

THE WORKSHOP ON

"GOVERNANCE OF METROPOLITAN REGIONS IN FEDERAL SYSTEMS"

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Speaking Notes – Opening Address by Rupak Chattopadhyay, President and CEO, Forum of Federations

Why bother about the governance of metropolitan regions?

- They are an increasing phenomenon of the 21st century.
- It is projected that the majority of the world's 8 billion people will live in cities and by 2025
- 85% of the urban population will be in developing countries.
- The 13 mega-cities of today (that is with a population of over 10 million) will increase in the next 15 years to 26 and of these 22 will be in developing countries, 18 of them in Asia.

Are they metropolitan regions different from other local governments?

- In socio-economic terms: higher concentration of population and a population that is more heterogeneous in terms of social and economic circumstances. (Sterna and Cameron 2005)
- Fiscal policy terms: Large cities and metropolitan areas could have greater fiscal autonomy than other urban or rural areas, both in terms of greater responsibility for local services *and* greater ability to levy their own taxes and collect their own revenues (Bird, 1984)

Why metropolitan regions are important (the positive):

- They are usually the engines of national economies and of the Global economy.
 - City of Toronto with 7% of the population vs. 11% of national output; Mumbai with 1.1 % of population vs. 5% national output
 - (McKinsey and Co report 2011 looked at 600 cities):
 - In 2007 – 22% of the world's population produced 52% of global output.
 - In 2025 - 25% of world's population expected to contribute 60% of output.
- In the new global "knowledge-based economy," innovation is the key to prosperity and most innovation occurs in large cities and metropolitan areas: prosperity comes from the ability of large cities to produce new thinking (Slack, Bourne, & Gertler, 2003)

- Act as a magnets for economic migrants (internal migration as well as trans-border immigration)
- In federal systems metropolitan regions are often have larger, more diversified economies than many constituent units (provinces/states).

Why metropolitan regions are important (the negative):

- Cities in the developed and developing world are major contributors to environmental damage - from global warming to pollution. (Styetler 2008)
- Metropolitan areas demonstrate the growing extent of urban poverty, social polarization, and social exclusion. (Shanty towns in the developing world, immigrant ghettos in developed world)
- Within metropolitan areas, the central city usually serves as a regional hub for people from adjacent communities who come to work and use public services that are not available in their own communities, with resulting impacts on the quality of life in a city (e.g. water pollution, traffic, crowding of hospitals and public schools, and crime rates) (Slack 2001)
- Despite their growing significance metropolitan regions face significant hurdles in realizing their full potential due to constraints imposed by the legal/constitutional architecture in most federal and multi-level systems.

Appropriate governance and financing required to redress major two challenges that impact the 'livability' and therefore the vitality of metropolitan areas for the future:

- Maintaining quality of life
- Building 'inclusive' cities

Structural constraints

- Lack of necessary structure, powers and resources.
 - Insufficient powers, particularly taxing powers, hamstrung metropolitan governments for the task at hand (and higher order governments add to unfunded mandates)
- The political boundaries of local authorities are usually not coterminous with the functional and economic structure of a metropolitan area
 - Metropolitan Rio de Janeiro comprises of 17 municipalities;
 - Metropolitan Sydney comprises 66 local governments,

The need for the proper integration and coordination of any large metropolitan area is obvious. But is hampered by the fact that:

- They are usually treated no different from any other municipality, regardless of their size or the function that they must perform.
- Developed and developing countries alike are reluctant to concede the signal role played by metropolitan areas in national development.

Federalism adds further layer of complexity: large metropolitan states are often seen as competitors by states of provinces!

- The city of Toronto alone has more people than 9 of 13 provinces and territories in Canada; with the metropolitan area included only the provinces of Quebec and Ontario have more people.
- Quite apart from demographic and economic disparities between metropolitan areas and constituent units in federations, metropolitan areas often economically and culturally dominate their home provinces.
 - Rio de Janeiro generates 85% of the state and is home to 76% of the population.
 - GTA accounts for 50% of the province's economy and has 40% of the population.
 - Metropolitan Sydney accounts for 65% of NSW's economy, etc.
- This is well illustrated by recent Olympics sites: the world knew about Barcelona, but not that it was in Catalonia; of Atlanta, but not of Georgia, of Sydney, but not of New South Wales. (Styettler 2002)
- Finally, metropolitan regions often spill over constituent unit boundaries in federations – e.g. Delhi (National Capital Region), New York, Berlin, etc.

In the face of continued growth and to remain globally competitive, metropolitan regions are faced with:

- Ever expanding demand for services
- Pressures on existing infrastructure
- Pressures resulting from migration

Dealing with these challenges is partially a function funds, but also turns on the issue of governance reforms.

In many countries both developing and developed, neither municipal nor state/provincial governments have the capacity to invest in urban renewal or investment in infrastructure.

Therefore municipal-federal linkages become necessary, but are unconstitutional in most countries.

Federations where constituent units are fiscally strong resist this.

- While this has been the case in countries like Australia, India, South Africa and United States, direct national allocation to municipalities is rare in Canada.

Emerging role for metropolitan regions at odds with constitutional and legal space in which they are expected to operate.

Need for revised constitutional architecture which:

- Maintains the functional integrity of a metropolitan region, with unified approach to coordination and planning
- Constitutional recognition of metropolitan agglomerations and careful delineation of functions between provinces and metros. (Italy is a good example of moves in this direction)
- Metro are provided appropriate place in the system of intergovernmental relations such that they are consulted on national issues including Immigration, Trade, Environment etc. and are provided funded mandates to deal with such issues as required.
- In the era where metropolitan cities matter in the life nations as engines of economic growth and development, they need to be accommodated in state structures and be enabled for the task at hand. Countries with federal dispensations, it is argued, may be well placed to effect this new configuration.