

Why Metropolitan Regions Matter

By

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The growth and expansion of metropolitan regions is 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 that by 2025, 85% of the urban population will be in developing countries (ICF volume). This entails migration on a scale previously seen only during the industrial revolution and that based on a much smaller population base. 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 (ICF volume).

Metropolitan regions are important from a policy perspective, and not just because in the coming decades more people will live there. Cities smatter because they are usually the engines of national economies and of the global economy. For example the City of Toronto with 7% of Canada's population produces about 11% of national output. ; Mumbai with 1.1 % of India's population produces about 5% national output. A recently published McKinsey (2011) report looked at 600 cities and found that in 2007, these cities housed 22% of the world's population but produced 52% of global output. In 2025 these same cities are expected to house 25% of world's population and contribute 60% of global 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) They also act as a magnets for economic migrants, both internal migration as well as trans-border immigration. Within the context of federal systems, metropolitan regions often have larger, more diversified economies than many constituent units (provinces/states).

Metropolitan regions are also important from a policy perspective because of the negative externalities that they give rise to. 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 are examples of this polarization. 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)

Appropriate governance structures and financing systems are required to redress two major challenges that impact the 'livability' and therefore the productivity of metropolitan areas for the future. The first issue has to do with maintaining a good quality of life, which in large measure had to do with investment in infrastructure both human and physical. The second challenge is that of building 'inclusive' cities in a socio-economic sense such that cities remain centers of innovation rather than becoming centers of conflict.

Despite their growing significance metropolitan regions face significant hurdles in realizing their full potential due to constraints imposed by the legal and constitutional architecture in most federal as well as no-federal multi-level systems. More precisely, in most countries no distinction is made between how urban and rural local governments are treated with respect to powers and responsibilities. This flies in the face of the reality that confronts us. In socio-

economic terms, metros have a higher concentration of population and a population that is more heterogeneous in terms of social and economic circumstances. (Sterna and Cameron 2005) In 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)

The major structural constraints confronting metropolitan areas include the lack of necessary governing structures and fiscal powers. Since the political boundaries of local authorities are usually not coterminous with the functional and economic structure of a metropolitan area, integrated planning and coordination of services is often a challenge. For example the Rio de Janeiro metropolitan region comprises of 17 municipalities; whereas metropolitan Sydney comprises 66 local governments. Insufficient powers, particularly taxing powers, hamstrung metropolitan governments for the tasks at hand expected to them. In recent years there has been a trend for higher order governments add to unfunded mandates.

Federalism adds a further layer of complexity to the governance of metropolitan regions, since they are often seen as competitors by states or provinces. For example, 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 are home to more people than Toronto. 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. For example, Rio de Janeiro generates 85% of the state and is home to 76% of the population; the Greater Toronto Area 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 cross constituent unit boundaries in federations making the process of regional planning more complex. In India, the National Capital Region crosses four state boundaries, while the Chicago Metropolitan Statistical Area is now defined as the Chicago-Naperville-Joliet, sprawled across Illinois, Wisconsin and Indiana.

In the face of continued growth and to remain globally competitive, metropolitan regions are faced with an ever expanding demand for services, pressures on existing infrastructure and 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. 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. Federations where constituent units are fiscally strong resist this.

The emerging role for metropolitan regions is at odds with constitutional and legal space in which they are expected to operate. There exists therefore the need for revised constitutional architecture which achieves the following objectives. First, it maintains the functional integrity of a metropolitan region, with unified approach to coordination and planning. Second, there is constitutional recognition of metropolitan agglomerations and careful delineation of functions between provinces and metros. Italy is a good example of moves in this direction. Thirdly, metropolitan regions are provided an 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 may be argued, may be well placed to effect this new configuration.