1. Introduction

1.1 The scope of this conference is wide. In the time available to me in this talk I cannot address all the issues involved. Rather I wish to highlight a number of themes and challenges which may arise during this conference. My talk is based on variety of projects I have undertaken recently on the themes of globalisation, governance, partnership building and urban policy making.

2. What is the challenge for urban policy?

2.1 What is the economic and social condition of our cities in the new millennium? They are the best of places and the worst of places - a Janus like phenomenon. We see prosperity, energy, creativity and innovation cheek by jowl with poverty, exclusion and deteriorating neighbourhoods. The concentration of economic, physical and intellectual resources makes many of them centres of prosperity, creativity, culture, communication and innovation - the dynamos of the European economy. Some of Europe's larger cities play important roles as the command and control centres of a rapidly developing global economy. But at the same time many cities are experiencing declining economic competitiveness, growing social exclusion and physical and environmental deterioration - making them a drain on Europe's potential economic performance and its social stability. The key social face of cities and regions is the emergence of social exclusion which is growing in rich as well as poor areas, in growing as well as declining areas. The growth in social exclusion is intimately connected to, and partly caused by, the search for economic competitiveness. But at the same time the growth in social exclusion is limiting the economic competitiveness of our cities and regions.

2.2 Of course, urban Europe remains enormously diverse. There is not a single model of a European city and the challenges are not the same in every city. Important differences in their economic structure and functions, social composition, size and geographical location shape the challenges cities face. Equally, national differences in traditions and cultures, economic performance, institutional arrangements and government policy have an important impact upon cities. The problems of global cities like London or Paris are not those of medium-sized cities. Declining large industrial cities with exhausted manufacturing economies, less skilled work forces and substantial immigrant communities face different dilemmas from fast growing cities based upon high tech industries. Cities in the periphery face different economic, social and environmental challenges than those at the centre of Europe.

2.3 Nevertheless, despite the differences between them, cities are affected by common trends and face common challenges. In particular, the key challenge they face is to increase their economic competitiveness but at the same time to reduce social exclusion. Cities face this dilemma whether they are large or small, growing or declining economically, at the core of periphery of the European territory. And the challenge confronts decision-makers at all government levels - European, national, regional and local - and in all three sectors - government, private sector and civil society. Indeed this is the link to this conference - the need to develop new processes of decision-making which will achieve solidarity, encourage participation, strengthen partnerships but at the same time reinforce the democratic process.

2.4 However, although the challenges are faced by and within cities, they are caused by a number of structural changes which are taking place outside cities and are primarily beyond their control:

- economic globalisation - with power going upwards from the nation state and the loss of local control;
- economic restructuring - which is creating divided labour markets and the Porsche-hamburger economy;
- competition between cities, regions and nations as well as firms;
- the restructuring of welfare states.

2.5   Rapid changes in the economic environment caused by internationalisation and industrial and corporate restructuring have transformed the character of local economies. They have brought a more fragmented labour market, a decline in manufacturing and rise in the service sector, high levels of structural unemployment, an increase in part time, insecure and low paid employment, a shift in the balance of male and female employment and a growing gap between the highest and lowest household incomes.   These changes are not only found in cities where the economy is in decline or during periods of recession. They are also a feature of booming economies. Growth does not guarantee an increase in the number of jobs.   Instead, capital intensive production methods reduce them. And many potential workers in the most successful cities lack the skills needed in modern industries. Growing polarisation in incomes, employment quality and job security has occurred in cities with very different economic trajectories across the European Union.

2.6   They have encouraged uneven social development which is increasingly played out on a spatial level in our cities and regions. Social exclusion is different from the concept of poverty from which it developed:

- it is more dynamic, more relational, more multi-dimensional, a process as well as a condition;
- it involves not only labour markets but housing markets and social welfare systems;
- it has to be tackled through many policy areas;
- it needs an integrated rather than a sectoral approach.

2.7   Achieving the latter - an integrated approach - remains a key challenge for all governments at city, regional, national and European level. Many have not yet addressed the challenge. Some have attempted to do so.   A few are succeeding. But much more needs to be done.

3.   Governance constraints upon sustainable urban regeneration

3.1   The challenge of achieving sustainable development does not take the same form or intensity in every European city. The precise patterns vary from country to country and city to city partly depending upon national economic trajectory, labour market policies, welfare state policies and citizenship rights. However, despite such differences, there are a number of common financial and institutional trends which affect the capacity of cities to achieve sustainable regeneration. These include :

- growing political and public concern about rising levels of public expenditure and taxation which has made national governments anxious to reduce levels of public expenditure. The pressure for financial orthodoxy has been increased by the needs of EU member states to meet the convergence criteria for EMU. There will be fewer public resources available in future - and cities will have to shoulder their share of the burden;
- as national governments attempt to roll back the public sector, there has been the increasing substitution of private for public provision in many policy sectors - in housing, welfare, training and education, transportation, infrastructure and communications;
- a decline in service provision by single public agencies and the growth in mixed models of service delivery and public provision;
- increasing decentralisation of responsibilities - if not always resources - away from central government to regional and city governments;
- paradoxically, despite, the first four trends, the pressure for increased public services and expenditure is growing. Social and demographic changes mean there will be more old people, more single parent families, more women in the labour force, growing social exclusion. In the countries of the former Eastern bloc, in addition to

_____

problems on revenue budgets, there will be huge pressures to modernise and upgrade their physical stock which will affect budgets at national government and European level.

3.2   The combination of these trends means that cities in the next decade will face growing social exclusion but increasing financial pressures in a more complex, fragmented institutional environment. Cities will need to be more creative, more institutionally innovative in finding financial packages which will allow them to fund programmes and projects which will contribute to their economic competitiveness but reduce social exclusion.   Increasingly partnership models will be required. The challenge of devising effective models of governance will become increasingly urgent.

4.   National urban strategies

4.1   European countries have different economic and social trajectories, different institutional frameworks and cultures and different urban systems and policies.   But despite this diversity, during the 1990s there has been a convergence of views about the problems they face and the kinds of policy responses they should be adopting. In all countries, policy makers are confronting growing social exclusion in urban areas created by globalisation, economic restructuring, technological change, institutional restructuring and urban competition.   All are grappling with the need to reduce centralisation, improve the performance of national and local governments, de-bureaucratise delivery systems and create partnership mechanisms and cultures.   Equally, they have all moved, if in different ways, in the direction of area-based approaches.

4.2   National policies are an important part of the context in which cities have to respond to change.   The institutional, financial, planning and legislative frameworks still vary enormously between European countries.   Nevertheless, three trends which transcend national boundaries are worth noting.   The first is that the balance between national, regional and local responsibilities and powers has been changing in many European countries.   In particular, there has been a growing pattern of decentralisation of powers and responsibilities to lower levels of government.   Traditionally decentralised countries like Germany have continued that process.   But even countries more traditionally centralised like Belgium, France, Spain and Italy have been creating or increasing the authority of regional and urban institutions during the past decade.

4.3   National motives varied.   Sometimes the changes were in response to regional demands for greater territorial autonomy.   Sometimes governments were anxious to dismantle centralised decision-making systems created in the post-war period. Sometimes national leaders were anxious to shift responsibility for difficult problems of urban economic restructuring down to local level.   The degree of national fiscal support given to regional and urban institutions to face their new responsibilities varied and induced differing degrees of financial difficulties. Nevertheless, the important point is that decentralisation created greater autonomy and political space at the lower levels of decision-making, which many of Europe's most dynamic urban and regional leaders exploited to develop new political roles for themselves and new economic strategies for their areas. By contrast, where countries did less to decentralise as in Portugal, Greece, Ireland and Britain, cities and regions have fewer powers and perhaps less capacity to generate local responses to economic restructuring.

4.4   A second general trend has been the emergence of more explicit national urban strategies in many European countries.   The countries which urbanised first and hence experienced urban decline first - Britain, France and Germany - were the first to develop systematic urban policies.   The process which began during the late 1960s increased in the 1980s.   But the trend emerged in many other countries during the 1980s.   The scale and sophistication of national strategies still varies and they remain relatively under-developed in

_____

some countries, but national recognition of the importance of cities and problems strengthened throughout the 1980s 1990s and should continue.

4.5   A third trend has been growing recognition of the economic opportunities for cities. This was encouraged by increased awareness of the importance of economic competition between nations and cities during the 1980s and the potentially increased pace of that process after the creation of the Single European Market.   Urban leaders became more aware of the need to avoid falling behind the already successful European cities and sought to identify new economic niches in the European economy.   But national leaders also became conscious of the potential contribution of cities to national economic competitiveness and performance.   In particular, in many countries the contribution of capital and larger cities was acknowledged and the governmental restrictions that had been placed upon their growth by redistributive regional and planning policies in the 1970s were frequently relaxed during the 1980s. This encouraged the economic and population resurgence of many cities but also encouraged the growth of economic competition between European cities. In these three ways, national strategies guarantee that cities will remain high on both domestic and European agendas. That will be encouraged by the growing interest of the European Commission in urban problems and opportunities, which has also led to an increased and sharper policy focus upon urban issues.

5.   From government to governance - the growth of partnerships

5.1   Partnership is a vogue word.   Governments, business, local authorities,   the community and voluntary sectors increasingly subscribe to the value and virtues of partnership. The principle has been extended to a wide range of policy sectors - training, housing, community care, social services, community and urban regeneration. This growth of interest in partnerships is uncontested.   But its virtues and achievements are not.   The concept is ambiguous. It means different things to different people.   Some regard the idea as a uniquely valuable way of addressing the changing world that local institutions face.   Others see it as a way of distracting attention from many economic, legal, institutional and financial constraints that cities face.

5.2   However, achieving partnerships is not easy. It requires integration between:

•   the public, private and community sectors;
•   different policy sectors including housing, education, training, welfare taxation and benefit systems, economic development;
•   different parts of the public sector, especially within national government administration.

Achieving this integration and creating partnerships between key agencies remains a major problem in many countries and cities.

5.3   Also when setting up partnerships, partners have to address a set of key questions:

•   clarity - is it clear to all partners what the function and authority of the partnership is and where responsibility lies for decision-making and implementation?
•   resources - are there dedicated resources to drive the partnership agenda through the whole local or national government department; do the resources for the community partner match what is required for them to participate fully?
•   is there commitment throughout partner organisations and is this matched by training and incentives to encourage partnership working?
•   are agency partners co-ordinating their own working or do community partners have to cope with the fragmentation and territorial disputes before they can address their own concerns?

_____

- does the partnership acknowledge and work with conflicting interests - or are these swept under the table to emerge in frustrating and disillusionment on the part of those whose views are excluded?
- accountability - how is the partnership accountable and what support is offered to community representatives to ensure they are fully kept in touch with their constituency?

5.4   Experience suggests that to be successful partnerships need:

- a clear vision which is commonly developed and owned;
- clarity about what different partners will do and not do;
- critical mass - having a few major projects to provide a focus;
- targeting - adding value by doing only things which they can do;
- leadership from the top but wide teamwork;
- equality between partners;
- to review activities and be prepared to change.

5.5   But researchers and policy makers need to test the assumptions which underlie partnerships - that they are an effective way to mobilise different partners to respond to social solidarity and that they bring added value.   In particular they should:

- test the assumption that the private sector brings resources and is remains committed to the regeneration process over the long term;
- attempt to assess the impact of partnerships in terms of delivering results as well as the process of decision-making;
- assess whether partnerships can achieve as much in economic development as they can in social policy areas;
- assess whether the benefits of partnerships outweigh the costs as a form of decision-making.

6.   The spatial architecture of urban policy

6.1   There is growing political recognition that exclusion threatens sustainable development in many cities.   It has encouraged an increasingly urgent search by many governments for successful ways of integrating excluded urban communities.   In particular, it has encouraged the use of area-based initiatives.   The trend is most marked in northern European countries which urbanised first and experienced economic, social and environmental decline earliest - Britain, France, the Netherlands.   Policy approaches vary between countries but most attempt to promote innovation in the preparation, packaging and delivery of services to particular groups, often concentrated within particular areas and neighbourhoods. They attempt to:

- improve the integration of policy making at European, national, regional and local levels;
- promote the horizontal integration of policies across different policy sectors;
- link mainstream policies with specific anti-poverty or area-based initiatives;
- develop new cross-sectoral institutional arrangements for the delivery of programmes which widens the range of actors involved.

6.2   This debate also raises the question of what is the right spatial scale at which to intervene - the region, the city or the neighbourhood? This may vary across policy sectors. For example, in terms of economic policy - labour market, transport, infrastructure, planning issues - the wider regional framework might be the most appropriate spatial level.   By contrast, for addressing social exclusion, the neighbourhood might be the most appropriate level.   Just as policy cannot be confined to neighbourhood initiatives but must connect to the wider city, the fate of urban areas cannot be considered outside their regional context. This is particularly the case in terms of labour market.   It may never be possible to find enough jobs

_____

for excluded people within the excluded community. There needs to be a strategy for the wider labour market. If area-based approaches towards excluded communities are adopted, there is still a need to develop mechanisms which link them strategically to the economic and social mainstream of the wider urban and regional areas.

6.3   The relationship between cities and regions is crucial - they can not and must not be separated. There is a growing recognition that economic, social and institutional links between cities and regions are becoming more complex. Just as urban regeneration cannot be confined to neighbourhood initiatives but must connect to the wider city, the fate of urban areas cannot be considered outside their regional context. The threats and opportunities faced by cities are similar to those faced by regions and equally the challenges for regional policy are similar to those for urban policy. A recent OECD review of developments in regional policy, for example, identified the following trends:

- a shift in the goal of policy away from the simple goal of achieving regional equality to one of economic competitiveness;
- new territorial bases for regional policy, with a greater recognition not only of sub-national territories but of the role of regions in their national and international contexts;
- the state is ceasing to be the lead actor in policy with the move towards the enabling state and broad partnerships between state, industry, and community involving the transfer of skills, new forms of joint financing and new structures based on equality rather than hierarchy.

6.4   These trends in regions are identical to those faced by cities and by urban policy. But in the past governments have not recognised the scope for institutional and policy collaboration between cities and regions. The policies for the two sectors should be more closely aligned in future - at both national and European level. Cities and regions often do not function well together even though problems and opportunities typically cross urban and regional boundaries. There is not an artificial distinction between them. But typically this is not recognised which gives rise to such problems as:

- fiscal exploitation with the region using but not paying for services provided by the city;
- the physical segregation of excluded communities with an unwillingness across the region to collaborate and share services and financial responsibility for those communities;
- local tax regimes which encourage municipalities to compete against each other;
- administrative boundaries which are often too narrowly drawn to make economic or social sense.

Such problems need to be addressed more systematically by both national and European policy.

7.   Partnership and urban regeneration - the European experience

7.1   I recently examined cities in countries with both similar and different economic, social and political systems and traditions to Britain looking at partnership and area-based approaches to increasing social solidarity in cities. Their experience underlines some general points for this conference. The cities are Lille in France, Dublin in Ireland, Rotterdam in the Netherlands and Copenhagen in Denmark. The countries vary in population size from 60m in France to 5m in Denmark. They vary in the degree of centralisation from the tightly centralised Irish to the decentralised Danish system. They vary in the scale and nature of their welfare state provision from the corporatist model of Denmark and the Netherlands to the minimalist system in Ireland. And they vary in their economic structure and performance from the successful high growth, high value added, diverse economies of the Netherlands and Denmark to the rapidly modernising Irish economy.

_____

7.2   Policy makers in these countries not only share common administrative and technical dilemmas. They face common political challenges.   Developing integrated and area-based solutions to the structural problems of social exclusion presents a variety of such challenges, including:

- generating political support for the principle of area based initiatives;
- generating long term financial and institutional resources for them;
- integrating the priorities, policies and programmes of central and local government departments;
- bending the priorities of mainstream programmes and agencies to excluded areas;
- involving the private sector in meaningful policy-making and implementation;
- empowering communities;
- achieving partnership;
- achieving transparency and accountability for partnership mechanisms.

7.3   The degree of progress achieved in different countries has been affected by a variety of factors including:

- the national institutional framework especially levels of centralisation;
- the capacity, contribution and commitment of the public, private and community sectors;
- the nature of working relationships between different sectors.

7.4   Progress has been made in many of these areas. However, in each of them there is a long way to go before such institutional difficulties will be overcome. Their experience underlines the point that two decades of experience have taught us in Britain - resolving these administrative and political challenges is not easy and must be a continuous process. Securing long-term financial and political support for special initiatives, achieving inter-agency working, bending main programmes and resources, getting the right fit between area-based initiatives and strategic conurbation level responses, encouraging partnerships, engaging the private sector and empowering communities are increasingly goals of urban policy in many European countries and cities.   But achieving them is proving as great a challenge to them as it is for the British.   They, like Britain, have a considerable distance to travel before they have resolved these dilemmas.

Vertical integration - the balance of power between national and local institutions.

7.5   To work effectively, area-based responses require vertical integration and in particular a shift in the balance of power between national, regional and local governments. This issue is challenging for all the countries in this study, many of which have centralised systems of government.   None of them has very powerful regional level government. France experienced a process of decentralisation at the beginning of the 1980s, but regional governments are not as powerful as many outside the metropolitan elites had hoped.   The Irish experiment with regional councils is only three years old and has borne little fruit to date. The Netherlands is introducing sub-regional level government in the metropolitan areas but the system remains under-developed.   It is actively attempting to decentralise, but the system has a long way to go. Provincial councils in Denmark have few real powers in relation to local authorities. Denmark has the most decentralised system but, in the interests of fiscal equity, national government retains considerable influence over the finances and policies of local authorities.

7.6 The two most centralised countries in my study are France and Ireland.   In both cases, the standing, resources and capacity of local authorities is low.   In Ireland, there is a recognition of the need to devolve power from national government, to improve the capacity and performance of the public sector generally and local authorities in particular.   But the process is only beginning and there is not yet a clear indication of how far it will proceed.   In

_____

France, there is substantial local demand for a second act of decentralisation to match the reforms of 1982, which have not delivered as much as had been hoped. Local policy-makers argue that to improve urban policy there should be a national commitment to reduce national state power, rationalise the structure of local government and administration and improve the capacity and performance of local government. It is not clear that the national government shares the view that change is needed. In all four countries, persuading national politicians and officials to let go of power and influence remains a necessary, but unresolved, task.

Partnership between the public, private and community sectors.

7.7   Partnership is an explicit goal in many countries. But the progress made towards more partnership based decision-making varies. Involving the private sector has proved difficult in most of the countries. Often there is little tradition of direct private engagement in local decision-making and little incentive to participate. Sometimes the sector is not asked, partly depending upon national culture and traditions. The French have probably achieved the least in this field. The role of the central state, despite the 1982 reforms, has made it difficult to engage the other two sectors. The effort to achieve partnership working in France through the contract systems has been confined to making the different part of the French state - national departments, regions, departments and communes - co-operate rather than creating partnerships with the private and community sectors.

7.8   Equally there are problems of empowering the community sector in all four countries. The degree of centralisation in France and Ireland has traditionally left little space for communities to participate in decision-making. In Ireland, when it was attempted, it left the new partnerships in an anomalous political position with some difficulty in demonstrating their legitimacy. Where community empowerment is being attempted, as in Denmark, a range of familiar problems emerged:

- the lack of community capacity and resources in relationship to professionals and the public sector;
- low levels of community interest and worries about activist burnout;
- worries about community representativeness;
- awareness of the long term commitment required to empower communities.

There is considerably greater awareness of the need to engage communities directly in at least three of the four countries in this study. And progress has clearly been made in all of them. But the dilemmas of real community empowerment continue, even where there has been real political commitment.

The relationship between economic, social and environmental approaches to social solidarity

7.9   There cannot be a single point of entry to the multi-dimensional problem of social exclusion which has inter-related economic, social and environmental causes. Nevertheless, government policies have often not recognised that dilemma and at different periods have adopted a one-dimensional approach to the challenge. As in Britain, the approach to, and the priorities of urban policy, have varied over time. But once again, there has been a degree of convergence as the four countries, at different rates, have gone through the policy changes experienced in Britain. The priorities have gradually changed from an initial concern with physical infrastructure, to a welfare-based approach and most recently to a greater concern with the underlying economic potential and performance of excluded areas and communities.

7.10   In every country, the process of regeneration began by focusing upon physical investment. In France during the 1970s and early 1980s the emphasis was more upon economic infrastructure than upon housing - which was the initial target in Denmark and the Netherlands. The second wave of in the mid-1980s policy focused more obviously upon the social dimensions of exclusion, adopting community-based, welfare oriented strategies.

_____

However, in all four of the countries, the focus has increasingly shifted to the economic dimension of exclusion, with efforts to address it through labour market strategies as well as trying to engage the private sector in the process. In future, the challenge for government, including Britain, will be to recognise the links between the three dimensions and avoid the belief that a single pronged attack - for example, either through community development or flagship projects alone - will work.

Achieving political support for cross-departmentalism

7.11   Two political targets are particularly difficult to achieve. Integrated area-based policy making calls for a shift towards cross-departmental working as well as the bending of resources towards excluded communities. These have not been easily attained in any of the countries. Functional specialisms and departmental political self-interest have proved difficult to break down everywhere. Every national government has recognised the need to focus upon this explicitly and has created, cross-departmental teams of politicians and/or officials. Ireland initially placed responsibility for the policy in the Taoiseach's office to give it political weight. The Dutch appointed a Secretary of State with a modest budget to mobilise support for the policy. The French created an inter-ministerial and inter departmental committee. The Danes equally created an Urban Commission with senior Ministers involved to attempt to get a cross-departmental collective response. In most countries there have been some clear gains and in particular there have been improved working relationships between officials. In general, getting support at cabinet level or from the prime Minister's office, is most helpful. But achieving substantial department commitment and changes in attitudes, priorities and behaviour remains a major challenge in all the countries.

Mobilising and concentrating scarce resources.

7.12   Mobilising and concentrating resources has also proved a challenge in all countries. The scales vary but in every country the direct resources going to the partnerships are modest. And they are essentially an effort to encourage additional expenditure from other agencies, reorient existing resources or to achieve greater impact from existing resources through increased synergy. Estimating the existing level of investments in the areas, as well as the additional level of resources brought in to them, is extraordinarily difficult in all countries. There is little area-based accounting to provide the figures. The additional resources are smallest in Ireland with the Area Based Partnerships receiving only c£250k annually. In Holland, France and Denmark the initiatives typically receive about £2m new money from national government per year. Such resources are always welcome. But in every country there are questions of whether they justify the degree of effort involved in attracting them or whether they bear any clear relationship to level of need.

7.13   In addition to mobilising special resources, there are problems about concentrating them sufficiently. We have seen that an important political objection to area-based programmes is that they inevitably favour the designated areas at the expense of the others. The practical consequence in every country is that enormous political pressure has built up to increase the number of areas which are eligible for the special programmes. And just as in Britain, where 31 City Challenges were replaced by over 600 SRBs, governments have found it very difficult to resist such pressure. Ireland started with 12 Area-Based Partnerships, but increased to 38. France began with 12, but increased to 214 *Contrats de Villes*. The Dutch started with the 4 big cities, but have extended the initiative to 26. The Danes are moving in the opposite direction, having recognised that the first initiative was too dispersed. They have reduced the current initiatives to 7. But mobilising sufficient resources to make a significant impact upon an area, without generating resentment and envy amongst those left outside, remains a constant fine political balancing act.

Linking neighbourhoods to the economic and social mainstream.

7.14   The current policy debate is less about the principle of area-based interventions, than about the right spatial levels at which to tackle exclusion and, in particular, how to integrate

_____

area-based approaches with wider conurbation or regional level strategies. This is most clearly in the two countries with the longest experience of area based approaches - Britain and France. This debate is now very important in Britain. Government plans for Regional Development Agencies, its review of urban policy as part of the Comprehensive Spending Review and proposals by the Local Government Association for city-wide contracts have moved the debate beyond the merits of Challenge-based systems. But it is unclear how partnerships at city wide level will operate and what mechanisms and processes will emerge to reconcile regional and local interests.

7.15   A similar debate is taking place in France where the government is also undertaking a fundamental review of the '*politique de la ville'*. Amongst many French policy makers, there is a strong view that a decade of contract based initiatives, recently overlain by centralist and market oriented interventions, has left urban government fragmented and urban policy incoherent - pursuing welfare as opposed to developmental policies which are targeted at the wrong spatial level. There is also a view that policy has been too led by the process of central grant giving and local grant getting, than by the long term strategic needs of urban areas which focuses upon programmes, capacity, delivery and performance. The French policy review has not been completed, but the indications are that policy will move away from the most recent *Zone Franche* market based models and build upon the traditional *Contrat* and area-based models. But it will concentrate resources more. In particular, there is likely to be a greater focus upon: the wider conurbation as opposed to smaller areas, a limited number of big cities with larger problems and an economic development as well as a welfare oriented strategy.

Are the policies working and for whom?

7.16   There are essentially three types of problems, experienced to different degrees, in all the countries which make it difficult to answer this question:

- serious evaluation as opposed to monitoring is sometimes not being undertaken. This is most clearly true in France where little exists and there are no plans to extend it;
- it is difficult to disentangle the effects of a range of policies and attribute causality;
- it is to soon to tell. The policies have been in place for so short a time that the results are not in and it would be unreasonable to make judgements.

7.17   It is difficult to find conclusive evidence yet in any country of identifiable improvements in the social and economic circumstances of the areas or individuals that can be clearly attributed to the policy intervention. But this raises the broader question of what the policies are actually trying to achieve and what constitutes success: economic development, job creation, reduced poverty, racial integration, increased community capacity, environmental improvements? Policy-makers' views on those issues differ. For all these reasons, it is easier to get policy-makers' perceptions of the success of the policies than to get measures of impact.

7.18   Nevertheless there was a broad consensus in all four countries that area-based initiatives have changed and improved the processes of decision-making. This raises a wider question about the purpose of the policies - is the process of partnership building and the integration of partners a sufficient goal for the policy. It can be argued that administrative change is a necessary condition of success but not a sufficient end in itself. However, the more persuasive argument is that such gains - encouraging community empowerment or more integrated approaches - are themselves likely to reduce the institutional dimension of social exclusion and must therefore be seen as important achievements in themselves.

Policy implications

_____

Michael Parkinson: European Institute For Urban Affairs

7.19   European countries and cities are at different stages in terms of the extent and nature of social exclusion they experience. They are also at different points in designing policy to address it.   Since social exclusion is a multi-dimensional phenomenon, addressing it successfully requires a multi-dimensional - not a sectoral - policy approach.   It requires both the horizontal and vertical integration of decision-making systems.   Horizontal integration is needed between: the public, private and community sectors; different policy sectors like education, housing training, transport, justice, welfare and tax systems; different elements of the national and local government machinery.   Vertical integration is needed between European, national, regional, city and community levels.

7.20   The objectives which, in principle at least, underpin current British policy - encouraging partnership between state, market and community; attempting to integrate government policies at horizontal and vertical level; attempting to empower communities; linking area-based initiatives to metropolitan wide strategies; focusing upon the economic dimensions of exclusion - are increasingly the policy objectives of other European countries when addressing social exclusion.

7.21   My view is that we need to ensure a long-term commitment to sustainable neighbourhood regeneration at all levels of government.   It requires from local authorities, regional agencies and central government:

- visionary city leadership, effective partnerships and a strategic approach to urban regeneration;
- secure commitment of mainstream departmental spending to neighbourhood regeneration;
- strong links between regional economic strategies and neighbourhood regeneration;
- the need to co-ordinate funding streams and consultations with communities;
- the need to provide a strong Ministerial lead on urban regeneration which will ensure: the co-operation of key departments; greater policy integration at neighbourhood level and effective monitoring and dissemination of good practice.

8. What role for the European Commission?

8.1   Throughout the 1990s the European Commission has played a bigger and bigger part in trying to increase the economic competitiveness of cities but reducing social exclusion in them. Its policy has broadened and deepened to grapple with the complex mix of opportunities and problems different European cities face. We have now reached a watershed with the publication of 'Sustainable urban development in the European Union: a framework for action'. The document was launched at the end of 1998 in the Urban Forum in Vienna. It is the definitive word on how the Commission sees our cities and how it intends to help. How good is it and what key policy issues does it raise for all of us working in living in European cities?

8.2   The Commission is proposing 24 actions to meet four broad challenges faced in our cities: strengthening economic prosperity and employment; promoting equality, social inclusion and regeneration; protecting and improving the urban environment; contributing to good urban governance and empowerment.   It plans to respond to them by encouraging and financing more integrated, area-based and partnership actions at national and local level and facilitating the exchange of good practice about urban regeneration through a range of institutions and networks.

8.3   In fact the document has received a good reception in many quarters. There is clearly substantial support for its overall principles and framework. People have accepted its key principles are right. It builds upon good practice at European and national level. It moves beyond the Commission's previous policy documents. That is the good news. But the Commission's plans raise some big issues which we have to face. I can identify six:

_____

- making sure we mainstream urban issues in wider EU policies;
- integrating the policies of key partners;
- bringing in important missing policy issues like housing;
- building bridges between cities and the Commission;
- getting the right spatial architecture for urban policy;
- finally moving beyond rhetoric to action.

Beyond initiatives to mainstreaming the urban agenda

8.4   A key issue for many cities is the link - or lack of it - between the document and the reform of the structural funds proposed in Agenda 2000. In particular many are concerned that the potential opportunities of increased support and resources from Agenda 2000 are outweighed by the proposed demise of the Community initiative, URBAN. They believe that URBAN has delivered high quality projects; encouraged the principles of integration, partnership, targeting and subsidiarity in member states which do not always practice those principles themselves; forged valuable direct links between the Commission and cities; had given Commission support to cities outside Objective 1 and 2 regions.

8.5   However, even if we recognise the value of projects supported by URBAN we must nevertheless be more sceptical of it as a policy principle. The evidence from many countries is that the economic and political weight of special initiatives like URBAN, are relatively modest in relation to need or to the resources being invested in cities. As a result, however good individual URBAN projects are, they have a relatively minor impact overall upon cities. We should recognise that the URBAN initiative has probably served its purpose and that it is now time to move on. We will achieve more by concentrating our energies upon the Commission's mainstream programmes and making them more sensitive to cities through revised guidelines than by attempting to rescue the more visible - but in the end less important - initiative.

Improved governance - achieving integration.

8.6   The framework clearly represents a more integrated approach to urban issues by the Commission. The plan for a Commission inter-service group to encourage further integration is welcome. But it is clear that the Commission has much further to go, including linking ESF and ERDF, to achieve a more integrated approach.   Indeed, many ,including EUROCITIES, argue that we need a Commissioner for Urban Affairs to really achieve such integration. This idea has received a mixed response from European politicians, whose national experiences of such an initiative are mixed. But the idea is unlikely to go away. Whatever happens, the Commission will have to begin to deliver on the expectations of greater integration raised by the document.

8.7   At the same time, it is very clear that member states and local authorities still have to get rid of their traditional functional and departmental boundaries and their sectoral approach to policy making to deliver a more integrated approach to urban policy. In particular, many member states have yet to accept the key policy principles is encouraging. It is important that when revising the guidelines the Commission should insist that member states endorse those principles when applying for structural funds so that cities' interests cannot be ignored by unsympathetic national or regional governments.

Housing - a missing link between competitiveness and cohesion?

8.8   Housing remains a central issue for urban policy. There is a huge demand for the Commission to recognise that next to jobs - for which it has responsibility - that housing - for which it does not - was the most important element of urban policy. There is substantial support for the view that if it cannot finance mainstream housing activities, the Commission

_____

should at least support housing related regeneration activities, including for example, training programmes, community capacity building, the provision of community facilities and environmental improvements. Again there is considerable experience to build upon in different countries which cities and the Commission could pull together so that we do not reinvent the wheel.

Building bridges between cities and the Commission.

8.9   In future, cities may have to make their cases indirectly through regional and national government structures and intermediaries. To sustain the gains of the past years, cities will need to find a new way of putting their case directly to the Commission. In turn, the Commission will have to find a way of receiving and negotiating cities' demands. This will demand political goodwill and institutional creativity at both local and national level.

8.10   However,   cities will also need to develop better links with their own national governments. Cities cannot expect the Commission to deal with all the problems or opportunities that European cities face. These will have to remain essentially a national responsibility. The crucial issue is to determine where the Commission can genuinely add value to cities, rather than adopting the begging bowl policy which demands European money simply because social exclusion exists in cities. Also, the cities must pull more together in their common cause rather than asking for special attention for the interests of large, or the medium sized or the smaller cities as they sometimes do.

8.11   At the same time European cities need to decide what priorities they want for an EU urban policy. They must in particular consider the relationship between economic competitiveness and social exclusion and determine whether they want a more needs based urban policy which focuses upon social exclusion or one which is more opportunity oriented and focuses upon the economic changes and the potential of cities. A number of commentators have argued that the implications of some of the major economic trends shifts had been overlooked in the Commission document and that it should be anticipating the policy consequences of those emerging trends rather than simply reacting to familiar forces. The Commission will need greater clarity from cities on what they really want on this crucial issue.

The right spatial architecture of urban policy

8.12   Arguably the most significant part of the framework document are the Commission plans to introduce Integrated Urban Development Plans. These will require that cities are integrated into regional development plans, as a central feature of structural fund negotiations in future. Although confined to Objective 1 and 2 regions, this is an important breakthrough which places cities at the centre of regional policy. In the short term, they would attract more support and resources for cities. But in the longer term the plans could be a lever to achieve much better working relationships between cities and their regions. This idea has enormous potential whose implications have not yet been explored.

8.13   The challenge is to develop the right spatial architecture for urban policy so that different levels of government - European, national, regional and local - can make the best intervention - whether at neighbourhood, city, sub-regional or regional level. The proposal for Integrated Urban Development Plans open that important debate. The approach is already being explored in an number of countries - for example, in France with Contrats d'agglomeration and in the UK with the Local Government's Association plans for conurbation wider strategies in its New Commitment to Regeneration. Both echo the essential principles of Territorial Action Plans proposed by EUROCITIES. There is much to be worked out. That must be part of the next phase of work.

_____

Beyond rhetoric to action - what next?

8.14   There is now a lot to play for. The important momentum that has been started must not be lost. The principles have been accepted but the crucial thing is now to put them into action. In terms of high politics, the battle to support the cities must be sustained. All European cities should exert pressure upon national governments so that they support the Commission's more ambitious strategy. In the coming year the Commission will have   a great deal of work in developing and operationalising many of the crucial principles and implicit commitments which it and the Commissioner have made. To help it do so there will be plenty of consultations and working groups in the coming months. Another Urban Forum will almost certainly be called. For the cities, this is an important opportunity to make a sustained, constructive and detailed contribution to this crucial phase of the debate. For their citizens sake, they must not miss it.

9.   The future urban policy challenge for Europe

9.1   Despite the challenges presented by globalisation, economic restructuring and institutional change, European cities have substantial economic, social and cultural assets - and potential.   Much remains to be done - but already much has been achieved which can be built upon.   Many of the factors which attract investment and people to particular places - the quality of labour, education and training, the cultural, residential and physical environment, the planning and fiscal regimes, the communication and transportation infrastructure remain under the influence - if not sole control - of cities.   They can be affected by city policies, although increasingly in particular with other actors.   And there are many examples of successful responses to the new challenges.

9.2   Many cities have achieved substantial physical regeneration, especially through the renovation of their city centres which offer impressive commercial, residential, cultural and retail facilities.   Many cities have concentrations of intellectual resources in universities and research institutions which encourage high levels of innovation.   Many play important roles as centres of communication, decision-making and exchange.   Many have substantial cultural resources which are increasingly the source of economic growth and job creation. Cities also have enormous integrative potential with the capacity to encourage community participation and civic identity.   And despite the growth of exclusion, many cities remain ethically and social diverse and offer vibrant cultural opportunities which attract visitors and residents.   Within many cities there are flourishing neighbourhoods and communities with extensive levels of social capital which re the source of community empowerment.

9.3   Across Europe there have been many successful efforts to make cities more sustainable through innovative environmental and transportation schemes.   Also, there are a range of innovative initiatives to develop partnerships and achieve integrated responses to social exclusion in many cities.   And despite the growth of economic competition between cities, there has been an important growth in networking between them as they seek to trade, exchange ideas and information and share good practice.   Substantial economic, social and environmental challenges to European cities remain.   But much has already been achieved in facing those challenges.   A key aim of European urban policy should be to increase awareness of what has been - and can be - done and to encourage the institutional processes which will enable cities to build upon their assets and potential to achieve long-term sustainability.

9.4   Despite the diversity of the European urban experience, its cities experience common trends and face similar challenges. The trends are globalisation and economic restructuring, social change and changes in institutional relationships and behaviour.   The common challenge is to develop strategies, policies and instruments which will:

_____

Michael Parkinson: European Institute For Urban Affairs

- improve the economic competitiveness of cities and Europe itself by maximising their economic, physical and intellectual assets and encourage innovative institutional and individual behaviour;
- distribute the benefits of increased economic competitiveness and reduce the growing social exclusion which is both a threat to the economic competitiveness and social stability at a European level;
- make cities more sustainable and not impose the costs of development upon their surrounding regions, the planet itself or future generations;
- encourage innovative and flexible decision-making processes that will integrate the actions of partners in the public, private and community sectors, from European to local level, and increase synergy between existing institutional processes and resources;
- encourage a more balanced European urban system by discouraging unnecessary competition between cities, support the needs and opportunities of medium-sized as well as larger cities across the Union, encourage better urban-regional and urban-rural linkages and encourage more effective networking between cities across the Union and between cities within regions.

_____

Michael Parkinson: European Institute For Urban Affairs