

Between state and market: A brief history of urban regeneration in England.

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Introduction

This chapter provides a concise account of urban policy in England during the past half century. The defining characteristics of English urban policy, throughout this period, have been an area-based approach, with regeneration programmes formulated and funded by the state, but implemented by local actors. An important constant has (until very recently) been a narrative of 'market failure'; a definition of regeneration as a process of reversing physical, economic and social decline in areas (located primarily in the core Victorian neighbourhoods and peripheral social housing estates of London and the major industrial conurbations of the Midlands and North, Dorling 2006) where the private market could not achieve this without public intervention. Urban policy in England has been guided by an *implicit* normative belief that such decline is, indeed, *reversible*. However, fundamental questions about the precise aims of urban policy have been avoided. For example: is the purpose to improve the quality of life and life chances of *existing residents* of a neighbourhood; or to secure the future of the neighbourhood for *future residents*; or to protect the fixed investments (e.g. housing, schools) of the *public sector* and / or reduce public sector management costs (e.g. Police) in declining neighbourhoods; or to further the political and ideological agendas of *central government* or *local authorities* (Hall, 2007)? In practice, urban policy in England has been characterised by multiple and imprecisely articulated objectives. Furthermore, governments of different political

persuasions have differed conspicuously in respect of whether the state (enhanced public provision) or the market (increased deregulation) provides the most effective vehicle to address market failure and the extent to which these are pragmatic or ideological questions. The chapter follows these debates and ideological shifts and their implications for urban policy in a chronological order.

A brief history of English urban policy

The origins of urban policy in England are found in the 1960s. Two factors are important. First, the so-called 'rediscovery of poverty' by scholars such as Peter Townsend (1965) was crucial. Deprivation experienced by urban households was studied extensively during the Victorian period, most famously by Charles Booth (1889) and Seebohm Rowntree (1902). The combination of mid-twentieth century prosperity and the Keynesian welfare state had engendered a complacent belief that the urban poverty observed and documented in previous eras had been eradicated. Second, there was concern that racial tension witnessed in the United States could be replicated in England. This was brought to the fore by the inflammatory but highly influential 'rivers of blood' speech given by Conservative politician Enoch Powell in Birmingham in 1968. Powell predicted racial violence on the streets of England. Quoting Virgil's *Aeneid*, he argued '*As I look ahead, I am filled with foreboding. Like the Roman, I seem to see "the River Tiber foaming with much blood". That tragic and intractable phenomenon which we watch with horror on the other side of the Atlantic, but which there is interwoven with the history and existence of the United States itself, is coming upon us here by our own volition and our own neglect*'. The Labour government responded by introducing the 'traditional' Urban Programme. This was

premised on the belief that the problems of deprived urban neighbourhoods could be attributed to the socio-economic deficiencies of residents; a 'social pathology' interpretation. The Urban Programme was managed by the Home Office; the ministry responsible for law and order and race relations. It funded small local projects to improve education outcomes and employability.

In 1977, the Labour Government published the White Paper *Policy for the Inner Cities*, which reinterpreted the urban problem as a consequence of structural economic change; deindustrialisation and its impact on urban labour and property markets. This proved to be a watershed in introducing the central narrative of *market failure* that has endured almost to the present. Following a resolutely Keynesian logic, the White Paper argued that private sector disinvestment in urban areas must be countered by enhanced public sector intervention. The Inner Urban Areas Act (1978) introduced the revised Urban Programme. This was based on a partnership approach focused on actors drawn exclusively from the public sector. In selected areas, central government and local authority officials would develop a multi-thematic plan to stimulate economic development and improve public service delivery. Reflecting the shift in the interpretation of the urban problem – from one based on fear of potential social disorder to a more progressive perspective of spatially concentrated multiple deprivation – the new Urban Programme would be managed by the Department for the Environment; the ministry responsible for planning, housing and local government.

The Conservative government of Margaret Thatcher, elected in 1979, rejected the Keynesian ideology of demand management, full employment, and a universal

welfare state. Thatcher's objective was to cultivate an 'enterprise culture' by reducing the role of the state to maintaining the conditions for the market to operate efficiently (Gamble, 1994). This has been characterised as 'roll back' neo-liberalism; the pursuit of the minimalist state (Peck and Tickell, 2002). The Thatcherite approach to urban policy was premised on this basic ideological disposition rather than a rigorous appraisal of the urban problem. Market failure would be overcome by removing the political, fiscal and regulatory obstacles to development. This was a 'pure place' strategy that sought to improve the economic and physical vitality of target areas without axiomatically providing benefits for the resident population (Butler, 1991). Its key themes were the creation of profitable investment opportunities for the private sector through property-led regeneration, the primacy of wealth creation over redistribution, and the by-passing of elected local authorities and communities. However, notwithstanding the neo-liberal rhetoric of the Thatcher government, the strategy was very reliant on public sector subsidy in the form of gap financing, tax breaks, land decontamination, site assembly and infrastructure provision (Deakin and Edwards, 1993). These principles were embodied in programmes such as the Urban Development Corporations (business led, government sponsored agencies charged with the physical renewal of derelict urban areas) and Enterprise Zones (areas in which exemption from selected taxes and planning regulations were hoped to generate new economic activity).

In 1990, Margaret Thatcher was deposed as Prime Minister. The new administration, headed by John Major, adopted a pragmatic approach to the now manifest shortcomings of the ideologically driven, market oriented Thatcherite regeneration policy of the 1980s. These were: fragmentation (the Thatcher government introduced

a confusing 'patchwork quilt' of initiatives); the narrow focus on property development (which had physically renewed many areas but had done very little to remedy underlying socio-economic problems); and, the politically exclusive approach to urban policy making (in which business leaders and state officials worked together to circumvent elected local authorities and communities). This did not imply a diminution of the neo-liberal ethos of Thatcherism in principle. Indeed, market led economic development remained the primary objective. Rather, there was a subtle shift towards a 'place based, people' approach in which improving the economic well-being of residents was a priority (Butler, 1991). Major cultivated an approach to urban policy known as 'challenge funding', the key features of which were: a competitive resource allocation model; a partnership based and participative decision making process; targeting of resources on tightly defined neighbourhoods; a multi-faceted approach that addressed economic and social problems; time limits; and, rigorous quantitative evaluation. These principles were embodied in programmes such as City Challenge in which local partnerships in selected areas were invited to bid for government support and the Single Regeneration Budget which extended the principles of challenge funding nationwide (Oatley, 1998; Hall and Mawson, 1999). The Major administration, despite the divisive and unpopular competitive resource allocation process deployed, developed a more inclusive partnership-based approach to urban policy that, in many respects (e.g. multi-sector local partnerships, community involvement), established a basic framework for urban policy that endured until almost the present.

The (self-proclaimed) 'New Labour' government of Tony Blair, elected in 1997, represents one of the best known attempts by centre-left Western governments to

modernise social democratic politics in response to globalisation and the knowledge economy; a project sometimes referred to as the 'Third Way' (Giddens, 2000).

Blair sought to reconcile the neo-liberal ideal of individual choice in the market with the social democratic preoccupation with social justice. This constituted a 'Third Way' in seeking to establish a politics distinctive from pure neo-liberalism (with its antipathy towards public investment and collective action) and traditional socialism, with its high taxes, regulation and domination by producer interests (Blair, 1998).

The Blair government continued its Conservative predecessors' pursuit of economic competitiveness through a macro-economic policy built on supply-side reform. Its strategy has been characterised as 'roll out' neo-liberalism in which market supportive forms of governance are developed, in contrast to the Conservative's 'roll back' vision in which a minimum state is sought as an ideological prerogative (Peck and Tickell, 2002). Thus, a 'light touch' approach to business regulation prevailed. In 2003, eminent business scholar Michael Porter argued – despite the protestations of business organisations to the contrary – that Britain had the lowest rate of product and market regulation of all OECD countries.

The Blair government is further differentiated from its Conservative predecessors in its pre-occupation with social inclusion and investment in public services. This is reflected, most dramatically, in a massive increase in tax financed public expenditure and investment. Total government expenditure increased, in real terms, by more than 40% between 1997 and 2008, with well above average increases in education and health (HM Treasury, 2008). This does not imply a return to traditional

Keynesian policy. Indeed, the key difference between new and old Labour was Blair's rejection of demand management and redistributive fiscal policy and its substitution with a strategy of integrating disadvantaged individuals and households into the mainstream economy through supply-side interventions including improving skills and knowledge, building links between the workless and work plus seeking to ensure that 'work pays' through tax reform. The Keynesian ideal of full employment was, thus, substituted by a strategy of full employability.

The Blairite approach to urban policy was informed by Third Way principles. The rejection of demand management required an emphasis on endogenous development rather than national, redistributive intervention; regeneration would be underwritten by government investment but, ultimately, would come from within. The defining features of the Blairite approach were: an attempt to counter market failure through intensive supply side intervention in multiple domains (e.g. vocational training, provision of affordable workspace, supplementary support for school pupils and parents, debt advice and benefit take-up schemes, measures to counter alcohol and drug dependency, incentives for healthy eating and exercise, neighbourhood watch projects, and improved housing and neighbourhood management); devolution of responsibility for enhancing economic competitiveness and social inclusion to local level, but evaluated according to strict national criteria; the pursuit of synergy through multi-sector partnership working (including the Police, National Health Service, other key statutory agencies, business organisations and voluntary and community associations); and, abundant (indeed unprecedented, according to Leunig and Swaffield, 2008) public investment linked to a highly technocratic

management and evaluation framework emphasising evidence based action and value for money.

New Labour's approach to urban problems was an aggregate of separately conceived and implemented programmes. There was no identifiable overall 'vision'. The so-called 'urban renaissance' agenda, informed by the work of Lord Rogers' Urban Task Force, was associated with the discourse about and response to problems of counter-urbanisation and household growth rather than urban poverty per se. It sought to promote a competitive urban economy, drawing on such influence as Michael Porter's (1990) cluster ideal and Richard Florida's (2005) 'creative class' concept. It also sought to promote a liveable urban environment, influenced by the (apparent) mixed, high density urban living of continental Europe (Colomb, 2007). The National Strategy for Neighbourhood Renewal was Labour's principal programme to address the problem of social exclusion at local level and sought to achieve 'strategic transformation' in employment, housing, education, crime and health through new area-based initiatives (e.g. New Deal for Communities, a multi-thematic regeneration programme and Sure Start, a programme designed to assist children under the age of five years) but, more fundamentally, through mainstream agencies and programmes (e.g. the National Health Service) which had not been exploited fully (Hall, 2003). The Sustainable Communities Plan, specifically the Housing Market Renewal Pathfinder programme introduced by it, was designed to tackle problems of low housing demand and abandonment in certain neighbourhoods of the Midlands and North through the demolition and refurbishment of housing deemed obsolete and the creation of mixed tenure sustainable communities (Hall and Hickman, 2004). The concept of

'sustainable communities' had replaced urban renaissance as the dominant urban narrative by the 2010 election.

The three successive election victories of New Labour prompted an identity crisis within the Conservative Party. Their initial response was to consolidate the right-of-centre agenda but this did little to appeal to the wider constituency required to secure electoral success. In 2005, reformist David Cameron was elected party leader. His challenge prior to the 2010 election was to 'detoxify' the unpopular Conservative brand (Blond, 2010). This entailed a move to the centre; a transition that met with much opposition from within the party, especially from the residual Thatcherite right. Cameron's brand of Conservatism (underpinned by a narrative of 'Broken Britain' that emphasised the problems of worklessness, family breakdown, addiction, educational failure and indebtedness, and the crucial role of third sector action in addressing these) would demarcate his party from that of Margaret Thatcher (Cameron, 2009). Cameron's Conservatism differs from New Labour in respect of the means deployed. The narrative of the 'post bureaucratic age' is crucial here. The Conservatives argue that the Third Way was predicated on a Fabian tradition of 'command and control' style government, creating an over-bureaucratic, over-centralised state that undermined social and personal responsibility. The alternative to this 'big government' model would be the 'Big Society'. This implies, not a simple retrenchment of the public sector, but a re-focusing of its activities to facilitate social renewal (ibid.). Cameron's Conservatism, thus, places great emphasis on devolution; from central to local government, and, from the public to third sector.

The Conservative Party failed to win a parliamentary majority in 2010 and was obliged to form a Coalition government with the (traditionally centre-left) Liberal Democrats. However, given the fiscal crisis inherited by the new government and the imperative to reduce the government budget deficit (equivalent to 11% of Gross Domestic Product in 2010), the narrative of progressive reform has been displaced by a renewed emphasis on 'roll back' neo-liberalism.

The Conservatives did not publish detailed proposals for urban policy prior to the 2010 election. However, the influential pro-Cameron think tank Policy Exchange published a report *Cities Unlimited* in 2008. This concluded that previous generations of regeneration policy had failed to reduce disparities between and within English cities. It recommended that a future Conservative government accept the inevitable logic of market-led restructuring and concentrate growth in the South through the expansion of London. Residual regeneration programmes would remain in the Midlands and North but only as a palliative measure. The report and, especially, the implied acceptance of differential regional trajectories of growth and decline were (in public, at least) rejected by the party leadership.

Nevertheless, in government, the Conservatives and Liberal Democrats have presided over the effective cessation of urban regeneration as a form of public policy. Legacy programmes have been allowed to expire without replacement or, in the case of Housing Market Renewal, simply terminated. Total government expenditure on regeneration was reduced by some two-thirds within the financial year 2011/2012. For the first time since the 1960s, there is no national framework of

area based regeneration initiatives and supporting financial and institutional resources in the cities of England (House of Commons, 2011).

In 2011, the government published a paper *Regeneration to enable Growth: What the government is doing to support community-led regeneration* (CLG, 2011) which it describes as a 'tool box' for regeneration. However, the document presents no analysis of the urban problem or the accumulated learning of four decades of regeneration policy and practice; inherited programmes inherited are simply dismissed as 'unsustainable' and 'unaffordable'. The paper lists a series of government sponsored 'regeneration' measures: targeted infrastructure investment (e.g. Crossrail, Thames Gateway); incentives for growth (e.g. Regional Growth Fund to stimulate private sector employment growth, New Housing Bonus to encourage increased house building, and 1980s style Enterprise Zones); deregulation of the planning system; and, encouragement of grass roots community activity through neighbourhood planning and the Big Society.

The policies introduced by the Coalition government may indeed stimulate economic growth and, thus, have a regenerative effective. However, they do not constitute examples of regeneration policy as understood in the past four decades. In particular, the long standing narrative of market failure has been lost. *Regeneration to enable Growth* has the potential to stimulate economic development in areas of market opportunity but does little to address the physical, economic and social malaise of the most deprived urban neighbourhoods (House of Commons, 2011). In effect, the Coalition government are pursuing the market led logic of concentrating

growth in London and the South East, advocated by *Cities Unlimited*, but without the counter-balancing regeneration measures in the Midlands and North.

Conclusions

There are many parallels between the debates on urban policy in England and France: the perceived failure of past generations of urban policy and the elusive goal of social inclusion; the promotion of partnership working and public participation; the adaptation of urban economies to competition from within Europe and beyond; the restructuring of urban neighbourhoods to create 'mixed' communities and the problems that this creates (e.g. gentrification). The issues of immigration, diversity and cohesion are also a common concern (albeit expressed in very different forms in the two countries). However, there are also fundamental differences. It is important to reject the idea of a simple opposition between a neo-liberal England and a France that adheres to the 'European social model'. Despite the recurring background narrative of 'light touch' business regulation and 'flexible' labour markets, urban policy in England has, typically (and sometimes paradoxically), been underwritten by substantial tax financed public expenditure and investment. Nevertheless, in contrast to France, where there has existed an enduring political consensus on the desirability of strong state intervention to secure social objectives, in England there have been crucial ideological differences in respect of the relative importance afforded to public intervention and market deregulation. Indeed, the most recent application of market logic by the Coalition government has undermined the very existence of urban policy as understood in the past half century.

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