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Global Crisis and the Systems of Spatial Governance: Varying Patterns of Urban Democracy

Track 3. Governing cities: Stressed institutions and new shapes of urban democracy

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Abstract

Inadequate regulation of urban markets is at the origin of the current global crisis and increases, in years of crisis, the unequal distribution of global wealth. The importance of the related risks draws attention to the systems of spatial governance, through which States regulate the urban markets. In Europe, one can observe that the countries most affected by the crisis have systems of spatial governance that are based on the preventive assignation of rights for land use and for spatial development through the urban plan. The systems of the European States that are less affected by the crisis establish rather that new rights for land use and for spatial development are assigned only after the public control of development projects and their distributional effects. More generally, the fact that the former model is still widely prevalent in the world may help to explain the global dimension and the duration of the crisis. Despite the evidence that some models can operate better than others, the improvement of spatial governance systems is however limited by their complex nature of “institutional technologies”. In such a context, planners are especially responsible for the increase of public awareness concerning the role of spatial governance for economic and social life.

Keywords

crisis, space, governance, planning, systems, conformative, performative.

1. Introduction

Since modernity, the role of space in economic and social life «is less and less neutral, more and more active, both as instrument and as goal, as means and as end» (Lefebvre, 1992, p. 411). And more and more this has to deal with politics, since a «politicized space destroys the political conditions that brought it about», and often «the management and appropriation of such a space run counter to the state» (ibid., p. 416). This has become even more evident under the cultural conditions of postmodernity, insofar as space can be more “flexibly” exploited for purposes of power (Harvey, 1989).

Indeed, no one should forget that the current global crisis, originating from the US subprime mortgage crisis in 2008, was triggered by a generalized financial speculation on the housing market under the lack of adequate regulations (Zandi, 2010). Moreover, under the lack of adequate regulations, urban

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markets are worldwide the main “space” through which the crisis is being metabolized through privatizing gains and socializing losses (Forrest & Yip, 2011; Fujita, 2011). According to Thomas Piketty (2014), one effect of the current crisis is that in many countries the capital (i.e. wealth in the form of real estate property, financial assets, etc.) is growing now at a faster pace than the economy (more precisely, with a growth rate of 4-5% vs. 1-1.5% per year). The income produced by capital tends to be concentrated in the hands of a small group of people, while labour income is dispersed through the entire population, although with notable contractions and the consequent use of social welfare and public spending. Considering that wage growth depends on the growth of the economy as a whole, if the latter is slower than the increase of capital income, the unequal distribution of wealth appears destined to be screwed into a spiral of very serious growth. Aside from suggesting the solid interests in favour of the continuation of the crisis, Piketty’s analysis casts ominous shadows beyond its technical findings, as history has shown that, beyond certain limits, social inequality ends up undermining the most solid democracies (Fukuyama, 2011); a risk that, seventy years after the second world war, apparently returned topical even in wealthy Europe.

Southern European countries are notoriously those most affected in Europe by the current economic crisis. Apart from the most known and worrying case of Greece, the latest official studies concerning Italy show that from 2007 to 2013 the net wealth of households decreased from 9,500 to 8,728 billions euro (2013 prices), with a drop of over 8% (Banca d’Italia, 2014, p. 5). In the same years, the concentration of net wealth grew so much that in 2012 the richest 10% of the population owned 46.6% of the wealth (compared to 41% twenty years ago). The most widely used measure for income inequality is the Gini coefficient, a number between 0 and 1, where 0 corresponds with perfect equality (where everyone has the same income) and 1 corresponds with perfect inequality (where one person has all the income and everyone else has zero income). A recent comparison within the EU shows that Southern European countries – such as Cyprus, Greece, Italy, Portugal and Spain – are, with the post-Soviet countries, those characterized by the highest values of the Gini coefficient (Figure 1).

![Figure 1: Gini coefficients and 95% confidence intervals for disposable household income in EU Member States, 2012 income year (source: ec.europa.eu).](image)

The urban markets are regulated in Southern European countries as in the rest of Europe and everywhere in the world. By virtue of constitutional powers, States exert the public control of urban development through respective systems of spatial governance (or spatial planning). Implying the whole action of legal devices, administrative bodies and technical cultures, these can be described as
«institutional technologies» that allow and rule the spatial development in each institutional context (Janin Rivolin, 2012), with the resulting consequences for the life of entire cities and regions. In the light of these phenomena, it is legitimate to ask how the systems of spatial governance regulate the distribution of gains and losses in spatial and urban development and, particularly, what role they are playing today in counteracting (or favouring) the effects of global crisis.

Although the functions of a spatial governance system can be generalizable (e.g. Healey & Williams, 1993; Mazza, 2003), systems operate in different ways, producing different specific and overall outcomes by virtue of the legal, technical and cultural characteristics that are attributed in various institutional contexts (Davies et al., 1989; Newman & Thornley, 1996; CEC, 1997; ESPON, 2007; Janin Rivolin, 2008; Nadin & Stead, 2008; Knieling & Othengrafen, 2009; Muñoz Gielen & Tasan-Kok, 2010; Nadin, 2012). With respect to the modalities of assigning rights for land use and for spatial development, the course of history has delivered in the world and within Europe a variety of models, which are discussed and compared in this paper. Without disregarding the many variables involved, the proposed comparison is aimed at discussing how different systems of spatial governance can affect differently the economic, social and even political life of a country. This may contribute to explain some main differences on the long run and suggest why some countries are suffering the current crisis more strongly than others.

If the complexity of the matter and the current lack of more specific analyses exclude the establishment of certain and exhaustive correlations between the operation of spatial governance systems and the wealth distribution in each country, one can at least compare the different mechanisms through which, in practice, different systems manage in different ways the social distribution of profits and losses in spatial and urban development. In particular, the next three sections distinguish the features and effects of the so-called “conformative”, “performative” and “neo-performative” models, which are currently in operation throughout Europe. A following section will explore the reasons and difficulties of reforming the systems of spatial governance, despite the evidence that some models can operate better than others. The last section rounds off the contribution by summing up the main findings.

2. The “conformative” model affecting Southern Europe

Although spatial ordering for the purposes of social and economic ordering is a human activity that is lost in the mists of time (Mazza, 2015), the institutionalization of modern spatial governance and planning put down roots in the phase of industrial and bourgeois revolution and the formation of modern States (Taylor, 1998; Hall, 2002). In the past century, particularly, the pressing needs of greater urbanization, of Fordist development and of post-war reconstruction have supported the establishment of a model for the public control of space based on the ideals of hierarchy (top-down relations between planning tiers) and of dirigisme (State-led implementation of plans) almost everywhere in the world. The universal success of the model, which has resulted in a rapid and pervasive consolidation throughout the whole Western world, depends precisely on its operating through the progressive assignation of rights for land use and for spatial development, as the main legal effect of urban plans. In times of greatest change and uncertainty, this supplied first and foremost “certainty”: the system ensured indeed both the investment certainties of owners and developers, and the ideological certainties of policy makers, public officials and planners, convinced by the rampant welfarist paternalism that the State, as the unique holder of the collective interest, could thus “conform” any project of property development to its own strategy.

This traditional model of a spatial governance system, still largely prevailing in the world and applied especially in Southern European countries, can be labelled as the “conformative” model, as it pursues literally a «correspondence in form, manner, or character» or actions «in accordance with some specified standard or authority» (Janin Rivolin, 2008, p. 168). It pivots on a “preventive” binding zoning of a wholemeal urban area, which implies in general that:
a) a public spatial strategy is transposed in a binding plan, which assigns rights for land use and for spatial development;
b) based on this rights assignation, the delivery of building permits is subject to a control of the proposed development projects in terms of conformity (whether they conform to the plan);
c) in cases in which projects, albeit not conforming to the plan, are considered for any reason preferable to the existing assignation of rights, a new plan (or a substantive variation of the existing one) is needed in order to assign new rights for land use and spatial development.

Southern European countries, in particular, have shown structural path dependence on their «urbanism tradition», characterized by «a strong architectural flavour and concern with urban design, townscape and building controls», and by regulations «undertaken through rigid zoning and codes» (CEC, 1997, p. 37). But this allegiance to the traditional model of spatial governance has proven to be deleterious in terms of «public-value capturing» over time (Muñoz Gielen & Tasan-Kok, 2010). For if the public authorities claim to rule the spatial ordering through the “preventive” overall assignment of rights of land use and of spatial development (for the effect of zoning plans and variants), the first overall outcome of the model is the progressive generation of property incomes. While the privatization of profits derivable from the spatial development is thus guaranteed (even in the absence of development), this is not the case of the social loss compensation that may arise from development. The public control of respective projects at the time of issuing the building permit is in fact reduced to mere formal aspects of conformance with the plan. In point of law, a permit to build in conformity with the plan, even if the project proves to imply unexpected social costs, cannot be denied. While spatial development for private interests is thus incentivised, the public control of development projects is reduced, despite more or less genuine expectations, to a mere “administrative burden”, since a conformance control has little or no possibility of improving projects in the public interest apart from their formal coherence with the plan.

But that is not all. The social losses induced by the conformative model derive also from the difficulties to renew public strategies of development at any scale, since their spatial translation for the local implementation does not escape the preventive allocation of new property rights, with the consequences just summarized. Overall, the difficulty of public strategies and the reduction of development control to an administrative burden are a reason for a general decrease of political and technical accountability in spatial planning, with the possible creation of decision-making contexts open to corruptive practices (Vettoretto, 2009). And the circumstance that spatial strategies at whatever scale once agreed for local implementation are transfigured by what is illustrated above tends finally to trigger a vicious circle in the whole spatial governance process, with serious consequences for the “urban democracy”.

Ultimately, the spatial governance systems that regulate the spatial ordering practices in Southern European countries, still strongly impregnated with their «urbanism tradition» and the cult of preventive binding zoning as a guarantee of the public interest, are shown in fact to condition the public strategies of development to the advantage of the most relevant private interests. There are reasons to suspect therefore that, especially in these years of crisis, their operation may have contributed to boost – rather than alleviate – the effects of progressive social inequality, accelerating the process of privatization of profits and socialization of losses on urban markets.

3. The British “performative” model

As explained above, one remarkable price paid in exchange for the certainty afforded by the conformative model was the “rigidity” of public strategies, prevented in particular by the progressive creation of binding rights on land and of additional property incomes. Based on the juridical tradition of common law, the United Kingdom reacted early to this problem with the 1947 Town and Country Planning Act, which established that «the development plan did not of itself imply that permission would be granted for particular developments simply because they appeared to be in conformity with the plan», rather «in granting permission to develop, local authorities could impose “such conditions
as they think fit”» (Cullingworth & Nadin, 2002, p. 93). As a consequence, in the UK «[a]ll the owners were thus placed in the position of owning only the existing (1947) use rights and values in their land» (ibid., p. 21), and the British spatial governance system became «fundamentally a discretionary system in which decisions on particular development proposals are made as they arise, against the policy background of a generalised plan» (ibid., p. 92). The new system was completed by the 1968 Town and Country Planning Act, assigning to structure plans the provision of strategic orientations for development and to local plans (non-statutory and concerning only specific areas) the provision of detailed guidance on land use.

This different type of spatial governance system, established in the UK (especially England) and in some Commonwealth countries since the post-war period (Booth, 2007), can be labelled as the “performative” model by virtue of its explicit address to «the execution of an action» or «the fulfilment of a claim, promise, or request» (Janin Rivolin, 2008, p. 168). It is based on indicative and non-binding zoning for the wholemeal urban area, which means that:

a) a public spatial strategy is transposed into a non-binding plan, i.e. not having juridical implications for the assignation of rights for land use and for spatial development;

b) for this reason, the delivery of building permits is subject to control and negotiation of the proposed development projects in order to ensure their performance towards the plan (i.e. their capacity to perform the public strategy);

c) new rights for land use and for spatial development are assigned contextually with the possible delivery of the building permit.

Although it may seem paradoxical, removing from the spatial plan the power to assign new rights of spatial development does not weaken, but rather strengthens, the action of public authorities. In this way, the public authority manages to reserve the right to assign new rights only to those projects that have been checked – and possibly improved, through control devices – in their ability to pursue (or “perform”) the strategy. In this model, unlike the previous one, the «developmental» and «regulatory» functions of the spatial governance system (Healey & Williams, 1993, p. 702) are therefore well separated between the activities of spatial planning and of development control, to the point that in the UK «the main substance of the planning system is administered by governmental profession planning officers, either within forward planning teams (responsible for preparing planning policies) or development control teams (responsible for determining applications for planning permission by individuals and organisations)» (Tewdwr-Jones, 1996, p. 1).

With the passing of time, while the urban regeneration needs have taken over on the large urban expansions, the performative model seems to have ensured greater “flexibility” to public action of spatial governance. On the other hand, uncertainty, discretionary decisions and higher administrative costs are the limitations complained about most frequently in the case of the British system (Tewdwr-Jones, 1999; Booth, 2007). The loss of certainty supplied by the original model is complained about mainly by property owners and developers, but also often by planners and technicians, whose choices and behaviours – deprived from a “legal” power – are more exposed to political and social judgment.

4. The spread of a “neo-performative” model in North-Western Europe

More interestingly, despite their juridical regime of civil law and the constitutional linkage between land ownership and right to build (as opposed to the United Kingdom), some European countries have, over time, experienced the need to reform their spatial governance systems in order to pursue the effects of the performative model. The evidence of decision-making difficulties in growing societal complexity (Dahrendorf, 1968; Pressman & Wildavsky, 1973), on the one hand, and the Fordism crisis, the explosion of globalization and the consequent processes of spatial reorganization (Harvey, 1989; Amin & Thrift, 1994), on the other, have indeed highlighted further the limits of the conformative model of spatial governance. The difficulty of plan implementation in the context of reconciling multilevel collective strategies to a growing plurality of local and individual projects of spatial
development has been faced through substantial reforms in the North-Western European countries – especially Denmark, Germany, Sweden and The Netherlands – favoured perhaps by their traditional «comprehensive integrated approach» to spatial planning (CEC, 1997, pp. 36-37).

This third type of spatial governance system can be labelled as a “neo-performative” model insofar as, while continuing to be based on binding zoning, the overall operation of the system has in fact neutralized its “preventive” effectiveness. Rather, as discussed for the British model, new spatial development rights are assigned as a “final balance” after development projects (at least the major ones) have been negotiated, and thus controlled by the public authority before that plan has assumed the force of law. Therefore, in this case:

a) a public spatial strategy for the wholemeal urban area is used as a basis for the collection of projects, their control and negotiation, which are finalized to share their final form and substance;

b) a binding plan assigns consequently the rights for land use and for spatial development;

c) building permits are delivered according to the plan.

Despite the same juridical regime of Southern European countries, this model of a spatial governance system tends to reproduce the operational advantages of the performative model in terms of «public-value capturing» (Muñoz Gielen & Tasan-Kok, 2010), insofar as it prevents a “blind” pre-assignation of rights for land use and for spatial development through binding zoning, and postpones the latter after the public control of development projects. As in the case of the performative model, and unlike the conformative model, privatization of profits derivable from spatial development is therefore not guaranteed by the plan and may even be at least partly transformed in compensation of social losses that could arise from the spatial development. This can occur thanks to public control of the spatial projects that – in the absence of acquired rights – can be extended to their overall performance with respect to the plan objectives. Moreover, the absence of preventive assignation of new rights on property strengthens the political autonomy of decision-makers in the design of new spatial strategies at various scales, mitigating the social losses that inhibition of this autonomy tends to determine in the case of the conformative model. Less inhibited public strategies and the opportunity to affect the spatial development through an effective (not merely formal) control of projects increase, overall, the political and technical responsibility in spatial governance, promoting the social and democratic transparency of the system and effective “urban democracy”.

5. The long and winding road of change in spatial governance

Overall, the three models described above (Figure 2) show that different combinations between plan and control devices within a spatial governance system are possible, and can achieve very different effects in the process of spatial, economic and social ordering and in shaping the urban democracy. The historical evolution of these models also shows that the spatial governance systems are not immutable, but may change over time. In particular, the common adherence to the legal tradition of civil law and to the constitutional relationship between land ownership and right to build – unlike the United Kingdom, and similarly to Southern European countries – by the States that are applying the neo-performative model is the best evidence that the legal system established does not predetermine the whole operation of the spatial governance system and, therefore, cannot become an excuse to give up on change.

However, it must be remembered that the systems of spatial governance are very complex social constructs, which can be seen as an «institutional technology of government», operating «as a hinge between the government system […] and the spatial production and consumption system» (Mazza, 2003, p. 54, translated). This means that the spatial governance systems not only contribute to shape the urban democracy and to design citizenship (Mazza, 2015), but by their nature are themselves influenced by the social structure and change. The concept of «institutional technology» helps to explain the historical insurgence of spatial planning practices and cultures within the wider processes
of institutionalisation and, in doing so, leads to the representation of the spatial governance systems as end-products of creative selection processes of trial and error based on «(a) first, the generation of variety (in particular, a variety of practices and rules); b) second, competition and reduction of the variety (of rules) via selection; c) third, propagation and some persistence of the solution (the system of rules) selected» (Moroni, 2010, p. 279). Such a representation (Figure 3) may of course open various considerations on conditions and possible drivers of change, without forgetting that, in any case, «the raw material on which institutional evolution acts is supplied by human trial and error, by intentional agents trying to deal with problems» (ibid., p. 280).

**Conformative model**: based on “preventive” binding zoning (e.g. EL, ES, FR, IT)

- Strategy
- Plan
- Project
- Control
- Permission

**Performatve model**: based on indicative and non-binding zoning (e.g. UK)

- Strategy
- Plan
- Project
- Control
- Permission

**Neo-performatve model**: based on binding zoning as a “final balance” (e.g. DE, DK, NL, SE)

- Strategy
- Project
- Control
- Plan
- Permission

Legend:
- main phases of the spatial governance process
- moment of assignation of rights for land use and for spatial transformation

DE: Germany, DK: Denmark, EL: Greece, ES: Spain, FR: France, IT: Italy, NL: The Netherlands
SE: Sweden, UK: The United Kingdom

**Figure 2**: Three models of spatial governance systems (adaptation on: Knieling et al., 2016).

**Figure 3**: Formation and change of a spatial governance system (adaptation on: Janin Rivolin, 2012).
In general, a spatial governance system is potentially disposed, like any other technology, to renovate its own “capacities”: in this case the command options of the «government system» on the «spatial production and consumption system», which is led by individual profit and thus equally pressed by the search for innovation (Harvey, 1989; Lefebvre, 1992). Paraphrasing Schumpeter (1949), a planning system is continuously called upon to provide the public action with a «creative response», because any simply «adaptive response» is driven to leave the production of space the permanent hostage of prevailing interests of individual profit. However, «in practice the process to adopt changes is rather slow and restrained by high transactions costs» (Fürst, 2009, p. 31), because of the complexity of institutional processes and the conditions imposed by political conflict and economic dynamics, against the background of innate social struggle for land use control (Plotkin, 1987). In this light, the most dreadful suspicion is that the obsolete systems of spatial governance that still limit the socioeconomic development of Southern European countries will have a hope to be substantially reformed only if the social costs of crisis will overcome the «transactions costs» that have prevented so far this opportunity.

6. Conclusions

As argued in the previous sections, the current global crisis is largely fuelled by the privatization of profits and the socialization of losses on urban markets. In this context, the Southern European countries, which are more seriously affected by the crisis in Europe, are still ruled by “conformative” systems of spatial governance. These systems, in spite of the most ancient customs and noble expectations, prove incapable of ensuring effective public governance of the “production of space”, especially in the contemporary socio-economic contexts. The extreme complexity of the matter and the absence of more systematic analysis prevent more specific correlations. It seems difficult to deny, however, that a balanced social distribution of profits and losses resulting from the spatial development can be achieved with some effectiveness if – as these systems determine – new rights on land use and on spatial development are allocated in advance of an effective public control of development projects.

This difficulty appears to have been understood in other European countries, which have reformed in time the respective spatial governance systems and that now seem less affected by the crisis. Their current systems, in particular, ensure that in one way (e.g. The United Kingdom) or another (e.g. the North-Western European countries) new rights on propriety are assigned only after that the related projects of development have been checked by the public authority and appropriately renegotiated to rebalance profits and losses within the urban community.

Broadening our attention beyond Europe, we have to acknowledge in any case that the conformative system of spatial governance is still widely prevalent in the world, which may help explain both the overall magnitude of the crisis and its duration. After all, the formation and change of spatial governance systems, as “institutional technologies”, depend on highly complex social constructions, permeated anywhere from anytime by endemic struggle for control of land use. Therefore, if «a bridge exists from the technical knowledge that planners embrace to the institutional change that seems necessary for planning to be effective» (Beauregard, 2005, p. 206), this is made by an increased public awareness of the delicate role of the whole system of spatial governance for economic, social and even political life. The current responsibility of planners has perhaps to deal with this, more than with promoting new urban developments.

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