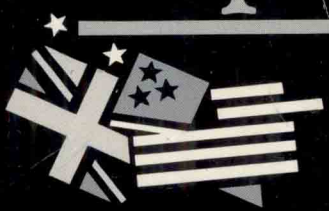
Regenerating the Cities

The UK Crisis and the US Experience



dited by Michael Parkinson,
ernard Foley, Dennis R. Judd

Regenerating the Cities

The UK Crisis and the US Experience

edited by

Michael Parkinson
The University of Liverpool, England

Bernard Foley
The University of Liverpool, England

Dennis R. Judd
University of Missouri—St. Louis

Scott, Foresman/Little, Brown Series in Political Science

Scott, Foresman and Company
Glenview, Illinois Boston London

Library of Congress Cataloging-in-Publication Data

Regenerating the cities.

1. Urban renewal—United States—Congresses.
2. Urban renewal—Great Britain—Congresses.
3. Urban policy—United States—Congresses.
4. Urban policy—Great Britain—Congresses.
5. Urban economics—Congresses. I. Parkinson, Michael. II. Foley, Bernard. III. Judd, Dennis R.

HT175.R45 1988 307.3'4'0941 88-18375
ISBN 0-673-39935-4

1 2 3 4 5 6 7 8 9 10 — MPC — 94 93 92 91 90 89 88

Printed in the United States of America

Proceedings of Colloquia, sponsored by the United States-United Kingdom Educational Commission: The Fulbright Commission, London

Originally published by Manchester University Press, Oxford Road, Manchester M13 9PL, U.K., in association with The Fulbright Commission, 6 Porter Street, London W1M 2HR

FOREWORD

This volume records the proceedings of the Fulbright Colloquium held at the University of Liverpool from Sunday, 28 September, to Tuesday, 30 September, 1986. The Fulbright Commission in London much welcomed the proposal to relate Anglo-American experiences in this important area of topical interest, and was delighted to give the Centre for Community and Educational Policy Studies at the University of Liverpool its full support in mounting the colloquium.

In meeting its aim of promoting Anglo-American cultural understanding, the Commission sponsors at least one, and generally two, colloquia each year on subjects of mutual interest and importance to the United States and Great Britain. These meetings of distinguished scholars and practitioners in specialist fields augment the Commission's traditional award of studentships, scholarships, and fellowships to British and U.S. citizens for study, teaching, research, or work experience in the other's country. Over 10,000 such exchanges have been supported in this way since the Commission was established in 1948.

The colloquium at Liverpool attracted representatives from a diversity of interests in the United States and Britain, drawn from academe, industry, and the local community. Presentations and discussions focused on the fundamental problems affecting inner cities on both sides of the Atlantic, and, in contrasting and comparing experiences, participants were led to a fuller understanding of the issues involved. In this way the colloquium provided a forum for Anglo-American debate on a topic of much transatlantic importance.

The opinions expressed are, of course, personal to the contributors and do not necessarily reflect the views of the Commission. Nevertheless, the Commission believes publication of the proceedings will be welcomed by a wide audience. It hopes that this will lead to a greater awareness of the

particular difficulties facing the inner cities in both Britain and the United States and will stimulate further discussion about this contemporary issue, a matter of serious concern to both countries.

JOHN E. FRANKLIN
Executive Director
United States–United Kingdom
Educational Commission
The Fulbright Commission, London

PREFACE

As teachers as well as scholars of urban politics, we often have been frustrated by the lack of suitable classroom material that compares cities across nations and cultures. At least two major problems arise when comparisons are neglected. First, courses for American students do not make it clear often enough that cities around the world face a set of quite similar problems. All cities participate in a global economy that is undergoing fundamental transformation. In the Western democracies, old industrial cities have all suffered losses—sometimes abrupt, huge losses—in employment. Many of them are attempting to rebuild their economies by attracting service sector business investment. However, their success in achieving economic transformation has been unpredictable: Even in the cases in which cities have succeeded at regeneration, it is apparent that success, measured as economic growth, brings problems as well as benefits.

Second, comparative studies can shed light on the effectiveness and consequences of public policies. A comparison of policies in the United States and Britain are especially revealing, because in the 1980s both nations have pursued conservative policies designed to liberate the private market by reducing public expenditures. Much can be learned about the probable outcome of urban policies by comparing similar policies implemented in two different national contexts.

Thus, we hope that students will gain a broader perspective about urban politics and policy from the articles in this volume. We are confident that scholars will find much of value here as well. The articles are written by leading scholars from the United States and the United Kingdom. The project emerged from a colloquium sponsored and funded by the Fulbright Commission, which was held at the University of Liverpool in September, 1986. We want to thank the Educational Commission of the Fulbright Commission for its support, and the Centre for Community and Educational Studies, University of Liverpool, for facilitating the productive and lively exchange that resulted in this book.

Acknowledgments

A volume of this nature necessitates the cooperation of many people and several organizations. We are indebted to the Fulbright Commission and to the University of Liverpool's Research Committee for their financial help in sponsoring the colloquium and to the Elsie Talbot Bridge Trust for financing the final preparation of the papers. Colleagues in the Centre for Community and Educational Policy Studies provided both moral and material support at crucial times. Special thanks are due to Jeff Bryson for his organizational skills, to the various authors who produced their papers on time, and to Grace Martin for the speed and excellence of her typing.

Dennis R. Judd
University of Missouri—St. Louis

Michael Parkinson
University of Liverpool

CONTENTS

Foreword *John E. Franklin* iii

Preface v

Chapter One: Urban Revitalization in America and the U.K.: The Politics of Uneven Development 1

Dennis R. Judd and Michael Parkinson

Urban Policy in Two Nations 1
Differences and Convergence 3
Economic Regeneration and Uneven Development 5

Chapter Two: Urban Revitalization in the United States: Prisoner of the Federal System 9

Dennis R. Judd and David Brian Robertson

Local Urban Policies 9
States: The Center of Gravity in American Urban Governance 13
National Urban Policies 16
Politics and Urban Policy in the 1980s 20
Using Urban Policy to Increase Inequality 22

Chapter Three: Social, Economic, and Political Trends and Their Impact on British Cities 27

Michael Goldsmith

Global Trends 28
Political Trends 30
Britain 31
Lessons to Be Learned 34

Chapter Four: Bristol: A Case Study in Economic Change in the U.K. "Sunbelt" 37

Martin Boddy

Economic Structure and Change 38
The Pattern of Change 38
The Process at Work 42
Winners and Losers 43
Policy Implications 46

Chapter Five: Local State Response to Economic Decline: Development and Diversification Strategies in Texas 51

Joe Feagin

Economic Crisis in the Sunbelt: The Texas and Houston Cases 51
The Quest for Economic Diversification: The State of Texas Response 52
Marketing the City: The Houston Economic Development Council 55
Analysis and Interpretation 61
Theories of the State Reconsidered 63
Conclusion 66

Chapter Six: Private-Sector Urban Regeneration: The Scottish Experience 69

Robin Boyle

The Development of Urban Policy in Scotland 70
Glasgow: A Suitable Case for Treatment? 74
Symbols of Regeneration 76
The Substance of Regeneration—Uneven Development 78
Commentary and Conclusions 81
Tentative Conclusions 82

Chapter Seven: The Uses of Linked-Development Policies in U.S. Cities 85

Michael Peter Smith

From Suburban Exactions to Urban Linkage Policies 86
The Varieties of Linked-Development Policies 87
Why Exactions in General? Why Linkage in Particular? 89
The Uses of Linkage in Boston 92
Assessing Linked Development 95

Chapter Eight: Liverpool's Fiscal Crisis: An Anatomy of Failure 101

Michael Parkinson

The Events 101
Politics, Budgets and Economics from 1974 to 1983: The Lost Decade 102
The Impact of Local Politics 102
Central Government Grants 103
The Radicalization of Liverpool Labour 105
Liverpool, the Government, and Urban Programs 106
From Economic Collapse to Financial Crisis 106
The Future 112

Chapter Nine: The Politics of Economic Redistribution in Chicago: Is Balanced Growth Possible? 117

Michael B. Preston

Demographic Trends 118
Chicago Politics and Economic Development: The Washington Plan 120
Evaluation 123
The Politics of Linked Development 123
The Impact of Politics on Economic Redistribution in Chicago 126

Chapter Ten: Race, Politics, and Urban Regeneration: Lessons from Liverpool 129

Gideon Ben-Tovim

Introduction: Areas for Comparative Analysis 129
Racial Inequality and Ideological Color-Blindness, Right and Left 131
Merseyside Task Force 132
Liverpool City Council 132
The Inadequacy of Orthodox Race/Class Perspectives: The Case of Liverpool 133
Racial Inexplicitness and Marginalization: The Government Framework 134
Antiracist and Black Political Strategies in Britain Today 135
Race and the Major Political Parties 137
Conclusion: Towards Racially Explicit Political and Economic Change 139

Chapter Eleven: The Politics of Planning New York as a World City 143

Norman I. Fainstein and Susan S. Fainstein

Economic Change and Pressure on Land Use in New York City 144
The Politics and Planning of Land Use Transformation 146
Explaining the Weakness of Planning 153
The Unplanned Global City: Consequences and Possibility 158

Chapter One

Urban Revitalization in the United States and the United Kingdom: The Politics of Uneven Development

Dennis R. Judd
University of Missouri—St. Louis

Michael Parkinson
The University of Liverpool

Urban Policy in Two Nations

Since the late 1970s, national urban policy has undergone a fundamental reevaluation in both the United States and the United Kingdom. Under President Ronald Reagan, federal urban programs have been withdrawn or drastically reduced, a policy that makes cities almost wholly dependent on the health of their local economies. Cities are instructed to improve their ability to compete with one another by "increasing their attractiveness to potential investors, residents, and visitors" (U.S. Department of Housing and Urban Development, 1982, p. 14). Thus, national urban policy is built not on grant programs, but on advice guided by the assumption that free enterprise will provide a bounty of jobs, incomes, and neighborhood renewal. Coincidentally, owing probably more to an upturn in the national economy than to policy changes, central city business districts and selected neighborhoods all across the United States have undergone significant revival in the 1980s.

Under the leadership of Margaret Thatcher, elected Prime Minister for the first time in 1979, the United Kingdom has implemented parallel (although not identical) changes in urban policy. The American experience has been extremely influential; in fact, much of the rhetoric justifying new policies adopted by the Conservative government has been borrowed largely intact from policy positions first adopted in the United States.

This book is the product of a conference sponsored by the Fulbright Commission and organized around the question: What can Britain learn from America in the 1980s about the problems of regenerating declining cities? The timing was appropriate. Since 1979 Britain's Conservative government has consciously imitated the American strategy of relying on private-market mechanisms rather than on public intervention to revitalize its cities and

urban areas. The Conservatives' urban policy has been one component of a comprehensive strategy to regenerate Britain's national economy by creating an enterprise culture. A new definition of the "public good" underpins the government's efforts to reduce welfare state programs; to cut public spending, taxation, and government employment; to replace public services with private provision; to increase individual choice in the provision and consumption of public services; and to charge consumers the full economic price for collective services (King, 1987).

As in the United States, in the United Kingdom the thrust of the government's urban policies has moved away from support for social welfare toward the regeneration of urban economies through private sector investment. Private sector institutions are targeted to receive some of the funding from the government's urban program, which distributes annual grants to cities and to institutions within them. Cities are required to consult the private sector when constructing their bids for urban program money. City action teams, task forces, urban development corporations, enterprise zones, freeports, and urban development grants have been established to encourage private-sector-led economic revitalization (see Robin Boyle's article in this volume).

The practice of transferring policy solutions from one country to another is well established. In addition, the routes across the Atlantic have not been travelled in one direction only. There has been a rhythm in the learning process that has kept time with the changing perceptions of urban problems. In the mid-1960s, for example, the British government was heavily influenced by the U.S. government's response to the social and economic crisis in American cities. When Labour introduced its "urban programme" in 1968, much of it was modeled on urban programs adopted in the United States.

However, as several American cities confronted fiscal crises in the 1970s, Britain appeared to be coping better than America was with the strains of urban change. In an effort to discover the explanation, in 1975 a Congressional committee held hearings on the question, "What can foreign cities teach American cities?" One of the suggested solutions was a system of federal grants tied to the fiscal needs of cities, so that problems in local economies would not translate immediately into fiscal crises for city governments. In fact, the Democratically controlled Congress passed the Anti-Recession Fiscal Assistance Program over President Ford's veto in 1976, and a similar piece of legislation was adopted in 1977. Funds from these programs were to go especially to cities with high unemployment levels, making these programs somewhat similar to the urban grants distributed to cities in the United Kingdom—funds meant not only to finance specific programs, but to provide general operating revenue. The antirecession programs were ended, however, by 1980.

By the 1980s, economic decline, riots, and financial crisis haunted some British cities. Attention turned once again to the American policy experience. This time the intention was to examine the claim that American cities had

successfully adjusted to the traumas of the 1970s and had discovered new ways of restoring wealth and tranquility to the urban landscape. Cities as diverse as Boston, Denver, Houston, New York, and San Francisco sprouted new skyscrapers, physical evidence of revitalized service-sector-based urban economies and the product of a transformation of local economies in response to the global restructuring of capital and the shift from manufacturing to service employment.

Differences and Convergence

The processes of global economic restructing are governed by national institutions and policies. As a result, the manner in which urban political leaders in Britain and in the United States are able to respond to economic change is rather different. For example, as Judd and Robertson's essay in this volume demonstrates, the fragmentation of power in America's federal system remains an important barrier to the redistribution of federal money toward declining cities. By contrast, the British state retains the capacity to allocate public resources to cities with social and economic problems—even if that power has not been used in the 1980s.

In the United States, national urban policy has largely been abandoned in the 1980s—that is, if policy is defined as a system of grants and fiscal assistance. In fiscal 1988 the only programs of general federal aid that remained were Community Development Block Grants (about $2.6 billion) and Urban Development Action Grants (UDAG, $300 million). The Reagan Administration eliminated the UDAG grants from its proposed budget for fiscal year 1989. To replace funds lost through the dismantling of programs, cities are instructed to make themselves attractive to private firms and entrepreneurs. If individual cities are not successful at this, the national government will not act to save the cities from the consequences. Even Mrs. Thatcher, who has substantially reduced central government support for cities, could not go this far.

Differences between the two countries' party systems are important for understanding their urban policies. The United States lacks Britain's disciplined national party system, and, as a result, federal policy making is influenced by a very large number of interest groups. In Britain, the political parties, not pressure groups, dominate national urban policy. City politicians are important representatives in the national parties, especially Labour. Of course, this can lead to conflict between Labour-dominated city governments and the Conservative national government. Indeed, antagonism between local and central government has been the most important source of conflict in British politics in recent years (Parkinson, 1985). Nevertheless, cutting off national grants to local governments is not a viable option for Thatcher's government.

The ideological traditions of the national political parties also have affected city politics in the two countries. Local Labour parties in Britain at

least have ensured that the urban underprivileged have been more directly represented in city politics than they have been in the United States. The absence of a social democratic party in the United States is one important reason why cities are so little involved in the provision of social welfare. American cities provide services, such as trash collection, street paving, water, and sewers. However, social welfare programs come from the federal government and from the states. By contrast, Labour control in Britain has meant that cities provide relatively generous levels of public housing, welfare, and education. One consequence is that city politics in the United Kingdom often concerns political issues that are much more substantial than those issues confronted by American cities.

British cities have broader responsibilities than their American counterparts, even though, paradoxically, British cities have more limited sources of income than do American cities, which can draw on sales and income taxes, user fees, license charges, and utility taxes, as well as on property taxes. However, in Britain the central government, historically at least, has provided far more financial support. That local sources of revenue are limited has been compensated for by generous central support. In this way, British cities avoided the fiscal stress experienced by many American cities in the 1970s, even when their economies declined.

The position of British cities, however, has changed over the last decade. Since 1976 both Labour and Conservative governments have cut public spending with varying degrees of severity and have forced the cities to rely more on their local resource base. Because the resource base itself has been deteriorating since 1976 for many cities, in the 1980s they now face the financial problems faced by American cities a decade earlier. This does not mean that cities are being brought to the verge of bankruptcy, but fiscal retrenchment and reductions in services and public jobs are inevitable (see Michael Parkinson's article in this volume). This change reduces the ability of cities to provide social welfare services and exacerbates the problems associated with unemployment and poverty. In addition, it marks an important, even though partial, policy shift toward the "Americanization" of urban policy in Britain.

Extreme fragmentation of local government characterizes most metropolitan areas in the United States. Authority to govern urban areas is typically divided among a large number of municipal governments and special districts, thus fragmenting political power and encouraging segregation along class, income, and racial lines. The older cities are surrounded by suburbs, and many of the suburbs exist primarily to ensure high property values and low taxes for their residents. Fragmentation and segregation have become even more pronounced in the 1980s.

In Britain, by contrast, the continual national reorganization of the structure of urban government has, in the past, adjusted metropolitan boundaries to keep up with population growth at the periphery. However, the abolition of

metropolitan-wide governments by the Conservatives in 1985 has edged Britain in the direction of the American pattern because it reduces the redistributive and strategic planning capacity of urban governments, especially those of central cities. As several of the essays in this volume indicate, recent political decisions mean that the paths of urban change in Britain and America may be converging.

However, it is important not to overstate the degree of convergence. Even though it has eroded during the past decade, the "safety net" of programs making up the British welfare state remains a crucial difference between British and American cities. Even the most prosperous American cities contain extremes of wealth and poverty that are exacerbated by the absence of programs such as national health insurance, long-term unemployment compensation, and public housing. The federally funded social welfare programs that exist include large portions of the poor and working classes in the United States.

Economic Regeneration and Uneven Development

How well established is the economic regeneration of American cities? Are there lessons that can be applied to the recovery of British cities?

One important lesson is that there are costs as well as benefits. Most large cities in the United States have experienced a renaissance since the mid-1970s, but the benefits of prosperity are not shared by all groups. High-tech, service-sector-based economies do provide highly paid jobs for those with professional and management degrees, but offer only minimum-wage or lower-paying jobs for an army of unskilled workers. An almost universal consequence of revitalization is a high degree of social, economic, and spatial segregation. Groups locked out of the economic mainstream will not be drawn in by economic growth, unless it is channeled and targeted much more effectively than it has been in the past. This also applies to Britain (see the article by Martin Boddy in this volume).

Only recently have British cities been confronted with the systematic, highly visible racial problems that have beset the United States for more than half a century. Thus far governments in Britain have not responded effectively to demands for racial equality and opportunity (see the essay by Gideon Ben-Tovim about the Liverpool experience in this volume). However, one wonders whether any useful lessons can be learned about achieving racial justice from a study of American cities. Racial segregation and inequality remain intractable problems in the United States.

Even sympathetic black administrations face difficulties in implementing strategies that promote economic growth while simultaneously protecting the interests of racial minorities (Judd, 1986). Chicago's economic development policy attempts to do this through linked-development programs (see Michael Preston's article in this volume), but as Michael Smith's essay points out, such

linked development typically benefits developers more often than any other group.

The growth of upper-echelon, service-sector jobs has pulled into the cities groups that demand housing commensurate with their buying power. Gentrification of older neighborhoods has provided some of the housing stock for these new residents. Public money often underwrites this process, because urban development funds are used to improve the security and environment in areas designed to attract the new professionals. Rents and property prices are forced up, and low-income residents are displaced into other parts of the city, a process described by the Fainsteins' study of New York City in this volume. The effect has been to create oases of highly desirable, high-income property isolated in the midst of low-income, run-down neighborhoods. When the process happens very rapidly, such development imposes enormous pressures upon local housing markets.

Similar effects may be observed where high-rise corporate office blocks and up-market downtown shopping malls spring up (Fainstein and Fainstein, in this volume). These large-scale developments constitute important amenities for the white-collar professionals and affluent shoppers who use them, but the benefits are not shared by low-income groups in surrounding neighborhoods. Thus, urban revitalization often reinforces inequality among the various income groups and neighborhoods that share space within cities.

It is naive to assume that economic revitalization can benefit all groups. The reality of the market dictates that some will benefit, but others must pay the price of economic "success." Private sector policy models assume that there will be competition among groups, neighborhoods, cities, and regions for national economic resources. Inevitably, there must be losers in the competition.

Additionally, the competition increases the public cost of failure. Every region and city is forced to offer incentives in the form of subsidies, tax breaks, and public assumptions of development costs. The competition guarantees that losers are paying more to fail, and that winners also pay more for the success (private investment) they might have enjoyed anyway. Even when investment seems to follow subsidies, it is often difficult for city governments to recover the public costs they originally incurred.

Important questions remain about the long-term social value of such publicly subsidized growth. The price of economic success in one location has to be paid by failing communities elsewhere, and there is no guarantee that "success" will last. Houston's experience, described by Joe Feagin in this volume, dramatically underlines the point that today's economic successes can become tomorrow's failures. The rapid rise and fall of the Texas oil- and agriculture-based economy—and the ensuing impact upon the economic, fiscal, and social health of Houston—demonstrate the real costs of rapid growth for developing and declining regions, as existing capital investment is abandoned in one place to be recreated in another.