

# Growth Coalitions: a whole-system approach to city development and economic growth

Thought piece for UK Government [Foresight Future of Cities](#) project

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## Key points

- How to optimise the productive capacity of cities with people as well as place development.
- A collaborative, incentivised growth focus for all public investments in cities makes the money go further with enhanced impacts.
- Maximising the impact of private sector investments in cities through compacts with the public and other sectors.
- Promoting, developing and facilitating growth cultures in cities.
- Building citizens' resilience and potential to contribute to city growth.
- Growth objectives driving public sector reform through changed behaviours and service provision.

The '**Growth Coalitions**' project applies findings from academic research on city growth in the context of an appreciation of the outcomes derived from practice on the ground. It provides a whole system framework for realising enhanced levels of city growth and citizens' well-being on the basis that the economy has considerable influence on these factors. '**Smart Local Government**' provides a tailored, practical application of 'Growth Coalitions' methodologies.

## Introduction – realising globally competitive cities in the economic world order

Much of the work on city development and growth focuses on attracting and meeting the needs of significant economic players through physical investments and attractive fiscal regimes. The citizen-centred development, growth and productivity challenges for many 'mature', rapidly expanding and emerging city economies are significant if cities are to be globally competitive in the economic world order.

'Mature' cities have seen a long period of development and growth, some spanning the seventeenth to the twenty first centuries. They have been looking to reinvent and reorientate themselves given the competition for investment, higher productivity levels and growth found in more recently developing, rapidly expanding and emerging city economies.

These 'mature' cities have seen the establishment of a state welfare benefits and a significant provision of supportive people-based public services in response to the conditions found in early industrial cities. This public provision developed in European countries as a consequence of post Second World War settlements. As part of the rebuilding effort, citizens were assisted with their return to peaceful civilian life. The recent 2008 decline in global economic fortunes has affected the ability of 'mature' cities to maintain this state support. Such cities often present a relatively low-level of engagement in the labour market and productivity levels, but have the potential for significant growth.

Rapidly expanding and emerging city economies have typically developed as a result of a significant economic and regulatory liberalisation, often in previously state controlled economies. State expenditure on basic and essential services has in many cases been minimal when compared to 'mature' cities. A significant difference between 'mature', rapidly expanding and emerging city economies is their history and the nature of people-based state support for citizens. In the former there is the challenge in maintaining this support whereas the latter can be concerned with developing state services, especially where economic development has differential impacts on citizens and their expectations in terms of the role of the state.

With a lack of state services and a safety net, citizens in many rapidly expanding and emerging city economies such as Ho Chi Minh City in Vietnam have taken on the challenge of independently developing home, family or community-based enterprises. This economic activity has contributed significantly to the high productivity rates across the national economy, regardless of the nature or scale of the economic enterprise or activity, and has lessened the potential demand and need for supportive public services.

Many national and city governments in 'mature' economies are struggling with the challenge of de-investing in public services brought about by the recent decline in the global economy. Populations and their behaviours, in terms of engagement in the economy, have been significantly shaped by the state's service provision. The traditional leading position of these economies has enabled them to provide for citizen's economic engagement and activity in the mainstream economy through the provision of public sector employment opportunities. The safety net of support has been provided by public services and through fiscal top-up mechanisms. Typically, low relative productivity rates have been the outcome of this inheritance, where citizens' economic engagement and activity has been declining.

'Mature' cities have attempted to re-invent themselves and provide opportunities for growth through physical developments. Such strategies for growth have the potential to address the experience of citizens and the economic potential and contribution which they can make to improve productivity rates through their re-engagement with the mainstream economy. Such strategies can support 'mature' cities' efforts to become leading global players once more.

## **Reorientating public, basic and essential services around growth objectives**

A reorientation of people-based public services in these ‘mature’ cities is needed by capturing public spend and ensuring that it works to an overarching growth objective. The outcome is innovation as a result of reformed, strengths-based, integrated, citizen-focussed and enterprise-driving services.

Ultimately, it is the citizens in these cities and the degree and nature of their engagement and contribution to the economy that will significantly influence productivity rates. This people-focus optimises the opportunities for accelerated city economic growth and enhanced productivity rates arising out of physical developments and fiscal investments in cities.

The Noughties’ Growth Coalitions and Smart Local Government project aims to drive growth in all cities on the basis that what’s good for local people – good housing and education, a good environment and infrastructure etc. – is good for business and economic growth. It concentrates on working with or adapting and developing existing mechanisms for partnership, governance, strategic leadership, organisational working, programme development and funding. This will result in a better scenario for business, communities and service users, all becoming focussed on the growth prerogative.

Growth Coalitions addresses the universal role for municipalities, sub-regional and regional apparatus in promoting growth through the services that they offer, along with other local public service providers and evolving third and private sector players. There is a collaborative role to be undertaken in developing sustainable, mainstream city, sub-regional and regional economies for citizen-centred productive growth in association with the private sector as drivers of economies.

Local taxation, central government, and in cases domestic and international donor and financing organisations, can provide funding for local public services (including those which could be devolved to cities) to facilitate investments through the conduit of a single local Growth Coalition. This could ensure that all partners to infrastructural and physical developments, along with people-based services, have compatible objectives.

Citizen-centred, local, integrated and strengths-based people services are seen as the outcomes, making the whole gamut of public services and physical investments as one system working better for local people, economic growth and enhanced productivity levels in cities. This will also realise efficiencies, benefitting the public purse.

## **City growth strategies driving public service reform and development**

Growth Coalitions address public service reformers' calls for more productive and efficient public services in 'mature' cities. Public service architectures have competing and conflicting tiers of public administration, different delivery agencies and lack a unified, integrated and citizen-centred approach to service provision. This has not been productive or of much benefit in terms of supporting citizens' potentially significant contribution to cities' economic growth.

Such approaches to whole-system city economic development in mature economies would effectively lead to a rationalisation, coordination and in some cases the integration of a currently sophisticated, atomised and often competing local services architecture. The public service system would then be able to realise significant efficiencies and release unrealised potential for people and places.

Growth Coalitions in rapidly expanding and emerging city economies have the potential to corral developing basic and essential services with a focus on promoting growth and improved productivity rates. When external players such as NGOs play a role in the provision of services in less developed, fragile or conflict affected states and cities, Growth Coalitions can similarly facilitate the coordination and improvement of these mechanisms for support and development. This builds people's resilience, enterprise culture and potential to provide surpluses for local, city and national markets through a range of economic activities. It also supports the production of commodities, products and services competitive in global markets for international purchase and consumption.

The private sector has a key role to play in such coalitions, bending and shaping public spend to suit their domestic or international investment decisions and vice versa, with public spend impacting on private sector investment and developments. This compact between the public, private and third sectors supports local, city, regional and national economies, and in places sustainable, peace-conducive and conflict sensitive economic development for citizens, communities, cities and states.

## **Shifting economic behaviours driven by traditional forms of public service provision and supporting them in more recently developed city economies**

Public services in 'mature' cities have traditionally tended to disempower citizens, causing them to become reliant on support, working to a deficit-based model of interaction and engagement with people. What is required is a revolution in terms of a 360 degree exercise or disruption for these public services and an appreciation of the attributes and outcomes arising from the historic, paternalistic, but initially well-intentioned model for public service provision.

Given the global fiscal challenges, public services and city leaders need to work smartly and be driven by the need to support citizens to realise the benefit arising from their potentially enhanced contribution to the local economy. Diversifying service provision can play a role in modelling and driving change in the ways of providing services to support people's resilience and economic engagement.

Economic resilience and independence amongst citizens results in a decreased demand for public services thus aiding national and city authorities' efforts to drive higher levels of city growth and productivity.

The bottom-line requirement are growth strategies that transform public services in 'mature cities' and design emerging services in evolving city economies. Otherwise, public service provision will mainly continue to be organised and operate as a managerial and paternalistic response focused mainly on organisations, structures and processes, not people.

The requirement in these economic times is an individual or personalised, strengths-based approach. This would recognise that in 'mature' cities public service provision has, in cases, perhaps inadvertently displaced local social capital. Growth Coalitions would recognise and incorporate community capital in redesigned services, valuing the experience and contribution of frontline workers, and citizens as recipients of services.

In 'mature' cities, frontline workers, embedded in such contexts with often perverse incentives and consequent behaviours when engaging citizens and delivering services, will not always act with the best interest of local citizens in mind. Public service workers and their cultures and behaviours, predominantly determined by the context, are and will be key determinants in realising local, people-based change.

### **Trajectories for cities and the potential for enhanced economic growth and increased productivity levels through whole system place and people-based city growth strategies**

The current trajectory for many 'mature' cities sees a greater demand for costly and currently complex, disparate services with little focus on collaborative growth in the context of physical and infrastructure investments. Current pointers in the existing fiscal climate suggest these cities could face challenges in delivering such services.

Rapidly expanding and emerging city economies can benefit from the collaborative and whole systems nature of Growth Coalitions, jointly planning for and acting on growth-conducive strategies, policies of city authorities and programmes for public and private sector investments.

*Growth Coalitions: a whole-system approach to city development and economic growth*

Basic and essential public services in evolving cities can be more closely aligned in terms of helping to realise economic growth. People-based services, designed and delivered under the auspices of the growth coalition, can support the realisation of economic opportunities that are apparent to citizens and those which can be created or facilitated through collaborative activity.

Growth Coalitions promote individual, household and community resilience and behaviours for enterprise and prosperity for cities' development. In doing so, they reduce reliance on support, hence assist in realising efficiencies and reductions in state expenditure. This causes less strain on limited city and national expenditure, particularly where this is scarce or can be more productively dedicated towards development activities in more marginal and dependent economic contexts.

Physical, economic and social development can be achieved, recognising that there are soft, people-based approaches to support city growth which address and meet commercial requirements. This realises the economic capacity and potential of physical developments and commercial investments in cities.

Growth Coalitions incorporate and ensure there is read across efforts, producing a strategic, incentivised whole-system place and people-based approach to development and economic growth. This is the approach required for a trajectory which maximises the potential to realise economically productive, globally competitive cities of the future.

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