed but not proven. The enforced intermunicipal cooperation does not help, but rather hinders the development of arrangements including local stakeholders that work. Diversification on the local and regional level makes it impossible to apply
standardized administrative schemes. Wollman speaks of a “symbiotic” institutional arrangement of small-size municipalities plus a layer of inter-communal bodies, established by the Land governments through a “carrot and stick” strategy, in the last resort via compelling legislation.

The debate over how to reform the reform is intense. Many favour the establishment of territorially enlarged “integrated” municipalities to allow for municipalities that are able to perform all of their functions, including commissioned tasks from the Land. They point to similar trends in the Netherlands and Denmark, where only municipalities with a minimum number of inhabitants between 30,000 and 40,000 are deemed viable. Others point to the fear of oversizing municipalities. They are backed by a recent ruling of the Constitutional Court of Mecklenburg-Vorpommern, which held that a further amalgamation of municipalities jeopardizes the appropriate functioning of local democracy in a politically and constitutionally unacceptable manner.

III. WROCLAW (LOWER SILESIA/ POLAND): IN NEED OF CITIZENS

The city of Wroclaw is the thriving capital of Lower Silesia, Poland. Some twenty years after the Round Table talks, the city has succeeded in reclaiming much of the dynamism of its pre-war predecessor Breslau. In the 1990s it was the venue for a meeting between Pope John Paul II and Polish youth, it staged the World Youth Meeting and in 2012 was one of the chief venues of the EURO2012 football championship.

In the Polish urban network, Wroclaw is a peripheral city. Most of the national investment schemes in the 1990s and early 2000s focused on Poznan, Gdansk/Gdynia/Sopot, Warsaw and Cracow/Katowice. Not contenting itself with fifth place, the city adopted a strategy of creating an urban niche within the global urban network. Focusing on science, culture and electronics, the city succeeded in attracting international investors from across the globe, with companies like Nokia, LG and Samsung establishing their European headquarters in Wroclaw.

Much of this was only possible due to the strong position of local government within the Polish constitutional and administrative regime. Local government (samorzad) is the cornerstone of all administrative reform after 1989. Local government as we know it was created in 1989 and 1990, confirmed in its leading role in the 1999 territorial reforms, and strengthened through European regional policy and investment schemes in the 2000s.

At the time, these territorial and administrative reforms were thought to be a first step. Many of the regional governors' responsibilities were devolved to local governments of the region’s central cities, and a fourth tier of territorial administration was created in addition to the central level.

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voivodeships and municipalities: regional districts with directly elected councils. The exact division of responsibilities for many domains, such as spatial planning and housing, was put off for another time. Intense political strife and the development of Polish democracy into a "swing of the pendulum" system has blocked all attempts at further reform. Each subsequent government since 1998 has started with rolling back the reforms of the previous government, so that administrative reform and regional policy are essentially in a deadlock.

This deadlock has seriously hampered further development and the institutional capacities of cities. It has also been an obstacle to improving regional policy coordination and further integration of investments from European regional funds and other investment schemes. There is, in a comparative sense, no real urban policy; central government wavers between favouring territorial cohesion (focusing on the weaker peripheral agricultural regions) and promoting urban growth (stimulating the creation of urban networks). Formal regional arrangements are absent, and regional concertation to a large extent depends on persuasion; there is no single actor at the end of the day that can halt the tragedy of the commons so characteristic of voluntary cooperation. Serious issues such as urban sprawl and the development of commercial areas just beyond the city’s territory are therefore unresolved. Public-private partnership law is unstable and unreliable; projects are frequently halted because of questions about their legality. Court rulings have a great impact on development policies, but there is no coherent case law on, for instance, intermunicipal cooperation concerning the private activities of local authorities.

The social effects of this deadlock are clear. Suburbanization is increasing, cities are drained of their most important citizens, city budgets are crumbling under the weight of heavy investment and capital fleeing the city.

Polish local government has been unable to fulfil the concertation function that once was associated with Polish civil society. Public authorities have proven incapable of claiming their position in the triangle of private interest, social goals and public guidelines. In his speech inaugurating the 2011 academic year at DWSSP "Asesor", the mayor of Wroclaw, Rafal Dutkiewicz, lamented the imbalance between the number of inhabitants – 680,000 – and the number of citizens actively associating themselves with promoting social goals – 40,000 "participants". Wroclaw is in need of citizens, he claimed, denouncing the consumerist approach so characteristic in the social domain today.

Concerted action is urgently needed. The city is aging. Although Wroclaw is blessed with a large number of students, the average age of its population is quickly rising. Demographic change and ageing are visible, not only in the countryside, but also within the city. Although unemployment of 7%-8% is rather low for Polish conditions, large portions of society are struggling to make ends meet. Poverty is a serious issue in many of the city's older neighbourhoods. Diversification within the city is leading to a concentration of social problems in the city's pre-war interior neighbourhoods. Violence, public health, abuse, maltreatment – they can be geographically pinpointed.
The city's hands are tied. Polish administrative law and recent court rulings forbid municipalities from engaging in projects that even partially serve private interests. Restructuring an old neighbourhood can only be served by fully public or fully private arrangements. Relying on public cooperative legal forms is risky: what is allowed today can be punished tomorrow. The necessary investments, moreover, far exceed the city’s capabilities.

Yet, Wroclaw copes. It copes by fully relying on its leadership role in creating coalitions around vital social interests and combining ambitions to create windows of opportunity. The city government forges coalitions, attracts pivotal actors where they are needed, creates the conditions for these coalitions to achieve success, and guarantees returns - without formally participating itself. An important element in this respect is the use of social real estate.

History has ‘endowed’ the city's authorities with a large real estate portfolio. After World War II, most real estate passed into public hands, as the previous German owners had been forcibly evicted from their property. This asset helps to create opportunities. During preparations for EURO2012, for instance, creating a hospitable city was a vital interest. Hospitality includes the presence of a large range of hotel accommodation, but the city has no formal role in the establishment of hotels, other than balancing private with public interests. In this case, it used its ownership of public buildings. Public facilities such as hospitals, schools and libraries were relocated to brand-new sites using European, national, regional and local investment funds. In doing so, the city opened up spaces within the old town and its immediate surroundings that could be used for developing hotels. By selling off property, the city managed to achieve multiple goals simultaneously.

Another well-known example is the integration of recruitment to most of Wroclaw's higher education institutions. Wroclaw may very well be the leading academic city in Poland, with its unusually high percentage of 140,000 students out of 680,000 inhabitants, but the academic polity was divided. The city enticed 21 major academic institutions to embark on a joint quest that resulted in centralized recruitment, integrated public relations and the establishment of one institutional platform encompassing all these institutions, allowing students to choose and integrate parts of the curricula of each of them. Here, too, coercion was impossible, but carrot-and-stick tactics were available. Using the city's ownership of real estate and the need of many institutions to upgrade their infrastructure in order to match their newly-defined ambitions, academic institutions were lured into a process of tight integration.

All of these efforts fall within the domain of public-private partnerships embarking on fruitful joint projects. Such projects only occupy a fragment of the total scope of city management and development. One can build highways, restore public space within the old town and subsidize festivals, but serving the majority of its inhabitants living miles away from the centre is another issue. Criticism is voiced, for instance, of the comparative size of direct city investment into the old town in relation to city investment in the dilapidated outlying neighbourhoods, where social
services have to work with limited budgets while facing almost unlimited demand.

The city of Wroclaw has a limited budget, and it has to work within unstable legal frameworks and limited legal possibilities to infringe upon private rights. It has to rely on the vitality of its neighbourhoods to meet the social demand for services. It has to engage its citizens to take care of one another.

Carefully, but in a clearly discernable manner, the city has set itself on a course of social engineering that could be termed facilitative. Under the motto of fewer rules, more governance, it invests in neighbourhood meetings and platforms for social action. Formal participative arrangements do not fit the Polish constitutional and administrative frameworks, but in most of its older neighbourhoods, cooperative, participatory and open planning arrangements have been carefully constructed. The aim is to allow each city neighbourhood to restore its own vitality.

There is a grand vision of Wroclaw 2020, but the vision has not been translated into concrete public goals and results for each area. The Wroclaw 2020 strategy is quite untypical for Polish strategic urban planning, so often focusing on concrete results and goals reminiscent of former five-year plans. To the contrary: the city invites its citizens to take up the vision and define their own interests and contributions. On the basis of this model, the city aims to tie together and integrate all these local ambitions. In Lesnica, a participative process has created a shared vision that provides the foundations for private investment. In Sepolno, the city government is restoring beautiful specimens of German modernist architecture to encourage citizens to restore their own houses. In the older neighbourhoods just across the Odra river, the first neighbourhoods to have been populated by Polish settlers just after the war, community spatial planning has resulted in designs that fit the expectations and needs of its inhabitants, so that they start to care for the public space themselves instead of assigning that responsibility to the city's government.

Does this solution work everywhere? What about the large housing estates, for instance, where hundreds of families occupy one building, and creating a sense of belonging is an illusion? Experiments in Grabiszyn have led to the successful establishment of new housing cooperatives or "collectives": by, through and for the inhabitants. The ownership of the complexes is transferred to them, on the condition that they maintain the estate. There is public support, to be sure: by helping them to implement viable models for self-management and by providing temporary assistance in the transition. The aim is to restore the ownership of Wroclaw to its inhabitants. Or rather - to create it, for the first time, as Wroclaw was not "owned" by its residents until after the Polish-German agreement following German reunification that these lands would indefinitely remain Polish.

Such a strategy cannot work unless there is regional cooperation. The past shows a history of failure, but recent experiences point to a different future. For most of Wroclaw's regional partners, it is clear that they will not be able to cope without regional cooperation. Public infrastructure, housing, commercial areas – in all of these domains, the city of Wroclaw over the past eight years has established fruitful relations with its neighbours. There is a certain amount of giving and taking involved, to
be sure. Wroclaw does not hinder the development of new projects within the suburban areas just across the city border. Rather, it accepts and to a certain even stimulates this development. Wroclaw has embarked on a strategy to restructure its city and restore its green image. Urban shrinkage and sprawl are helping by freeing up open space and creating opportunities to restructure large parts of the city. Until the beginning of the 21st century, the previous image of the compact German city dominated urban planning. That blind adherence to the genetic code has been left in the past. It is clear that the city will have to function on a bigger, metropolitan scale. Increased mobility and other socio-technological trends have transformed the urban vision.

**CONCLUSIONS: URBAN GOVERNANCE GOES NATIVE**

Three local governments embarking on a quest to reconnect with their citizens. Trying to remedy the flaws and ills of the past. Improving their institutional layout.

Or so it seems. A closer analysis of the three cases reveals a pattern that has all the characteristics of a paradigm shift in local governance. We see a diversification of socio-economic patterns that renders the concept of ‘territorial administration’ superfluous. Formal local democracy is no longer the prime locus for local decision-making; alliances are. Local governance is increasingly contingent on regional governance. The boundaries between the public and private spheres are being blurred, with public institutions taking on private roles and vice versa: private interests acting as public institutions (‘civilising governance’). We see increasing levels of conflict between representative democracy and direct, participatory democracy. Money was long one of the prime sources of local governments’ power, but local public finances are under severe pressure. Increasingly, local governments are turning to the private sector and engaging in complex public-private investment schemes, assuming new financial roles: risk management, creating business opportunities, forging complex agreements.

The number of anomalies, phenomena that cannot be handled within the existing paradigm of ‘democratic law-based local government’, is simply too large:

- Decreased voter turnout and the need to revitalize urban governance, to reconnect citizens
- The growing number of local governments’ tasks, duties and responsibilities assigned to them by the national legislator (devolution, deconcentration) in relation to decreasing autonomy in terms of the financial leeway local councils enjoy in determining and resizing their budgets
- The hybridity of public vertical cooperation (negotiative administration under the law), intermunicipal and other public-public collaborator arrangements and public-private partnerships

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- The complexity of local councillors' work in relation to their quality, remuneration, and the time available to them
- The proliferation of voluntary and obligatory regional governance alliances of all sorts in the domains of local order, social services, spatial development, regional economic policy and the like. Largely without adequate democratic governance, but with a huge impact on local political life
- Small print in city budgets in terms of unknown risks associated with public-private partnerships being "insured" by the public partners.

Despite the large difference in legislative traditions and institutional forms of territorial governance, there seems to be a convergence towards a new ‘participative’ way of organizing local governance. European integration has affected local governance to a massive degree. National governments and associations of local governments, moreover, have picked up on these trends, and all over Europe they have developed programs to feed, stimulate and accommodate the transition towards participative governance.

The current economic crisis and the effect it has on local finances might be a trigger for a transition to a third phase of paradigmatic change: emulation and replication of best practices identified in other areas. We see signs of this process in the Netherlands (Action Program on Local Governance), in Great Britain (the Big Society, Collaborative Governance, Whole of Government) and in Germany (the Solidary Municipality). In Poland, because of stagnating reform, the visible changes are more bottom-up.

Urban government is evolving into a new type of political arrangement that I will call ‘participative’. Participative Urban Governance (PUG) is society-oriented, emulating models of voluntary cooperation in view of the common good among citizens (the Cooperative)\textsuperscript{18}. It starts with the interests of local inhabitants and their capacity to collectively serve them, and only then is it defined what the municipality could do or how it could help. The public sphere is exclusively defined in terms of its added value to the social domain. PUG is focused on helping citizens to regain and fully exercise their autonomy. It is essentially non-bureaucratic and operates with a small bureaucratic staff relying on the local organizational capacity of social and private actors to develop and administer programs. Therefore, PUG is also small government. Last but not least, PUG is not geographically narrowly confined to the city limits, but is rather more oriented towards the region as its scale of operations, in representation of a certain community within that region.

Differentiation is leading to an increasing variety in forms and types of local governance-systems. Ready-made, one-size-fits-all solutions and schemes no longer apply. Local governments, local city councils and local public leaders are having a hard time adjusting and developing to this new, heterogeneous, non-level playing field without borders.

New urban governance is starkly different from its predecessor:

More and more, local government (understood as the political forum of each municipality) is about organizing local accountability\textsuperscript{19} as a mechanism for achieving shared goals. It is about what John Keane, in his seminal book on “The Life and Death of Democracy”, describes using the Greek ‘hybris’ – exaggerated self-pride\textsuperscript{20}. The prime function of local democracy is to make us conscious of the impact of our actions on the wellbeing of our neighbours; to make us “humble”.

The distinction between public and private is blurred. All actions are public in a certain sense: they all have an effect on the wellbeing of the community we live in. If our neighbours are attracted to our ideas, if they support them, they will help to realize them, and thus further our communal interests. Local democracy comes down to persuading our fellow citizens that our dreams and ambitions are within arm’s reach.

The function of city councils and public leaders is to keep their citizens on that track: to keep hybris in check. It is their duty to secure the fairness and openness of local debate, to denounce anti-public behaviour and safeguard our communities from its detrimental effects, if need be using the strong arm of the law. Local democracy has the function of neutralizing the harm of public actions done to private interests, providing indemnities where necessary. Urban governance is a collaborative endeavour that involves coalitions built around joint goals. Where such coalitions lack vitality, it is the duty of councillors and administrators to find new partners that will help build the city.

For many city administrators and city councillors, this is a hard role to play. "Running a city" in a non-hierarchical fashion is a tough thing. City councils can no longer determine the results produced, the timetables to be followed or the programs to be implemented. Regulation is ineffective. Instead, they must focus on a leadership role not unlike Rome’s popular tribunes: to channel and express the will of the people, give voice to discontent, provide a sense of urgency. Their effectiveness does not reside in the results produced; results are beyond the city’s grasp and fully depend on the vitality of the coalitions working towards the city’s future.

Regionalisation and the importance of social capital greatly affect local governance. More often than not, the solution to a city’s problems and

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\textbf{Classic urban governance} & \textbf{Participative Urban Governance} \\
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harmonious integrated territorial system of administration & a great variety of unique local governance arrangements \\
City management & City leadership \\
Administering programs, building local projects & Creating shared perspectives and facilitating joint action \\
Coordinating public action & Stimulating social action \\
Realizing ambitions & Managing risks \\
Furthering local interests & Thinking regionally \\
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\textsuperscript{20}John Keane, \textit{The Life and Death of Democracy} (Simon & Schuster 2009).
the key to enhancing a city’s vitality lie beyond its borders. Regional
governance is imperative, but the role of regional authorities is
compromised. Regional governance is a horizontal game, where all the
players hold the power to make and break alliances, to block initiatives.
Regional cooperation only works if city councillors, aldermen and mayors
are capable of refashioning regional governance from a zero-sum game into
a game where all participants stand to win.

This bottom-up reform leads to many questions. If the public, social
and private spheres become blurred, what tasks and roles remain for city
government? If the future of local governance relies on engaging citizens
and reinforcing direct democracy, what is the future of formal representative
democracy? If so much depends on regional cooperation, what is the
foundation and the mandate for retaining independent local governments?

The reforms in the east of Germany have shown that enlarging
municipalities makes little sense: it hardly produces greater efficiency and
adversely affects the ability of local governments to engage citizens. Yet,
attracting and securing investors is only viable if regional cooperation can
ensure some form of return on investment. The track that Almelo has chosen
contains the rudiments of a future voluntary regional governance
arrangement. The case of Potsdam shows how urban governments can
combine participatory local governance with steady regionalization. The
future of local democracy lies not in improving the effectiveness of city
administration per se, but in reasoned governance: improving accountability
as a condition for vitality and return on investment\textsuperscript{21}.