Chapter 2
Urban Governance and Social Innovations

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How do social innovations come to the fore? Are they exclusively based on the entrepreneurial spirit of change makers? And what makes social innovations work? Can a solid business plan make innovations sustainable? In other words, does *survival of the fittest* also hold true for social innovations? From this Darwinist perspective, social innovations are perceived as *new products* geared towards addressing new societal needs in competitive markets.

We question whether this perspective, based on microeconomics, really helps us understand how social innovations emerge, are further developed and finally integrated into the repertoire of welfare politics at the local level. Instead, we argue that, particularly at the local level, the emergence, development and firm establishment of social innovations constitute a political process whose outcome is highly dependent on both a decisive set of environmental factors, including coalition building, and specific constellations of actors. From our point of view, social innovations are highly embedded in their environment.

And indeed, environments differ significantly. Research has demonstrated that some environmental factors, like freedom, diversity and density of contacts, are correlated with innovation (Evers et al. 2014). That is why cities have always been places of innovation (Cattacin 2011). But the innovative capacity of cites differs, and we think that these differences are related not only to the factors mentioned but also to strategies and dynamics linked to government decisions and lobbies in the economic and social spheres. In particular, analyses of *social* innovation have to take into account these decisions and these actors. European cities, which are at the centre of our analysis, stand out for their diversity in terms of government set-up, social-policy traditions and local political cultures.

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Hence, we argue that social innovations have to be analysed against the background of their specific contexts or, to put it differently, that social innovations at the local level are the outcome of a political process and as such a reflection of city-specific (welfare) cultures—the institutional perspective—and local governance arrangements—the political perspective. These city-specific settings create both opportunity structures and constraints for new ideas and concepts that are put forward by agents in alliance with like-minded persons and *brokers* and which develop into locally embedded social innovations.

Although European cities are renowned for their specificity, their local traditions and their particular flair, the rich empirical material we have collected within the framework of the European project Welfare Innovations at the Local Level in Favour of Cohesion (WILCO)[1] allows us to identify groups of similar urban-governance arrangements.

This chapter provides portraits of these *arrangements*, which constitute the bedrock on which social innovations are built, based on a comparative analysis of governance and social innovations in the 20 cities included in the project. Doubtlessly, characterising specific constellations and hence developing a typology of governance arrangements that might enable, foster or discourage processes of social innovation constitute a courageous undertaking. We are aware that the governance arrangements we identify do not do justice to the complexity and variety of governance constellations to be found in European cities. But the typology of constellations we lay out here may be helpful for researchers of urban governance as well as policymakers trying to give meaning to the puzzling world of new ideas and approaches grouped together under the umbrella term *social innovation*. The typology may also help us better understand why some social innovations face a tough time being accepted and integrated into local welfare politics.

Of course, we have not developed the typology out of the blue. The four specific governance arrangements we identified are the outcome of in-depth analysis of the rich empirical material that researchers from ten different countries collected from Amsterdam to Warsaw.[2] From a methodological point of view, we took advantage of various distinct streams of research and theory building. In particular, we have drawn on the results and the repertoire of theoretical approaches put forward by urban sociology, and especially comparative urban governance, policy analysis and welfare research. We specifically tried to link together recent approaches in urban sociology and local governance.

The first section of this chapter outlines the theoretical approaches we refer to in order to develop a typology of different urban governance arrangements in core

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[1] For details on the project see www.wilcoproject.eu and the first publications of this EU-financed comparative project in Ranci et al. 2014. The project involves 20 European cities from ten different countries, namely Stockholm, Malmö, Birmingham, Dover, Milan, Brescia, Barcelona, Pamplona, Warsaw, Płock, Zagreb, Varaždin, Berlin, Münster, Lille, Nantes, Amsterdam, Nijmegen, Geneva and Bern.

[2] Data were collected from various administrative and political documents linked to debates in local parliaments, local newspaper articles, interviews with stakeholders and focus groups organised with the intent of clarifying stakeholders' diverging or shared positions.

welfare domains. The second section describes how we analysed and systematised the empirical data in order to develop our typology of four urban welfare governance arrangements, and it offers an analysis of the *common trends* throughout Europe that trigger the need for social innovations in urban settings because established social-policy routines and welfare services no longer meet the demands and needs of major parts of the urban population. The key third section describes the four ideal types of urban governance arrangements. The conclusion summarises our findings and discusses the nexus between the identified urban governance arrangements and the emergence and development of social innovations in European cities.

2.1 State of the Art: The Governance Approach

In recent years, the social sciences have moved away from simplistic one-size-fits-all analyses and increasingly turned towards more complex and multi-layered methodological approaches. A textbook example of this trend is the shift from the study of *government* to the study of *governance*. Indeed, the concept of *governance*, first used by scholars of international relations, has become ubiquitous in the social sciences (Levi-Faur 2012). From an analytical point of view, *governance* stands for *horizontality* in the sense of non-hierarchical modes of co-ordination, steering and decision-making, in which, in contrast to classical top-down *government*, new constellations of actors are involved, among them, besides government officials, stakeholders such as representatives from civil-society organisations and the business community. As such, *governance* is used as synonymous with *regulation through networks of agents*, which constitutes a third mode of coordination besides *market* and *hierarchy* (Powell 1990).

   But *governance* is not restricted to describing how decisions are made; the concept also involves a structural component, the limited set of options that are embedded in a distinctive local culture. A *governance arrangement*, therefore, encompasses the constellation of actors in a given setting as well as path dependency, or the prevailing and hence limited set of choices that are inherent to a particular urban context. Simply speaking, *urban governance* constitutes the set of rules by which a city operates. However, urban governance arrangements are not simply a set of rules imposed by local politicians and government officials; instead, they are the outcome of complex coalition-building processes through which core values are framed, and in which multiple stakeholders are involved. Urban governance arrangements are highly influenced by local traditions and cultures, and they are embedded in and hence affected by multi-layered institutional settings, including supranational frameworks, specific national administrative structures (federal or unitary state, self-government) and particular local and national welfare regimes (Ferrera 2005).

   The ubiquitous use of the concept of *governance* has created a situation in which urban sociologists unanimously declare that it is very difficult and perhaps unrealistic to comprehend most recent developments in urban settings and cities through

any single orientation or theoretical framework (Blanco 2013). This is particularly the case in the field of comparative urban studies. Although the so-called classical schools of urban sociology (Lin and Mele 2012), with their focus on the analysis of urban structures, processes, changes and problems, are still acknowledged as an important point of departure, they are no longer exclusive points of reference. Instead, recent scholarship in urban sociology favours multifaceted approaches that build on various traditions and models that previously enjoyed a stand-alone position and were treated as distinct paradigms (Mossberger and Stoker 2001).

2.1.1   The European-City Approach

For analyses of how cities cope with current challenges and try to reconcile social and economic policies, urban sociologists nowadays turn to what is called an *integrated approach* to urban governance (DiGaetano and Strom 2003) that builds on different theoretical perspectives and combines distinctive methodological approaches (DiGaetano and Strom 2003; Kazepov 2005). In their seminal and widely cited article "The European City", Häussermann and Haila identify four theoretical traditions of urban sociology, each of which provides useful insights into *urbanism*. In particular, they refer to the work of Georg Simmel, the Chicago School, political economy and the "global city" perspective. However, they advise against trying to ground empirical urban studies in a single "abstract urban model" (Häussermann and Haila 2005, p. 43) such as those developed by the Chicago or the Regulation Schools. Instead, in accordance with the work of Bagnasco and Le Galès (2000), they underline the specificity of the European city.

In the tradition of Max Weber, Häusermann and Haila argue convincingly that we must acknowledge the special features of European cities that make them distinct from cities in other parts of the world. The most important feature of the European city is its multi-faceted character. In the words of Bagnasco and Le Galès, European cities are simultaneously "political and social actors and […] local societies" (Bagnasco and Le Galès 2000, p. 3). Hence, in contrast to cities in other regions, European cities traditionally constitute stand-alone arenas for policymaking, although there are significant differences with respect to the degree of autonomy European cities enjoy from their respective national governments.

In particular, since the heyday of industrialisation and urbanisation in the nineteenth century, the so-called social question has always been a central topic for European cities (Isin 2008, p. 273). In Europe, the welfare state began locally within internal city borders. Since then, the guaranteed provision of public services by city governments has emerged as a further key feature of the distinctiveness of European cities (Kazepov 2005, p. 13). Finally, citizens' involvement in urban affairs, either through local self-governance or via civil society and its broad spectrum of organisations and initiatives, adds an additional facet to the specific character of the European city. But despite these distinguishing characteristics, European cities also display an impressive variety. Here regional differences and hence cultural

aspects come into the picture. As Häussermann and Haila have correctly remarked, in Europe there are "remarkable differences between cities with different welfare regimes and different political-institutional and cultural contexts" (2005, p. 50).

2.1.2 Analysing Urban Governance

In our WILCO research, we have focused on conceptualising the European city while simultaneously acknowledging the empirical variance among European cities and in particular among cities within any given country. Drawing on the results of studies of policy analysis and urban governance, a key point of departure is the recognition of the embeddedness or nestedness of governance arrangements (Granovetter 1985) within complex environments. In accordance with DiGaetano and Strom (2003), and in line with comparative policy-analysis studies (Kazepov 2008), we differentiate between the following (Fig. 2.1):
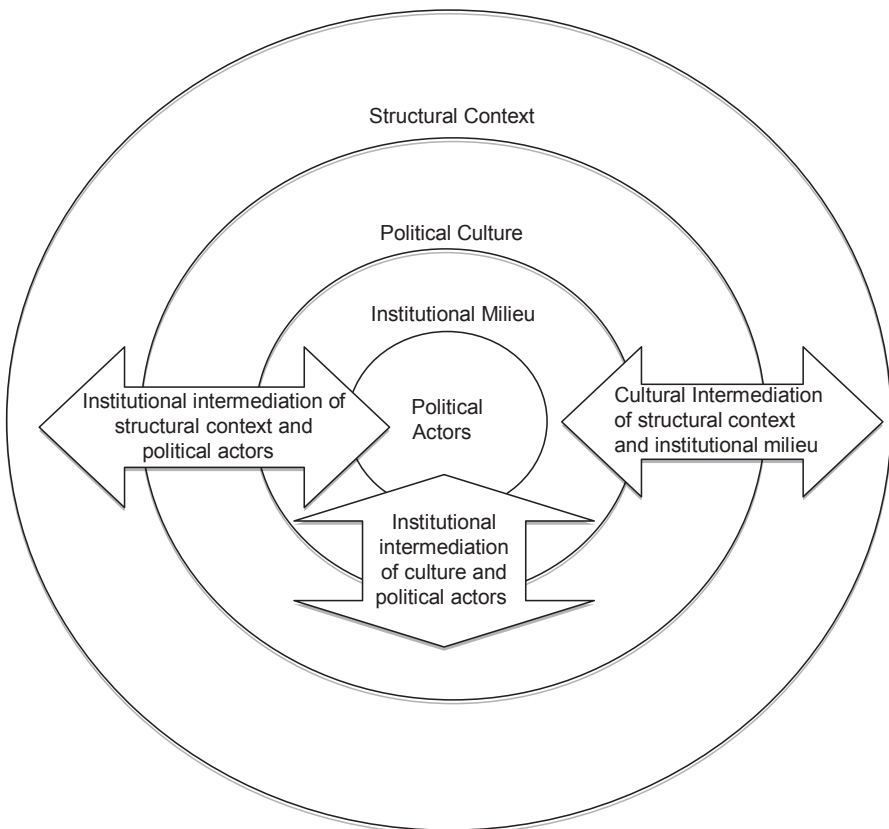

Fig. 2.1 An integrated approach to urban governance. (Source: DiGaetano and Strom 2003, p. 373)

- The institutional context of administrative structures and state organisation
- The welfare-regime context in which the local welfare regime is embedded
- The local political culture as an expression or outcome of specific norms and values

These environmental parameters serve as the background or—to put it differently—set of coalition-building opportunities for actors who aim to develop and stabilise social innovations as remedies for current social problems. At the same time, however, these institutional structures or parameters might also significantly hinder social innovation. In particular, metropolitan cities, thanks to their cultural and ethnic diversity hubs for innovativeness and productivity (Florida 2005), are not necessarily prone to making social innovations sustainable by integrating new concepts and ideas into the repertoire of local welfare politics.

2.1.3   *Urban Welfare Governance Arrangements*

In order to understand the multiple challenges faced by cities, we developed an analytical scheme that makes it possible to reconstruct why specific decisions were or were not made. We tried to identify the agents that contest social policies and propose a new way to handle them—through policy brokers that mediate between different coalitions' values and orientations—but also to comprehend the values, politics, technical constraints and especially expert discourses that have been developed by local *epistemic communities* (Majone 1997). The latter define the core ideas of what good local welfare practices are, i.e. what successful or innovative efforts to combat social inequality or encourage social cohesion look like. Epistemic communities are not only responsible for the coherence of local discourses regarding how policies should be implemented or problems should be interpreted but also related to other networks of specialists and stakeholders, which creates convergences between cities and policies at all levels of regulation (Ferrera 1996).

There are at least two approaches to analysing core values. The first is that of Sabatier, who assumes that there exist coalitions of values (or belief systems[3]) and power relationships between these coalitions in specific policy areas or constellations of actors (Sabatier 1998, 1999). A coalition is a discursively coherent group that produces intersubjectively shared realities or truths, which are then reflected in the group's discourses and in documents.

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[3] According to Sabatier, building on the philosophy of science by Lakatos (1970), a belief system is made up of three strata: the *deep core*, a set of normative axioms (what is fair, values such as freedom, defence of equality rather than preservation of status differences, etc.); the *near core*, which is about policy-oriented approaches and consists of general choices regarding the relevant patterns of intervention; and *secondary aspects*, which consist of instrumental decisions and the search for relevant information to implement specific public programs.

The second is the approach of Jobert and Muller, who analyse public administration's global and sectorial value orientations, which they call *referential*[4] (Jobert and Muller 1987). Value orientations can be found easily in official public administration documents and debates in the local parliament that also reflect coalitions. We have tried to combine these two approaches by not only describing general and sectorial orientations, or configurations of coalitions of differences, but also focusing on the coherences and contrasts between majorities and minorities, and between the public administration's general and sectorial orientations.

2.1.4   Social Policies at the City Level

Cities are changing from a hierarchical model of governance to a heterarchical (Willke 1992) one, with many centres of decision. This change can lead to the horizontal integration of actors in the city, synergies between the producers of services and even solidarity in the city if the different actors are recognised as producers and if their resources can be combined.[5] But this combination can take different forms, as indicated by studies on the alternative orientations of the local welfare state in the areas of social and health services (Blanke et al. 1986). For a given orientation to be successful, the actors involved have to recognise each other's relevant role in the creation of a workable urban society. But in relation to disadvantaged neighbourhoods or vulnerable individuals, it is clear that only capability-building policies lead to the creation of new (and autonomous) resources.

As Donzelot and Estèbe argued in their significant work on the *état animateur* (or *enabling state*) in French suburbs, the shift from a paternalistic to a capability-building policy helped improve living conditions in these neighbourhoods (Donzelot and Estèbe 1994). Urban development policies for these areas provided a kind of self-governance that empowered the powerless—although one may wonder whether this outcome was the product of a planned strategy on the part of the enabling state or just an accidental side effect.

In any case, this policy was discontinued in the 1990s—as a result of financial cutbacks, and not because the policy had failed. As a consequence, and as many authors have pointed out, living conditions once again deteriorated (Kokoreff and Lapeyronnie 2013). In other words, incorporating the resources of the poorest people requires that they have the opportunity to develop their own resources—an

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[4] We aim to understand the *referential* of the local welfare system, that is, the set of beliefs, values and technologies shaping how participants deal with social inequalities at the local level. More precisely, the referential refers to three dimensions: cognitive, normative and instrumental. The cognitive dimension regards how people interpret and define the problems that should be solved; the normative dimension is about values taken into account in the definition of problems and the implementation of measures to resolve them; the instrumental dimension regards the principles of action through which plans and programs to solve problems considered relevant or legitimate are separated from those that are considered illegitimate.

[5] See Evers on the logic of "synergetic welfare mixes" (Evers 1993).

opportunity they generally take advantage of. This is an investment strategy that has been well documented by Sen's analyses on the building of capabilities (see, e.g., Sen 1992).

This political strategy of social responsibility is not necessarily opposed to a city's economic-growth strategy. The *growth machine* (Molotch 1976) needs social policies to be effective as an *innovation regime* (Häussermann and Wurtzbacher 2005). That is why our analysis was sensitive to the relationship between economic and social policies.[6]

2.2   Twenty Cities Compared

Based on these concepts and on the empirical analysis of 20 cities, we have developed a series of variables that reflect the political context, coalitions, orientations and values in the area of social policies and the context in which social policies are produced.[7] These variables are at the core of the empirical analysis in each of the 20 cities (Cattacin et al. 2012) and have been treated as independent variables whose specific constellations explain why social innovation takes place. In particular, in both the case studies and this comparative analysis, we have focussed on variables able to describe the political context, value orientations and conditions of social-policy production.

The political context has been measured with the following variables:

1. Local government making intercity competition a top priority. With this variable, we measured the intensity with which governance is oriented towards growth and the attraction of elites (Molotch 1976).
2. Rescaling and deregulation policies at the national level. This variable measures the pressure on cities from national decisions to take responsibility for social policies (Kazepov 2005).
3. Political coalitions governing the city. With this variable, we measured the size of a coalition governing the city. It informs us about the strength of decisions taken by urban governments.
4. Social democracy or economic liberalism as the dominant orientation. This variable identifies the general reference system in the city.

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[6] Traditionally, economic and social policies were thoroughly interwoven. As outlined in Esping-Andersen's seminal *The Three Worlds of Welfare Capitalism* (1990), capitalist economies and social policies developed concurrently with the welfare state, which either buffered the negative side effects of economic development or even facilitated economic growth by providing the necessary resources or supporting a business-friendly culture (Kaufmann 2015).

[7] The 20 cities were part of the WILCO project and chosen heuristically with the idea to represent the different parts of the European urban landscape. Each country is represented by two cities, permitting to verify the impact of the nation-state but also the autonomy of cities inside a national and international legal framework. A secondary criterion was the presence, in these countries, of experienced research groups known by the research leaders of the WILCO project.

5. Co-operation or confrontation between social and economic lobbies at the local level and the attitude of the economic lobbies towards social welfare. This variable measures the level of conflict or co-operation between economic and social interests (Häussermann 2008).
6. Strong external political influence on the local level regarding social policy (in particular through the policies of the European Union (EU) and the European Social Fund). This variable measures the independence of the city in developing solutions to social challenges.

The value orientations in the area of social policies were operationalised with the following variables:

7. Orientation towards individual responsibility and empowerment. This variable indicates how social policies adapt to differences in the population through measures to individualise services, and how far social policies diverge from old schemes of resource scattering.
8. Prevention policies and social investments. This variable measures whether cities are proactive in recognising social problems. It allows identifying cities that have a systematic approach towards social policies.
9. Changing or stable social-policy orientations. This variable measures cities' orientations towards innovation in regard to social policies.

The context of the production of social policies was summarised through three key variables:

10. Federalism and local autonomy. This variable measures the independence and financial autonomy of the city from national social policies. It also measures the strength of the local welfare state.
11. Co-decision logics of local welfare-state institutions (participation in networks of actors) and co-operation with non-profit organisations in the production of social policies.
12. The dominant welfare mix. This variable measures the degree to which the production of social policies is distinguished by logics oriented towards the state or society (non-profit organisations).

In all cities, qualitative and partially quantitative data have been collected, permitting us to describe the different ways in which social policies and social innovations are produced and how they are embedded.[8] The data concerning the 12 variables are largely descriptive and were interpreted in various meetings involving the authors of the individual city reports until we arrived at a consensus concerning a general classification of each city through a simple scheme of representations of the values. Following the logic of the qualitative comparative analysis (QCA, see Ragin 1987) we dichotomised all variable values as 1 or 0 (some disputed cases received the value 0.5). The result was a sort of truth table indicating the combination of the presence or absence of specific characteristics from the above-mentioned variables.

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[8] City reports are available on the WILCO project's website: www.wilcoproject.eu.

In the first step, all variables were eliminated that indicated the same value. These variables describe common trends for all cities (presented in Chap. 4.1), while the other variables describe the configuration specific to each city (see Table 2.1).

For general information about the data collection during this part of the project, we refer the reader to the introductory chapter. For specifics on the data collection and sources for each of the 20 cities and for the city chapters in this volume, we refer to the city reports available on the project website www.wilcoproject.eu.

The comparative analysis then tried to simplify the results of the truth table in different ways. First, it isolated variables that have the same or similar values (in Table 2.1, they are in italics); they probably influence social policy outputs but are not likely to determine key differences between cities. Second, it reorganised the table in a simplified way by putting forward similar constellations of variables. Table 2.2 indicates the final result of this reorganisation. Similar variables are excluded and cities with similar constellations or the same constellation are grouped. Four groups with similar constellations of variables resulted from this analysis.

Third, analysis had to address why certain cases are similar but nonetheless differ on some crucial variables. In Table 2.2, we identify four constellations and some varieties inside the constellations, which concern Varaždin, Geneva, Nijmegen, Plock, Warsaw and Zagreb (the explanatory differences are indicated in light grey). For the cities of Eastern Europe, we undoubtedly found that the explanation for the specific constellation of variables that places them in a given group is the strong influence of the EU on local social policies. Concerning Nijmegen and Geneva, the presence of a coalition government (the first variable in the table) is explained by the logic of the political system, which favours coalitions (Kriesi 1996). It is less easy to explain why Geneva is in the second group even though it is embedded in a strong federalist context. Patricia Naegeli, in her chapter in this book, explains this specificity through Geneva's political orientation towards France. Naegeli argues that Geneva uses federalism to organise decision-making and policies according to a hierarchical, state-oriented logic, putting it nearer to French cities. Finally, we had to make sense of these groups and argue for a typology.

2.3   A Typology of Urban Governance

Analysing our 20 cities, we focused on common trends and main differences. We were interested in particular in a constellation of variables used to develop a typology, more than on causalities, that were hard to postulate for such extreme differentiated realities. Nevertheless, in the conclusion, we describe some elements that seem to indicate some kind of relation between a governance style and the potential for social innovation.

Regarding the common trends, all cities are experiencing major challenges and transformations in their attempts to improve the competitiveness of their economy without exposing the population to increased social threats. In the area of social policies, the driving forces are related to the competition between cities in the context

Table 2.1 Conditions for social innovation at the urban level. (Source: WILCO project 2014—city reports)

Variable	1. Intercity competition	2. Rescaling	3. Coalitions	4. Social democrats/liberals	5. Conflicting lobbies	6. External influence	7. Individual responsibility	8. Prevention	9. Change	10. Federalism and local autonomy	11. Co-decision	12. Welfare mix
Variable num. Values Cities	Strong: 1 Weak: 0	Strong: 1 Weak: 0	Yes: 1 Small: 0.5 No: 0	Sd: 1 Lib: 0 Mix: 0.5	Co-op.: 1 Conflict: 0 Middle: 0.5	Strong: 1 Weak: 0 Middle: 0.5	Strong: 1 Weak: 0 Middle: 0.5	Strong: 1 Weak: 0	Strong: 1 Weak: 0	Strong: 1 Weak: 0 Middle: 0.5	Strong: 1 Weak: 0 Middle: 0.5	State: 1 Civil society: 0
Amsterdam	1	1	1	0.5	1	0	1	1	1	1	1	0
Barcelona	1	1	0.5	0.5	1	0	1	1	1	1	1	0
Berlin	1	1	0.5	0.5	0	0	1	1	1	1	1	0
Bern	1	1	1	0.5	1	0	1	1	1	1	1	0
Birmingham	1	1	0.5	0	0	0.5	1	0	0	0.5	0.5	1
Brescia	1	1	0.5	1	0.5	0.5	0.5	0	0	0.5	0.5	1
Dover	1	1	0	0	0	0.5	1	0	0	0.5	0.5	1
Geneva	1	1	1	1	0.5	0	0.5	0	0	1	0.5	1
Lille	1	1	0	1	0.5	0.5	0.5	0	0	0	0.5	1
Malmö	1	1	0	1	0.5	0.5	0.5	0	0	0	0.5	1
Milan	1	1	0.5	0.5	0	0.5	1	1	1	1	1	0
Münster	1	1	1	0.5	1	0	1	1	1	1	1	0
Nantes	1	1	0	1	0.5	0.5	0.5	0	0	0	0.5	1
Nijmegen	1	1	1	1	0.5	0	0.5	1	0	0	0.5	1
Pamplona	1	1	0.5	0	0	0	1	0	0	0.5	0.5	1
Plock	1	1	0	0	0.5	1	0.5	0	0	0	0.5	1
Stockholm	1	1	0	1	0.5	0.5	0.5	0	0	0	0.5	1
Varaždin	1	1	0	0	0	1	0.5	1	1	0	0.5	1
Warsaw	1	1	0	0	0	1	0.5	1	1	0	0.5	1
Zagreb	1	1	0	0	0	1	0.5	1	1	0	0.5	1

Table 2.2 Grouping similar constellations: Towards a typology. (Source: WILCO project 2014—city reports)

Variable	Coalitions	Social-democrats/liberals	Conflicting lobbies	External influence	Prevention	Change	Federalism and local autonomy	Welfare mix
Variable num. Cities	3.	4.	5.	6.	8.	9.	10.	12.
Amsterdam	1	0.5	1	0	1	1	1	0
Barcelona	0.5	0.5	1	0	1	1	1	0
Bern	1	0.5	1	0	1	1	1	0
Münster	1	0.5	1	0	1	1	1	0
Varaždin	0	0	0	1	1	1	1	0
Berlin	0.5	0.5	0	0	1	1	1	0
Milan	0.5	0.5	0	0	1	1	1	0
Brescia	0.5	1	0.5	0.5	0	0	0.5	1
Geneva	1	1	0.5	0	0	0	1	1
Lille	0	1	0.5	0.5	0	0	0	1
Malmö	0	1	0.5	0.5	0	0	0	1
Nantes	0	1	0.5	0.5	0	0	0	1
Nijmegen	1	1	0.5	0	0	0	0	1
Plock	0	0	0.5	1	0	0	0	1
Stockholm	0	1	0.5	0.5	0	0	0	1
Warsaw	0	0	0	1	0	0	0	1
Zagreb	0	0	0	1	0	0	0	1
Birmingham	0.5	0	0	0.5	0	0	0.5	1
Dover	0	0	0	0.5	0	0	0.5	1
Pamplona	0.5	0	0	0.5	0	0	0.5	1

of the diminishing strength of the welfare state at the national level (as underlined by Kazepov 2008, 2005). Cities have been forced to increase their economic attractiveness by social challenges. If cities are not able to handle social problems, not only do they no longer attract new investors but existing investors also disappear, together with innovative elites (Häussermann et al. 2004).

In this context, the national welfare state not only finds it difficult to respond to urban social problems from the financial point of view, but it is also limited by the complexity required by policy answers. The regional and urban levels thus appear best suited to provide adequate services for complex social problems. There is no new front between national and urban levels, but there is a rearrangement of the welfare state, in which, as in the nineteenth century, the local (and in particular the urban) level becomes increasingly important (Reulecke 1995).

In this context, it is not surprising that cities in federal states (like Bern or Münster) have fewer difficulties in responding to these challenges or that cities' room for manoeuvre depend on their economic strengths (as with Geneva and Nijmegen) and their political relevance. The contrasting figures are cities in unitary states that exhibit poor economic performance or that are marginal in their country or region. In our sample of cities, we find this weakness in Plock (Poland), Varaždin (Croatia) and Pamplona (Spain).

2.3.1 Major Policy Trends in the Governance of Social Challenges

These shared driving forces produce similar policy results, to a greater or lesser degree. Thus, common to urban policies in the area of social problems is the idea of

enablement: people, agents and networks must be helped to become as autonomous as possible. The legislative framework for such policies must be flexible in order to permit the continuous adaptation of policies, following evaluations and experiments. Consequently, urban social policy is characterised more by pragmatism than by ideology or populism. In particular, the orientation in concrete situations opens a field of compromises and consensus, but also possibilities for preventive thinking. Four specific common trends in the governance of social challenges can be highlighted: co-production, a capabilities-based approach, decentralisation and territorial focalisation:

- Co-production indicates the growing model of partnerships between public, for- and non-profit organisations found in all 20 cities (for the concept of co-production, see Verschuere et al. 2012). The common trend indicates a transformation from state- or economy-driven urban governance to the co-production of policies and services.
- Investment in individual capabilities is the second common trend in these cities. It can take different forms, like individual accountability for solving problems, help to empower people to help themselves and orientations towards differences and capabilities. The trend has clearly moved from a perspective that focuses on welfare recipients to one that focuses on persons and person-centred services.
- Common to all cities is also a focus on democratic decentralisation. Instruments like participatory projects and mechanisms in neighbourhoods open public administrations democratically. The trend is away from a hierarchical decision-making system towards forms of co-decision-making.
- A final trend concerns the ways problems are addressed. In the cities we analysed we noted tendencies to focus less on groups and more on situations and territories, that is, to analyse concrete contexts before intervening and to act preventively through urban planning instruments and neighbourhood involvement. The general trend is away from specific problem orientation towards the search for a better quality of life in the city, for the wellbeing of inhabitants and visitors (commuters or tourists).

Beside these common trends, the 20 cities are characterised by some major differences concerning the ways in which social policies are tailored and related to urban governance.

2.3.2   Urban Welfare Governance

Working with the data gathered in the WILCO project makes it possible to understand how social policies are situated within each specific city's logic of governance. Our 20 cities certainly have common features, but they differ in the ways in which social policies are ideologically and practically justified. Following the process of typologising presented before, including temporal dynamics and information about values and policy choices, we have identified four kinds of regimes characterised by different relationships between social and economic policies at the city level.

The first type of governance can be called the *governance of co-operation*, which is characterised by the continuous search for synergies between economic and social policies. The political consensus is fragile, but it stabilises ambivalences in the city's driving coalitions around the idea of the innovative or creative (Florida 2005) city. The coalition's major orientation is towards fostering urbanity as a project and as a way of life, bohemian and innovative, open to differences and responsive to marginality. Through urbanity—and this is the guiding hypothesis of this type of governance—economic dynamics can be improved. From the organisational point of view, this governance style privileges welfare-mix solutions. Values that all actors share are the idea of urbanity, pragmatism and efficiency. Ideologies are secondary in the definition of policy priorities. Examples of this governance style are Amsterdam, Bern, Münster, Barcelona and Varaždin. Varaždin's orientation was developed following guidance from the EU.

The case of Münster, analysed by Christina Rentzsch in this book, illustrates these synergies between social and economic interests. A tradition of subsidiarity that developed in the shadow of the Catholic Church is characteristic of Münster's social-policy tradition. Similarly to Geneva, Münster, a mid-sized town in northern Germany, is embedded in a federal system that assigns many duties and responsibilities in welfare and social-policy areas to the local level. In accordance with the tradition of a conservative welfare regime, public–private partnerships, in particular with non-profits, are a further hallmark of social-service provision in Münster. Since the city used to be economically better off than many towns in northern Germany, and specifically in the Ruhr region, Münster is well known for its high standards regarding the provision of social services. Core beliefs regarding the importance of social policy in creating a liveable city are deeply embedded in Münster's Catholic tradition and have always been supported by the Christian Democratic Union, which remains the most important political force in the city. Although the dominant role of the Christian Democrats has been increasingly challenged since the 1970s, first by the Social Democrats and nowadays by the Green Party, neither the Social Democrats nor the Greens follow a neoliberal course questioning the necessity of policies trying to safeguard social cohesion.

But does the tradition of subsidiarity combined with a conservative party in power provide a fruitful ground for social innovation? The answer, based on the results of our empirical work in Münster, is yes. However, the "yes" comes with a question mark, indicating that the city provides space for social innovation but must still overcome hurdles and avoid risks. In a nutshell, it is not easy to make social innovations sustainable in Münster. In particular, two requirements must be met. First, if the innovation is developed or at least significantly supported by the municipality, there is a high chance that it will be accepted. Second, from a marketing point of view, the innovation has to be framed and advertised according to rationales that are developed and shared by an inner circle composed of the city's most relevant stakeholders. Interestingly enough, starting in the late 1990s Münster initiated its strategic development process, titled City Marketing, with the aim of making the city more attractive to high-potential investors, specifically in the areas of housing and upscale retail.

Today, there are two core beliefs that are widely shared by Münster's business community, chief administrators and key representatives of the two major parties. The first is an "investment frame" according to which any policy has to pay off in the long run. Hence also in the area of social policies, any initiative has to either be an "investment", for example in human capital, or aim at enabling the respective individual, group or local community to become self-sustainable. The second is a so-called prevention frame, according to which action, in particular in the area of social policies, should be taken at an early stage in order to prevent a downward development. Thus, the two frames correspond and are related to each other. In order to attain legitimacy, social innovations have to be in accordance with both.

However, social innovations also have to be initiated and promoted by "the right people" in town. The results of the WILCO project show that there is a relatively small circle of stakeholders in Münster who meet regularly in the various round-table and working-group settings initiated by the municipal administration in which crucial policy issues covering a broad range of topics are discussed. Indeed, the local parliament long ago stopped being the central forum for decision-making. Since Münster's business community is very homogeneous, consisting primarily of retailers and representatives of saving banks and insurance companies, the municipal administration constitutes "the spider in the net": it sets the agenda and promotes new initiatives. Newcomers—social entrepreneurs that are not mainstream and do not belong to the inner circle of decision makers—find it difficult to be acknowledged and accepted in Münster and to have their proposed social innovations validated. Hence the city is characterised by a co-operative governance arrangement as regards social innovation, but innovative concepts and new ideas have to make their way into the "inner circle" of decision makers in Münster in order to be heard and recognised.

The second type of governance, called *governance of growth*, gives priority to economic policies. The orientation is anti-urban, and politics are strongly influenced by economic interest groups. This *growth-machine* orientation (Molotch 1976) privatises social problems as individual faults. Pamplona, Dover and Birmingham are examples of the predominance of this kind of governance. Birmingham in the UK, analysed in this book by Nadia Brookes, Jeremy Kendall and Lavinia Mitton, is a fine example of a city that follows this model in its attempt to reconcile social and economic policies. In the nineteenth century, the city used to be the "workshop of the world". Even today, Birmingham's political and welfare culture is consistent with the paradigm posed by Adam Smith, according to which a vibrant economy is the most effective underpinning for community development. Accordingly, governance of growth assigns social policy a subordinate role. In the case of Birmingham, this subordinate role is consistent with the tradition of a liberal welfare regime in which the market constitutes the prime source of individual wellbeing. Hence, as Brookes, Kendall and Mitton argue, "the city council has focused over the years on the promotion of local economic development, and the two policy priorities of economic growth and labour market activation and social inclusion have usually been dealt with separately".

Additionally, Birmingham constitutes a textbook example of how a city that is embedded in a unitary state is not in the position to develop visionary social policies that are independent from those of the central government. Instead, the city, in particular in the area of social policy, follows a stop-and-go policy of investment and retrenchment in lockstep with the policy directives and money that emanate from London. Against this background, innovations in the area of social policy are generally small-scale initiatives that have a realistic chance of becoming sustainable if they encompass a "market dimension" and are based on an entrepreneurial concept that safeguards at least some financial independence from London. The overall shift from traditional big-industry managerialism to the current entrepreneurialism of the service and creative industries might provide Birmingham with the ability to reconcile its governance tradition with the demands of today's local economies. However, the social innovations that emerge from this environment are not likely to be able to surmount the decisive problems faced by a large segment of Birmingham's population that is not well educated and does not have the skills to work in the increasingly important creative sector. Therefore, it is most likely that the divide between rich and poor, and hence between the entrepreneurs and workforce of the new economy on the one hand and those who continue to identify with the way of life of the old working class on the other, will grow further and will not be significantly addressed by small-scale social innovations that largely translate into the production and provision of social services for specific constituencies.

The third type of governance, called *governance of social challenges*, gives priority to social-policy orientations in the production of services. Economic dynamics are handled parallel to social policies and are neither related to nor in conflict with them. This governance arrangement follows more traditional social-welfare policies in which the local state plays the primary role in the production and distribution of services. Political parties and party politics define this more paternalistic orientation in the area of social policy. Shared values are solidarity and the social responsibility of the state. Cities like Malmö, Stockholm, Geneva, Lille, Nantes, Nijmegen, Brescia, Zagreb, Warsaw and Plock are examples of this kind of governance. Concerning Zagreb, Warsaw and Plock, we find again that the EU is the dominant partner in defining this governance style.

In Sweden, Malmö is an interesting case study regarding social innovation. Similar to Birmingham, Malmö used to be a major industrial centre. But in the 1970s, the city was hit hard by the downturn in shipbuilding. Rising rates of unemployment and the deterioration of urban areas were some of the results of this development. Since then, Malmö has had to struggle with societal and economic difficulties that are not very common in Sweden. Furthermore, Malmö's population, probably due to its geographical location vis-à-vis Continental Europe, had always been comparatively heterogeneous. When transnational migration started to intensify, Malmö developed into the most popular destination for immigrants to Sweden. At least one third of the citizens in Malmö were not born in Sweden. In some parts of the city, more than 80 % of the residents are of foreign origin. Again, this is very unusual for Sweden. From an institutional perspective, Sweden, much like the UK, is a unitary

state, but unlike in the UK, Swedish local communities enjoy a larger degree of independence from central government because public administration in Sweden is modelled after Germany and its tradition of local self-government (Gustafsson 1988).

Against this background, the central topic addressed in the contribution by Ola Segnestam Larsson, Marie Nordfeldt and Anna Carrigan to this book is whether, how and to what extent Malmö's urban governance arrangement turns to social innovations in order to tackle the city's decisive problems and societal challenges. Again, the results of the empirical research conducted by the Swedish team in Malmö highlight a significant degree of path dependency in local politics and urban governance. There is no doubt that the city council attempted to attract new industries and shift Malmö's economy from the "big industry" of shipbuilding to services in the areas of education, the arts and culture. In Malmö, like elsewhere in Europe, urban economic development is synonymous with establishing a service-, science- and arts-oriented industry.

However, similarly to Birmingham but for a very different reason, the city's master plan of rebuilding the economy does not allow much space for social innovation. Certainly, from a political point of view Malmö stands out for continuity. Very much in contrast to the rest of Sweden, social democracy has not been abandoned in Malmö since the recession in the 1980s. This decision translates into a situation in which norms and values that have always been linked to social democracy, such as "social justice" and "fighting inequality", continue to have a strong impact on local politics in the city, thus keeping neoliberal thinking, which has definitely gained ground in Sweden over the few last decades, at a distance. The public sector and hence the local government still perceive themselves as responsible for addressing social problems in Malmö, which the authors of the chapter characterise as "a city of many welfare projects". However, there is some space for social innovation, as the chapter also demonstrates. And again, the projects are in line with the Swedish tradition of empowerment since they are put in place with the aim of integrating citizens into the labour market. But in contrast to the past, integration is not achieved in the traditional way, through education. Instead, the innovative aspects of the projects—the social innovations—consist of on-the-job learning and the embedding of education and training within an entrepreneurial approach towards societal problems.

A similar situation can be found in Geneva. Naegeli's contribution provides an in-depth analysis of the multi-layered governance structure of welfare policies in the city and the greater metropolitan area of Geneva. In many respects, Geneva, when compared to other Swiss cities, constitutes a deviant case. According to Naegeli, Geneva, highly influenced by the French tradition of generous welfare benefits, looks back to a legacy of state-oriented welfare policies that have always been backed by a coalition of leftist parties in power in the city's municipal council. Although politics in the cantonal parliament have always been dominated by centre-right parties, cantonal and city levels have never been in disagreement regarding the core values of the welfare domain. Solidarity, a society of opportunities and equality

constitute the key features of a value set that is shared by parties across the political spectrum. According to Naegeli, key players largely agree on core values, but they differ significantly regarding how they should be put into practice. The left favours state action and a more or less top-down approach of social-policy implementation that does not leave much space for innovative approaches. The conservatives are more in line with the Swiss tradition of subsidiarity, which favours bottom-up approaches that preferably include non-profit organisations, civic engagement and citizen participation.

Since Geneva is one of the most affluent cities in Europe, support for social projects is not a controversial issue. As Naegeli argues, there are many social programs and a multitude of actors and providers of services that "constitute a labyrinth of local welfare organizations". However, the availability of resources and the complex set of actors do not translate into a promising and supportive situation for social innovation. The reasons for this stalemate are at least twofold. First, the political and business communities are more or less disentangled in Geneva; the two do not have much in common. Accordingly, social and economic policies are not interwoven; they each follow a separate road. The social domain therefore has developed into a prime domain of party politics. Second, the political arena in the city of Geneva is dominated by the left, which favours low-profile social innovations enacted primarily within state services. In sum, the city follows a more traditional approach towards social policy that addresses social challenges primarily through publicly funded programs and services.

Finally, we have identified a fourth, conflictual, type of *governance of social and economic challenges*. In this governance arrangement, the combination of a weak local government and strong economic and social interest groups creates conflict between economic and social investments. The value orientation in the area of social policies is a conflictual one, with an opposition between a social and an economic lobby. Each social policy creates a debate between individualism and individual responsibility on the one hand and solidarity and collective responsibility on the other. Berlin and Milan are examples of this conflictual governance arrangement.

In the last few decades, Berlin has developed into one of the most attractive cities in Europe. Why? Why, in particular, do youth from all over Europe come to Berlin as a location to study, to live and to party? Benjamin Ewert, who emphasises the path dependency of urban governance and urban development in Berlin, addresses this issue. In a nutshell, his chapter argues that Berlin—due to its special situation as a border city in the middle of Europe, where two very distinct political systems and ideologies used to meet—provides plenty of space for different lifestyles, new projects and what Germans called "alternative" orientations. Ewert portrays the former West Berlin as a bohemian city in which the arts and culture flourished during the Cold War and where artists from all over the world used to work and simultaneously look for the experience of living in a so-called "frontier city".

The specificity of West Berlin during the Cold War was made possible by a very generous transfer system of public subsidies. Until the breakdown of the Soviet bloc, almost everything in Berlin—jobs, rents, theatre tickets, etc.—was subsidised

by the German Federal Government. In terms of urban governance, this benevolent situation translated into a decoupling of the city's social and economic politics. Or, to put it differently, for a long time the ability to attract business was very limited in West Berlin, in particular due to the logistics of a city situated very much in the Soviet bloc. Therefore, confronted with a declining population, the prime goal of West Berlin urban politics was to keep the city attractive for newcomers, students and members of the so-called creative class of artists and bohemians. However, with the fall of the wall, the geopolitical situation of Berlin changed significantly. The city is again the capital of Germany. Even today, it lives on public subsidies, although support from the federal government has been reduced continuously since the 1990s. Confronted with many societal challenges, the government of Berlin, similar to other cities, started an economic development program in which the creative industries—arts, culture and fashion as well as so-called lighthouse projects—play a decisive role.

Similarly to Malmö, however, urban governance in Berlin was and continues to be influenced by ideas and concepts from the left, social democracy included. With some interruptions in the 1980s and 1990s, the Social Democratic Party has been in power in Berlin. The research under the umbrella of the WILCO project has focused on the district of Friedrichshain-Kreuzberg, with a population of more than 270,000. Friedrichshain-Kreuzberg is still perceived as one of the bohemian hotspots of Berlin. The district government continues the long-standing tradition of the left being in power. Currently, the district is governed by a coalition of the Green Party and the Social Democrats. But the Left Party also has a traditional stronghold in Friedrichshain-Kreuzberg. This situation translates into a policy orientation in which social policy issues play a significant role, and in which the more traditional social policy orientation of the Social Democrats is combined with the more participatory and entrepreneurial attitude of the Green Party. But in sharp contrast to former times, resources are scarce, and the ability of the ruling coalition to significantly support social innovations with public money is therefore limited. Furthermore, in sharp contrast to former times, Berlin has become very attractive for investment, particularly in the area of housing, which for decades was a real "no go" for investors because of what was then a declining population.

In sum, Berlin is still perceived as an El Dorado for "cheap living" and creative work. This image is supported by the Berlin government and in particular by the district government of Friedrichshain-Kreuzberg. However, due to fiscal constraints, Berlin increasingly faces difficulties in living up to its image. The tradition of urban governance in which social and economic policies are largely de-coupled leads to the paradox that Berlin is still perceived as the metropolis of societal innovation and bohemianism while it is simultaneously becoming increasingly similar to other big European cities, where the flip-side of economic prosperity is increasing poverty and social exclusion.

Milan, analysed in this book by Giuliana Costa, Roberta Cucca and Rossana Torri, provides another interesting case study of this conflicting relationship between economic and social challenges. In this city, social policies have shifted sig-

nificantly during recent decades. The Italian centre of banking and commerce used to be known as a "benevolent" city with a long tradition of social policies aiming to safeguard social cohesion. The social domain was also perceived as necessary to a striving economy. "Milanese citizenship" translated into a situation in which residents of Milan could count on the provision of social services and welfare programs that were exceptional in Italy.

However, at the beginning of the 1990s the attitude towards social issues significantly changed in Milan. The local government struggled with far-reaching corruption scandals that challenged the then widely accepted image of Milan as the place in Italy "where business and ethics went hand in hand". Moreover, left-wing city governments were followed by centre-right coalitions headed by mayors from Berlusconi's party. Accordingly, the city significantly changed its attitude towards "the social". Social policies were no longer perceived as an investment in the future of the young generations of Milan, but instead as having a negative impact on the economic development of the city. The move away from classical social policy was intensified by the fiscal crisis and the need to introduce austerity politics. At the same time, rent and housing costs increased steadily, in particular in the centre of the city, while the local government simultaneously abandoned a housing policy that did not exclusively address the needs of the middle class but also provided affordable housing for less well-off members of the community.

At the turn of the millennium, a new coalition came into power that was and continues to be of a more leftist orientation and which has tried to replace the restrictive social policies of the past with a new approach focusing more on social cohesion, citizen participation and a renewed social-policy agenda. However, times have changed significantly. Against the background of fiscal crises and decreasing support from the regional and federal governments, there is not much space for either social innovations or social policies that genuinely make a difference. What the current government tries to achieve is in accordance with a policy approach found all over Europe. So-called lighthouse projects, currently the Expo, are implemented with the goal of both attracting investment and improving the image of the city. However, these high-profile endeavours are increasingly out of reach for large portions of the Milanese population, who struggle to make ends meet. In other words, governance in Milan does not address social and economic issues simultaneously. Instead, the local government tries to promote the economy, and it takes action in the social domain only if there is a significant challenge, as can be seen clearly in the area of housing. The social innovation in this policy area, which is described in the chapter by the Italian team, strongly builds on a public–private-partnership approach. The policy is made possible through the initiative of a large Italian foundation. Hence, this path of innovation shows some similarities to those in big cities in the USA—Harlem in the 1980s and Detroit today—where private-sector foundations provide the seed money for innovative policies.

2.4   Conclusion

The urban welfare model as it has been developed since the Middle Ages in Europe is challenged by different contemporary tendencies. First, and most obviously, cities' approaches to social policy have to react pragmatically to the retrenchment policies of the national welfare system—as Grymer had already observed in the 1970s (Grymer 1979). Responsibilities are handed down to the local level, and problems, generally related to forms of new poverty, are visible.

Second, these social problems are rarely included in the general social-security systems of the national level and need to be addressed through social policies. Therefore, the urban level is also the primary place in which new social problems appear, and it is also the level that is forced to find solutions for them. The general trend towards a more diversified society—including marginality and other social problems that come with this diversification—finds its multifaceted reality in the city. Marginalised groups of all kinds, and not only a rich elite, are attracted by the promise of the city as a place for self-realisation and freedom (Cattacin 2009).

Finally, cities are confronted with the double task of meeting the demands by international mobile elites to produce an urban climate of well-being while dealing with crime attracted by that same climate. As wealth and poverty become concentrated in cities, municipal governments are challenged by the need to create social policies to compete for the rich.

The 20 cities analysed here are confronted with similar problems and challenges. Social innovations constitute just one tool to adjust their urban policies to changing conditions. Despite very different settings, the social innovations identified and researched in our project show many commonalities, as described in Chap. 9. The involvement of civil-society actors, the co-production of services, mixed financial arrangements and the rediscovery of the spatial or better urban dimension of social policy initiatives are just some of the characteristics of current social innovations. This chapter has focused on urban governance as a premise of any policy development. We have specifically asked whether and how urban governance may facilitate or hinder the development and sustainability of social innovations. We have worked with the hypothesis that context matters, and that the political, cultural and institutional dimensions of a given setting therefore have to be taken into account when analysing the emergence and establishment of social innovations.

The results of our analysis are mixed. There is no one best solution. But our analysis indicates that urban governance embedded in a federal system seems to facilitate the emergence and sustainability of social innovations because the local level is in a position to address social challenges independently. A strong tradition of local self-government constitutes a highly suitable environmental condition for social innovation. The same holds true for subsidiarity as a policy approach through which to address societal problems with the support of non-state actors, preferably civil-society organisations. Local governance arrangements that make use of subsidiarity to organise social services are comparatively more receptive to social innovations proposed by social actors. In contrast, countries with a top-down and government-based tradition of social-service provision, which constitutes one of the

key characteristics of a social-democratic welfare regime, are rather reluctant to accept and integrate new initiatives into their repertoire. Finally, coalitions of core actors that share common norms and values acknowledging that capitalist economies have to take the social into account in order to be sustainable are also conducive to social innovation. Interestingly, it does not really matter whether these core values are based on a social-democratic or a conservative tradition. The difference between the two traditions translates into a difference in the instruments and tools used, as the examples of Malmö and Münster clearly indicate.

Although social innovations are necessary tools for the reform and adaptation of the welfare state to the new societal challenges of our century, we also have to address at least one caveat. The social innovations we analysed are all small-scale initiatives; they are not related to citizen rights. By and large, they have not been thoroughly integrated into urban policies. Therefore, we have to be sceptical of expectations that social innovations are the one and only solution to the difficulties and problems of our mature welfare states and capitalist economies.

At the same time, the results presented here indicate that urban (and local) welfare is becoming increasingly important in dealing with social challenges. There is also evidence of common trends in the way social issues are tackled. An interesting result concerns the way cities from countries recently integrated into the EU shape their social policies. In these cities, policy prescriptions (and financial support) from the EU play a primary role in the production of concrete social policies—while the other cities experiment more with bottom-up and local solutions. The question arises of how sustainable imported solutions are in comparison with endogenous ones.[9] An answer to this question would require longer-term monitoring, which could be based on dimensions and insights from our project.

However, this comparative analysis also opens other questions that we can only discuss briefly in this chapter. First of all, identifying contexts more open to social innovation, as we have done, can be interpreted as a recommendation to change the way policies are created in specific contexts. But this is only partially true. The reality we analysed indicates a link between the wealth of a given city and its way of handling social policies. Social innovation is probably easier if there is a context of liberal experimentation, but also if there is a government orientation towards funding such innovation. But if money is scarce, how can a government promote a more economically and socially sustainable city? As Gerometta et al. argue, we think that the first step has to be forms of self-organisation and civil-society initiatives (Gerometta et al. 2005) that can be the engine for a better quality of life—which is the foundation for the attractiveness and economic development of a city. It would be an error to think that the opposite approach—improving economic performance in a socially hostile context—has the same consequences because the flexibilised economy, based on mobility and creativity, needs more than money. In other words, there is an intimate relationship between the new growth-oriented city and social policies and social innovations that promote economic development

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[9] This question is not a new one as the discussion of the *imported state* by Badie, who analysed how Algerian institutions suffered from French domination, shows (Badie 1987).

while adequately responding to social challenges that cities—and no longer the national welfare state—have to deal with.

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