

Chorianopoulos, Ioannis

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Urban Restructuring And Governance: North-South Differences In Europe And The EU Urban Initiatives

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Title:

**Urban restructuring and governance: North-south differences
in Europe and the EU urban initiatives**

A paper presented at the
**40th congress of the European Regional Science Association
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Chorianopoulos Ioannis
Dept. of Geography
London School of Economics
Houghton St.
London WC2A 2AE
Fax: 0044-20-79557412
E-mail: I.Chorianopoulos@lse.ac.uk

Abstract:

One prominent dimension of urban disparities in Europe is the North-South polarisation of growth trends. The paper discusses the distinct urban restructuring and governance mode in Spain, Greece and Portugal as a causal factor behind the lagging competitiveness of cities in Southern Europe. This pattern of European urban heterogeneity is not addressed in the emerging EU urban governance policies that aim to tackle disparities and promote economic competitiveness. Examples of governance responses of six Northern and Southern cities to the EU URBAN Initiative of the 1994-99 period are used to illustrate the argument.

Key words: EU, URBAN, north-south, governance, competition, networking

Introduction

Significant and extended changes have been occurring at the local government level in Europe since the 1970s, triggered by both industrial and socio-political regulatory reorganisations, and by the European integration process. 'Urban governance' as a broad umbrella term describes the transformation and reconstitution of local government in the context of these restructuring trends. While there is an open debate about the nature and impact of these changes at the local level, 'urban governance' portrays the emergence of new procedural and policy frameworks incorporating a wider range of actors involved in actively regulating the local economy and society (see Harvey 1989; Leftwich 1994; Goodwin and Painter 1996; Imrie and Raco 1999). The plurality of economic, institutional and political relations found between cities within one country and, most noticeably, between local states in different countries signifies the key dimension of the economic and socio-political context in any examination of urban restructuring and governance. The differences of urban governance in Europe and the importance of an analysis of this diversity in the framework of increased spatial disparities, inter-urban competition and the launch of EU urban governance policies is what this paper discusses.

The paper argues that in order to understand further current processes of uneven development in the EU, the role of the local (urban) authorities as the very medium through which local regulation and territorial specificities are constructed has to be examined in more details. The focus of this comparative study is the local state in Spain, Greece and Portugal. The rationale for the closer examination of cities in Spain, Greece and Portugal is based on the lagging urban performance indicators of these three countries in all studies that rank European urban agglomerations (see Hall 1992; Wegener 1995; Cheshire 1999; Lever 1999).

In the attempt to understand the dissimilar urban competitive capacity in Northern and Southern Europe an analysis of the economic and socio-political context that the local state operated during the post-war urbanisation processes in Spain, Greece and Portugal is advance. The plurality of Fordist forms in Europe is stressed as a causal factor that accounts for the different modes of urban restructuring in Northern and Southern Europe. The rich debate on inter-urban competition has managed to identify and highlight local level factors and process regulating urban competitive performance and, consequently, patterns of uneven development in Europe. Yet, this literature has not explored the reasons behind the diverse articulation of these factors at the local

level. An insight into the reasons for the lagging competitive profile of cities in Spain, Greece and Portugal is attempted here with the examination of the economic, but also socio-political context of urban restructuring Southern Europe.

The broader area of examination is the shifting requirements of EU spatial policies, characterised by the launch of EU initiatives for an urban level of policy-making aiming at promoting economic competitiveness and cohesion. The paper explores the characteristics of this policy shift and the extent to which EU urban initiatives incorporate the North-South differences of European urban governance.

Examination starts with a brief review of the literature that suggests the increased importance of urban socio-economic space in development prospects and the central role of urban governance in the formulation of place specific competitive policies. Moreover, the empirical manifestations of urban restructuring in Europe are explored, focusing on the impact of economic integration on the competitive orientation and of cities and the changing European urban hierarchy.

The identification of the north-south disparity of urban growth prospects in Europe leads to the analysis of the urbanisation processes in Spain, Greece and Portugal, approached as the economic and socio-political context that sheds light on the restructuring modes and current local state characteristics in these countries.

In the framework of the structural divergence of the Southern urbanisation process from the Northern European urban life-cycle, the third part of the paper explores the extent to which the north-south divide of European urban governance is addressed in EU urban programmes. The governance responses of six European cities (Amsterdam, Birmingham, Cork, Malaga, Porto, Piraeus) in the URBAN Initiative of the 1994-99 period are comparatively examined.

Reflecting on the research findings and the increased urban focus of EU spatial policies in the 2000-06 programmes the paper concludes by discussing the problems, and possibilities of the Community's current pattern of urban intervention.

Urban restructuring and the European urban hierarchy

The 'global cities' and 'industrial districts' literatures provide an insight into the spatial implications of industrial restructuring. What is emphasised in the corresponding debate is the relationship between the changing mode of industrial organisation and the enhanced importance of urban, social and economic space as a unit of production, a development that opens up opportunities for locally defined and

constructed growth paths (Scott 1988; Storper and Scott 1989; Sabel 1994; Sassen 1995; Bailly, Jensen-Butler and Leontidou 1996).

In the attempt to theorise the changing central-local relations and the role of the local state as an agent and object of regulation, the debate within the regulation school offers an insight into the political articulation of industrial restructuring. Arguments within the school emphasise the emerging significance of local spaces of interaction between practices of accumulation and regulation (Goodwin, Duncan and Halford 1993, p.85). Central to this standpoint is the identification of a dialectic of the spatial dynamics of industrial restructuring, the neoliberal reorganisation of nation-state policies and the proliferation of corporatist arrangements at the local level (Eisenschitz and Gough 1998).

Extending this argument further, particular regulationist writers (Jessop 1994; Mayer 1994; Pickvance and Preteceille 1991) interpret current socio-political developments as manifestations of the 'localist' character of the unfolding - but still uncertain in its final characteristics - post-Fordist mode of regulation. The social integration of the economy, according to this view, proceeds through networked local institutions and linkages within civil society, with the local authorities as the main actors in organising territorially specific forms of governance (Eisenschitz and Gough 1998, p.765). More importantly, though, the local spatial form of the construction of consensual politics and social compromises regulating the accumulation process, by operating in the framework of the neoliberal restructuring of the nation-state, is oriented towards supply-side policies, promoting economic competitiveness as the main motif of action (Logan and Swanstorm 1990, p.14).

The increased importance of the urban territory in economic activity at the EU level is indicated by the discernible degree of population (and employment) recentralisation experienced by almost half of the major Northern European cities during the 1980s as shown in table 1. The data in table 1 points to the reversal of the pattern towards decentralisation apparent in Northern European cities since the late 1960s. A closer examination, however, indicates that this is not a universal trend amongst Northern European cities, as was the case with the previous (regular) pattern of urban decentralisation (Hall and Hay 1980; Berg et al 1982). As emphasised in the study that identified this trend, "the pattern is that there is now a variation of patterns", whereby some cities continue to decentralise while others experience relative centralisation (see Cheshire 1995, pp.1045 and 1056).

Table 1: Urban population trends in Europe (1951-91)					
	Gaining	Losing		Gaining	Losing
1951-61			1975-81		
N. Europe	87	13	N. Europe	22	78
Fr. + N.It.	100	0	Fr. +N. It.	40	60
S. Europe	100	0	S. Europe	83	17
1961-71			1981-91		
N. Europe	65	35	N. Europe	47	53
Fr. + N.It.	100	0	Fr. +N. It.	48	52
S. Europe	96	4	S. Europe	56	44
1971-75					
N. Europe	38	62			
Fr. + N.It.	70	30			
S. Europe	93	7			

Note: North Europe includes Germany, Denmark, the UK and the Benelux countries, while Southern Europe incorporates Spain, Greece, Portugal, Ireland and Italy south of Rome.

Source: (Cheshire 1995, p.1051).

An account of the break-up of the decentralisation pattern in Northern Europe and the emergence of diverse modes of urban growth has been provided by the ‘global cities’, ‘industrial districts’ and regulation school literatures. The emphasis placed in these arguments on local physical and social facilities and infrastructures as well as on the key role of local authorities in influencing economic prospects indicates the structural factors and processes that shape the variety of contemporary urbanisation patterns in Northern Europe, substituting the schematic (but dominant) Fordist urban spatial regularities.

The second trend manifest in table 1 is the dissimilar growth trajectories of cities in Spain, Greece and Portugal from Northern European cities since the post-war period. Southern cities do not display a dominant pattern towards decentralisation, as was the case with Northern cities since the late 1960s. More importantly, though, the break-up of the urbanisation pattern in the North and the continuously distinct urban growth trajectories in the South indicate the structurally different urban impact of industrial restructuring processes in Northern and Southern Europe. This diversity acquires specific importance in the framework of the European integration process, as it is reflected in the polarising trends of the emerging European urban system.

The European context: changing urban hierarchy and polarisation

The Single European Market is approached by the relevant literature as a process that intensifies competition between the European cities (Cheshire and Gordon 1995). Particular aspects of economic integration are identified as having an

influence on the emerging competitive orientation of urban Europe. Key amongst them is the removal of non-tariff barriers to trade in services and corporate restructuring (Gordon 1995; Bozzi 1995). These developments, in turn, point to a prospective restructuring of the European urban system from a set of distinct national formations to a single integrated urban configuration (Wegener and Kunzman 1996, p.7).

In this context, there are a number of studies that try to rank European urban agglomerations and assess the impact of economic integration on urban economies and on the European urban hierarchy (see Hall 1992; Meijer 1993; Rozenblat and Pumain 1993; Wegener 1995; Cheshire 1990 and 1999; Cheshire and Carbonaro 1996; Lever 1993 and 1999). The findings of these examinations provide evidence of the 'zero sum' framework of inter-urban competition in Europe as they point to spatial polarisation as the dominant trend of the emerging European urban system (Cheshire and Gordon 1995, pp.122-3; Dematteis 1996; Wegener and Kunzmann 1996, pp.11-3). The levels of urban centrality (core) of the European urban system are defined by a concentration of more than half of the growing cities of the Community in 20 per cent of its surface area (Dematteis 1996, p.19; CEC 1999-e, p.8).

The identification of a developing core-periphery structure in urban Europe corresponds to particular geographical configurations, with north-south polarisation featuring as the most prominent (Hall 1992, pp.162-5; Lever 1993, p.963; Grasland and Jensen-Butler 1997, pp.55-66). In fact, urban networking arrangement - or, emerging functional interdependencies between cities developed as a response to the spatial dispersal of economic activities - were identified only in the core area of the Community (Cattan 1996, pp.245-7; Berg and Klink 1995, pp.215-8). The absence of similar indications for Spanish, Greek and Portuguese cities illustrates their limited integration into the European network (Dematteis 1999, pp.11-2).

The categorisation by on-going projects on territorial competition of factors and processes influencing the competitive performance of cities elucidates the pattern of urban disparities in Europe. Particular local characteristics stressed include – amongst others – the degree of local financial autonomy, the administrative and organisational capacity of the local state, and the representation in local decision-making structures of lead agencies from the private sector with interests in the local economy (Budd 1998; Begg, Lansbury and Mayes 1995; Cheshire and Gordon 1995; Berg and Klink 1995). A cross-European examination of local level indicators of competitiveness verifies the comparatively lagging starting point of cities from Spain, Greece and Portugal in

entering territorial competition (see Council of Europe 1997, p.19; Page 1991; Council of Europe 1995-b, pp.14-20).

Building on this work, this paper examines the causal mechanisms that account for the formation of economic factors and processes that influence urban competitiveness. It propounds the examination of local level political processes in inter-urban competition studies. Competitive urban governance responses are articulated through political processes, the nature of which is determined by the local political and social infrastructure. In this context, the different socio-political infrastructure and political orientation of cities from Spain, Greece and Portugal is discussed. The importance of the plurality of Fordist forms in Europe is highlighted in the attempt to explain north-south differences in urbanisation trajectories, modes of restructuring and current urban growth trends.

Southern European urbanisation: a different context for urban governance

While there is no single argument over Fordist local-level policies, emphasis in the literature is placed on the social and political context of Fordism which - as a spatially organised process - was expressed both on a national and on a local scale (Goodwin, Duncan and Halford 1993). The representative functions of local government played a major role in the construction of consensual wage-relation and corporatist politics which assisted the regulation of Fordist accumulation. The Fordist local state, for instance, by developing collective bargaining structures through its role in public service provision, as well as underpinning the broad national, social and political compromises of Fordism, created local spaces of regulation (see Painter 1991).

What is recognised and stressed in this frame is that the broad definition of the development model termed 'Fordism' constitutes a descriptive category. 'Fordism' summarises the common structural characteristics of the various institutional, normative, and spatial particularities of the nationally configured 'growth compromises' apparent in industrialised countries during the post-war period (Boyer 1988; Lash and Urry 1987; Hudson 1989; Armstrong et al 1991).

A particular manifestation of the diversity of Fordist forms in Europe is presented by Spain, Greece and Portugal. While the particularity of conditions in each country is acknowledged here (see also, Lipietz 1987; Mouzelis 1986; Williams 1984), the structural similarities of the industrial and socio-political paths followed by Spain, Greece and Portugal throughout the post-war period contrast with the European version

of the ideal-typical Fordist model. Lipietz's, analysis (1987) describes the distinct Southern European model under the term 'peripheral Fordism'.

The post-war development model in Southern Europe constitutes Fordism because it involves rapid industrialisation and a combination of intensive accumulation with a growing consumer market (Lipietz 1987). However, it is 'peripheral Fordism' because skilled manufacturing production processes were mainly located outside these countries (Hudson and Lewis 1984). Also, consumption patterns in Spain, Greece and Portugal incorporated mainly the local middle classes but excluded to a certain extent the workers in Fordist manufacturing sectors (Hadjimichalis and Papamichos 1990, p.197). More importantly, though, the presence of authoritarian, unaccountable regimes in all three countries until the mid 1970s points both to the absence of corporatist-oriented consensus forms and to the presence of centralised administrative structures based on electoral patronage and clientelistic relations (Sole-Vilanova 1989; Heywood 1987; Hadjimichalis and Papamichos 1990).

The role of the local level in creating local spaces of Fordist regulation is defined by the above traits of 'peripheral Fordism' and, in particular, by the economic structures of the expanding urban centres and the political specificities of the era.

Urban economic structures in post-war Southern Europe

The continuous pattern of Southern European urban centralisation, as seen in table 1, raises the question of the urban economies and 'pull' factors that originally drove and currently sustain high rates of urban growth. An insight into the urban economic structures of Southern Europe is attempted in tables 2 and 3 that examine the shifts in the national employment structures, the GDP and the average annual growth rates of industrial production in Spain, Greece and Portugal from 1960s to the 1990s.

The key characteristic of Southern European urbanisation detected in tables 2 and 3 is the significant rates of service employment during the early period of urban centralisation (Williams 1984, p.8; Adrikopoulou, Getimis and Kafkalas 1992, p.214; Syrett 1995, p.105). In fact, the working population in services equals (Spain, Portugal) or surpasses (Greece) that of industry throughout the 1960s and 1970s, while the growth rates of services in Southern Europe approximate those of industry (see World Bank 1984, p.221). The prominence of this trait of the corresponding urban economies contrasts sharply with the dominant role of the industrial sector in Northern European urban concentration examples (see Hall and Hay 1980).

Table 2 : Sectoral distribution of labour force (1960-1997)

<u>Countries</u>	AGRICULTURE			INDUSTRY			SERVICES		
	1960	1980	1997	1960	1980	1997	1960	1980	1997
Greece	56	37	19.8	20	28	22.5	24	35	57.7
Portugal	44	28	13.3	29	35	31	27	37	55.7
Spain	42	14	8.3	31	40	29.9	27	46	61.8

Sources: (CEC 1999, pp.234-6, and 238; World Bank 1984, p.259).

Table 3 : GDP and average annual growth rates of industry

	G.D.P.			Industry		
	1960-70	1970-80	1980-90	1960-70	1970-80	1980-90
Greece	6.9	4.1	1.4	10.1	6.9	1
Portugal	6.2	4.5	3.5	5	6.5	1.9
Spain	7.1	3.1	-0.2	10.4	5.1	4.8

Sources: (CEC 1997, p.151; World Bank 1984, p.221; CEC 1997-a, pp.86-7).

Table 4: Distribution of manufacturing plants by number of employees

<u>Countries</u>	1>9		10>99		100+	
	1970s	1990s	1970s	1990s	1970s	1990s
Greece	93.3	59	6.1	21	0.6	11
Portugal	78.6	36	17.5	27	2.7	17
Spain	76.6	36	21	30	2.4	17

Sources: (CEC 1997, p.13; Hudson and Lewis 1984, p.200).

The moderate contribution of industry as a source of employment in Southern Europe during the early period of urban growth indicates the constrained capacity of the sector in influencing the migratory patterns. This is further illustrated by the following structural characteristics of industry in Spain, Greece and Portugal:

A) by the dominant presence of indigenous small and medium-sized firms in the organisation of industry. As table 3 indicates, over three-quarters of manufacturing plants in Southern Europe had under ten employees during the 1970s (Hudson and Lewis 1984, pp.197-201).

B) by the large emigration of surplus labour force from Southern Europe towards the rapidly expanding economies of post-war Northern Europe (see King 1984).

Industry, therefore, was not sufficiently strong as an employment provider at the time to generate the rates of urban migration experienced in Southern Europe in the

post-war period. However, urban growth, by generating economies of scale, facilitated a process of industrialisation characterised by rapid rates of developmentⁱ and the economic transformation of Spain, Greece and Portugal into urban-industrial economies (CEC 1992-a, p.65; Louri 1988). In that sense, the dissimilarity of the urban spatial forms of Southern Europe from the dominant Northern-European urban life-cycle, as seen in table 1, do not reflect the belated industrialisation of Spain, Greece and Portugal as argued by the European urbanisation literature (see Hall and Hay 1980; Berg et al 1982). They attest to the particularity of ‘peripheral Fordist’ urban trajectories, manifested in a process of ‘urbanisation without industrialisation’ (Lipietz 1987; Leontidou 1990, p.29). This has defined the context in which that the local level operated since the post-war period, and the current urban restructuring modes.

Political context

Contrary to the ideal-typical profile of actions of the Fordist local state, the representative functions of the Southern European local government during accelerating urbanisation did not play a major role in the construction of consensual wage-relation and corporatist politics (Andrikopoulou et al 1992; Hadjimichalis and Papamichos 1990). Nor did the local state create local spaces of regulation underpinning the national social and political compromises by developing local collective bargaining structures, or through its role in public service provision. Such arrangements were underdeveloped even at the national level, while the authoritarian nature of the national administration restricted further and distorted the local articulation of regulatory forms (Syrett 1995, p.150; Vasquez-Barquero 1992; Naylor 1975). The absence of ‘Fordist-type’ corporate arrangements at the local level, underpinning the national socio-economic compromises arrested the regulatory functions of the local level. Without such socio-political infrastructure, local level restructuring processes aiming to advance competitive-oriented urban governance were restrained and minimal.

Subsequent developments and in particular the reestablishment of democracy and the emergence of a new political infrastructure in Spain, Greece and Portugal during the 1970s did modify the nature of central-local interaction. Beyond the decentralised mode of new constitutions, however, local authorities continue to display a comparatively restricted scope of financial and administrative autonomy with respect to the EU norm (Council of Europe 1997; Council of Europe 1995). Furthermore, the creation of new mass political parties in Spain, Greece and Portugal during that time

had a negative effect on the representational role of local authorities. Due to the novelty of the democratic structures as well as the disproportional electoral systems (in Spain and Greece) the expansion of central and local level bureaucracy was as a process organised and controlled from the very beginning by the main governing parties (see Ignazi and Ysmal 1998; Colome and Lopez-Nieto 1998). Local level politics, in that sense, rather than reflecting the local institutional articulation of interests, is defined in terms of national politics (Hadjimichalis and Papamichos 1990). The dominant role of national political parties in local political infrastructure and priorities is recognised in the literature as a distinct factor that structurally constrains the endogenous development potential of the local level in Spain, Greece and Portugal (Syrett 1995, p.98; Lyrintzis 1989, pp.47-8; Page 1991, pp.130-1).

It is suggested, therefore, that the difference in the context that the local state in Spain, Greece and Portugal was called to operate in 'peripheral Fordism' from the 'ideal typical' Northern European Fordist - post-Fordist framework of urban resurgence accounts for the dissimilar governance mode and lagging competitiveness of cities in Southern Europe. The significance of this contention for the examination of uneven development processes in the EU has been demonstrated through the identification of the north-south polarised structure of the emerging European urban system. It is also relevant to the current focus of Community's spatial policies on the urban level in the attempt to tackle disparities and promote economic competitiveness.

EU urban-policy initiatives and north-south urban governance differences

The approach through time of the Community's spatial policies aiming to tackle disparities shows the gradual adaptation from a sector-oriented policy perspective – in the initial stages of the European Communities - to the development of a regional policy focus since the mid-1970s. The increased political and financial significance attached to the 'cohesion' target during the speeding up of movement towards economic and monetary integration, together with the growing recognition of the relevance of cities to socio-economic indicators, triggered a debate and a shift in the EU spatial policies towards the local level (CEC 1994-b; CEC 1995).

The trend towards local level policies became apparent in the post-Maastricht period with the launch of the URBAN Initiative and the urban focus of most of the Innovative Measures of the Structural Funds (CEC 1994-a; CEC 1994-c). More importantly, though, the introduction of the 'subsidiarity' principle in the Maastricht

Treaty, and EU constitutional changes facilitating action at the urban level highlighted the increasing preoccupation with urban issues (CEC 1992-e, p.54; CEC 1997-b; CEC 1998). More recently, in the 2000-06 framework, this shift is marked by the introduction of explicit urban policies in Objective 2 areas (CEC 1999-c; CEC 1999-d).

Concerning the targets of the EU urban initiatives, these aim at triggering urban restructuring and endogenous development processes through the facilitation of local governance entrepreneurial policies, assigning the central role in this endeavour to the local state (CEC 1999-b). The policy forms 'selected' for the advancement of these objectives are based on the concepts of networking and subsidiarity. Networking indicates that the EU urban initiatives apply to all European cities willing to participate in co-operation projects. Subsidiarity, in turn, suggests the variety of EU-local level relationships. Urban involvement in EU programmes is defined by local political priorities and the distinct ability of the local state to bid for participation and run the projects (CEC 1994; CEC 1995; CEC 1997-b, p.14).

In that respect, there are only two provisions in the current framework that address the dissimilar capacity of European cities to approach and benefit from EU urban programmes. First, the lower co-financing requirements provided for Objective 1 urban areas, applicable primarily to cities in Spain, Greece, Portugal and Ireland (CEC 1992, p.20). Second, regarding EU urban networks of co-operation (such as RECITE, TERRA), the requirement that at least one of the three partners in a network must be a city from an Objective 1 area (see CEC 1995-a, pp.7-8 and 44). However, the financial capacity of the local state is not the only factor behind the plurality of local authority structures in Europe. As discussed above, diverse socio-political contexts and governance structures do account for the dissimilar urban restructuring patterns and modes of competitiveness in Europe.

The EU, in the attempt to promote economic competitiveness and cohesion, is introducing urban governance policies. These aim primarily at facilitating socio-economic development in the less advanced European cities, which includes the majority of urban areas in Southern Europe. Yet the effectiveness of the 'complementary' aspect of EU urban intervention relies on those characteristics of the local state (political-administrative autonomy, entrepreneurial-oriented governance structures) identified as different or underdeveloped in Southern Europe.

The implications of this approach for the effectiveness of the EU urban policy shift was examined in the EU URBAN Initiative of the 1994-99 period. The aim was to

analyse on the comparative capacity of cities from Spain, Greece and Portugal to employ the EU urban projects in the absence of provisions in the structures of these programmes for the distinct characteristics of the Southern urban political, administrative and regulatory profile. Also, to identify the particular areas that highlight the divergent comparative advantages of European cities with respect to EU urban programmes in order to draw out the problems and possibilities of the EU urban interventions. The URBAN programmes selected for closer study were Birmingham-UK, Amsterdam-Netherlands, Cork-Ireland, Malaga-Spain, Piraeus-Greece, and Porto-Portugal. Key amongst the factors, that led to the selection of these cities is that they are examples of the North-South European urban heterogeneity.

The fieldwork consisted of visits to Brussels aiming to acquire an overall picture of the organisation of the Initiative and explore the importance attached to the North-South differences of urban Europe at the EU policy-making level. For this, interviews were conducted with principle policy-makers at the DG XVI and the Council of the European Municipalities and Regions (CEMR). Also, the case-study cities were visited and local URBAN co-ordinators were interviewed. The fieldwork explored local governance arrangements focusing on: a) the local ability to meet the financial, technical, and administrative requirement of the projects; b) the degree of involvement of the national level in URBAN; c) the role of interest groups in the organisation and implementation of URBAN; and, d) the importance attached locally to EU urban policies. In order to access such qualitative material, interviews were semi-structured, based on a schedule of key questions. This allowed flexibility during discussion and the adaptation of the interview to the specificity of local conditions, while it facilitated subsequent comparability between the programmes explored.

Analysis of governance responses in the URBAN Initiative

The six URBAN programmes investigated revealed the presence of distinct responses at the local and national level regarding the organisation and implementation of the Initiative. The main differences revolved around four issues: a) the identification of information about URBAN; b) the administration of the programme; c) the degree of involvement of the national level in URBAN; and, d) the role of interest groups in the organisation of URBAN at the local level. We will explore these in more detail.

a) Information provision

Birmingham and Amsterdam have established offices in Brussels since the late 1980s. These offices played a key role in providing information about the Initiative. The rationale behind the creation of offices in Brussels and their current functions was explored through the visits to these two cities. The following main areas of activity of these units were identified:

- a) Collection of information about EU urban programmes and awareness about changes in EU legislation regarding the urban level.
- b) Responsibility for the organisation of Structural Funds programmes (for the Objective 2 programmes of Birmingham and the West Midlands region).
- c) Development of contacts with EU officials at the various Directorate Generals.
- d) Involvement in EUROCITIES aiming to advance co-operation with other cities and to lobby for the development of a comprehensive EU urban policy framework.
- e) Concerted lobbying activities for the promotion of local interests in Brussels through the organisation of conferences and the mobilisation of activities of local MEPs in this direction (Birmingham City Council 1997; Blumfield 13/02/1998 – interview; Storteboom 06/07/1998 - interview).

The pro-active approach of Birmingham and Amsterdam towards the EU increases the cities' opportunities for a successful involvement in EU programmes. Early information about the programmes allows sufficient time to prepare for the bidding process. Further advantages include knowledge of EU requirements, direct contact with officials at the EU level and experience from a rich record of participation in EU urban programmesⁱⁱ. A prerequisite of such an approach is a high degree of local, political and financial autonomy, as well as administrative capacity facilitating the organisation and promotion of local interests at the EU level.

In contrast to this, the reliance of Cork, Malaga, Porto and Piraeus on the national administration as the main source of information on URBAN - an outcome of the centralised character of national governmental structures - is an indication of limited local involvement in EU urban policy developments. This is illustrated in the next section that explores the national and local administrative structures of URBAN.

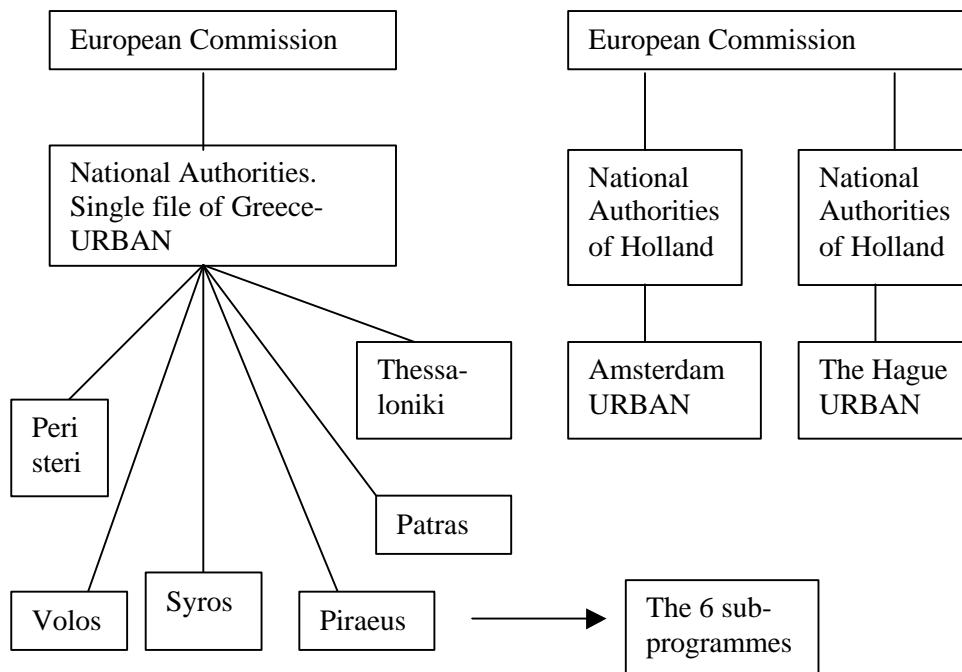
b) The variety of administrative structures of URBAN at the local level

In approaching the administrative arrangements for URBAN in the case-study cities, two different categories are identified. The first includes Birmingham and Amsterdam and the second Cork, Malaga, Porto and Piraeus.

The URBAN programmes of Birmingham and Amsterdam were organised solely by the local authorities which also carried the responsibility for co-financing. These were independent URBAN programmes with a limited co-ordinating role assigned to the national administration, acting primarily as the intermediate level between the cities and the Commission (CEC 1995-b; Southeast City District 1994 and 1997 and 1997-a; Birmingham City Council 1994).

In Cork, Malaga, Porto and Piraeus, the local URBAN programme was part of the single national URBAN Initiative. The national level provided the co-financing for all the cities (with the exception of Malaga) and co-ordinated the action of URBAN with the respective CSFs (CEC 1995-b). The difference between these two modes of URBAN administration is portrayed diagrammatically in Figure 1 through the examples of Greece and the Netherlands. Particular implications for the capacity of the cities to access and benefit from the Initiative were noted as a result of the centralised administrative arrangements of URBAN in Malaga, Porto and Piraeus.

Figure 1: The administration of URBAN in Greece and the Netherlands



In the case of Malaga, the administration of URBAN by the national authorities resulted in the selective distribution of information about the Initiative. According to the local URBAN manager, while other cities in Spain were informed by the national levelⁱⁱⁱ, information about URBAN in Malaga was identified in the Community's Official Journal (Cots 06/04/1998 – interview).

A similar display of selective channelling of information by the national authorities is provided by Piraeus URBAN. The two Piraeus municipalities (Drapetsona and Keratsini) were nominated as participants in the Initiative by the national administration of Greece URBAN. According to the local URBAN manager, the plans for intervention under URBAN were originally part of the 1994 annual budget proposal directed for funding to the Ministries of Planning and National Economy. In this context, “the Ministries had secured funding under URBAN by the Commission and they used this to cover their annual budget responsibilities towards the Piraeus local authorities” (Tsaousis 24/04/1997 – interview). On the question of the rationale behind the selection of these particular municipalities for URBAN, the interviewee pointed to links between the high URBAN budget and the areas selected being the electoral seats of the politicians who are in charge of decision making about URBAN in the relevant Ministerial committees (Tsaousis 24/04/1997 – interview). A further example of the repercussions of centralised administration on Piraeus URBAN relates to the two year delay in the implementation of the programme due to ‘inactivity’ at the national level (Lougiakis 15/04/1997 – interview; Iggliz 18/04/1997 – interview).

In the case of Porto, the Portuguese national authorities collected requests for funding from the six URBAN sub-programmes and “only when a certain budget limit had been reached”, did they forward them to the Commission. The consequent redistribution of EU funds to the local level happened simultaneously for all URBAN sub-programmes. This approach had a negative impact on particular Porto URBAN projects as their financing (and progress) depended on the progress of other URBAN projects in the country (Patriarca 02/02/1998 – interview).

Despite the decentralised administration of the Initiative, the national authorities did indirectly influence the progress of Birmingham URBAN. A dispute between the Commission and the UK government over which of the two bodies is responsible to approve the revised targets of Birmingham URBAN delayed the start-up phase of the programme. This impaired the development of URBAN projects that utilised resources from the European Social Fund^{iv}. Yet, the involvement of the UK government was not

relevant to the capacity of Birmingham to access URBAN, or to the targets promoted through it (Hubbard 19/01/1998 – interview).

Similarly, in Cork, apart from the late start-up of URBAN due to administrative shortcomings at the national level, the relevant government department did not interfere further in the programme (O'Halloran 14/11/1997 – interview). The opposite picture is presented by the Southern European case-studies. Examples of direct intervention by the national level in local URBAN programmes come from both Porto and Piraeus.

c) Involvement of the national administration in local URBAN programmes

In the case of Porto, the regional (administrative) authorities appointed the co-ordinator of the local URBAN programme. This relates to the national governmental structures. The regional level in Portugal has a dominant role in the administration, budget allocation and implementation of the Portuguese Community Support Framework, and is the body responsible for monitoring the Porto URBAN programme. Because the local URBAN Initiative was based on the national programme for 'Urban Renovation' (PER) supported by the CSF, the director of the local PER served also as the Chief Executive of the local URBAN (Pacheco Da Silva 02/02/1998 – interview). The subordination of the administrative autonomy of Porto URBAN to the regional authorities affected the targets promoted through the programme. URBAN funds, for instance, were used for the creation of the architectural designs of the PER programme, an action irrelevant to the URBAN targets (Pacheco Da Silva 02/02/1998 – interview).

In the case of Piraeus, the Objective 1 status of the country points to the high degree of policy-co-ordination required between the national and local level when administering different Community programmes with similar targets. The policy areas of vocational training and SMEs support, for instance, featured prominently in both the second Community Support Framework of the country and the local URBAN Initiatives (Ministry of Environment and Planning 1995). In order to address the issue of overlapping targets the URBAN Monitoring Committee of Greece issued a document stating that "actions relevant to the development of SMEs will be organised nationally by the Ministry of National Economy", while, as regards "the development of vocational training programmes, these are to be implemented by the respective national organisations and the Community Support Framework programmes assisted by the ESF" (Monitoring Committee of Greece-URBAN 1995, p.1). In pragmatic terms this policy resulted in a mediating role for the local authorities, forwarding applications for

subsidies from the local private and voluntary sectors (SMEs, community associations) to the national authorities (Development Corporation of Piraeus Municipalities 1997). Thus, despite the fact that the initiative was launched with the intention of enhancing decentralised development, the role of local authorities in Greece URBAN concerning vocational training and SMEs support was simply symbolic.

The high degree of involvement of the national level in the administration of URBAN and the subjection of URBAN targets to nationally-defined policy priorities for the areas is one of the common characteristics of the way the Initiative was implemented in the Southern case-study cities. A further similarity relates to the role of local interest groups in URBAN. The distinction here is between the City Councils of Amsterdam, Birmingham and Cork, that assumed a regulatory - enabling - role in the organisation of URBAN in order to promote the participation of interest groups, and the Councils of Malaga, Porto and Piraeus, which did not facilitate such involvement.

d) The role of interest groups in the Initiative

In the case-study cities where the involvement of local interest groups in URBAN was promoted, the programme resulted in the upgraded role of the private and voluntary sectors in local policy-making procedures.

In Cork, for instance, there was minimal participation of interest groups in local policy-making procedures prior to URBAN. The requirement of URBAN regulations for the creation of “partnership arrangements with local actors in the preparation and implementation of operational programmes”, altered this situation (CEC 1994-a, p.99). The involvement of community groups in the Cork programme started in the preparation period for the URBAN Action Plan and was also reflected in the structures of the programme. The URBAN Steering Committee, for example, acted as a platform for an ongoing consultation process with private and voluntary sector organisations (O’Halloran 14/11/1997 – interview; Cork City Council 1997, pp.33-5).

In the initial phases of the Amsterdam URBAN (1996) the participants from interest groups in the Steering Committee raised a number of criticisms regarding the mode of their involvement in the Initiative. The main concern was the absence of representatives from the ethnic communities in project groups (Storteboom 06/07/1998 - interview). The decision taken by Amsterdam URBAN was to temporarily suspend the programme and launch a nine month consultation period focusing on enhancing the representation of ethnic communities in the URBAN structures. As a result, to the two

major targets of 'employment' and 'education' a new one was added under the title of 'empowerment', aiming at improving relations between ethnic communities and local authorities. Also, a new 'call for proposals' was launched encouraging interest groups to submit applications for URBAN (Storteboom 06/07/1998 - interview).

The initial targets of Birmingham URBAN were drawn up by voluntary and private sector interest groups. Moreover, the respective interest groups were represented in the structures of URBAN and had a major role in its implementation. The principal community organisation of the URBAN area, the Balsall Heath Forum, assumed responsibility for raising resources for URBAN^v, while it administered directly over half of the total URBAN budget. The targets of the 'Business Development' theme of URBAN were decided by the City Council in partnership with the Training and Enterprise Council and private sector groups. Also, vocational training was delivered through existing community institutions - mainly the Islamic Centre - in association with a local training college (Hubbard 19/01/1998 - interview).

The incorporation of interest groups in the URBAN structures of Amsterdam, Birmingham and Cork did not occur without difficulties. Tensions regarding the degree of community representation in Amsterdam URBAN resulted in the re-launch of the programme, while rivalries between ethnic and religious groups in Birmingham limited political negotiations during the early programme period (Hubbard 19/01/1998 - interview). Yet, the attempts by the local authorities to involve interest groups in the programme enhanced their capacity to promote endogenous development policies through the projects. The opposite example is provided by Malaga, Porto and Piraeus.

In Porto, the structures created for the implementation of the Initiative did not incorporate interest groups. The programme was run by the URBAN Office which consisted of appointed members from the Gondomar Municipal administration and was directed by a manager assigned at the national level to co-ordinate the programme. The absence of involvement of interest groups is illustrated by the fact that even the political authorities of San Pedro da Cova - the area on which URBAN focused on - were not represented formally in the URBAN Office (Pacheco Da Silva 02/02/1998 - interview). Similarly, in Piraeus, URBAN was administered directly by the Development Corporation of the municipalities involved. The main reasons provided by the local URBAN manager for the centralised character of URBAN administration was the limited presence of institutionalised interest groups in the area and the dominant role of the national URBAN Committee in the programme (Tsaousis 24/04/1997 - interview).

In Malaga, one of the two administrative units of the initial URBAN structures, the Control Commission, consisted of representatives from the City Council and private sector associations. Yet, with the change in the political leadership of the Municipality after the 1996 local elections, this tier was abolished by the new Mayor. Since 1996 Malaga URBAN has been organised, financed and implemented solely by the local authority (CEC 1994-a, pp.97-9; Municipality of Malaga 1997).

The interviewees at the local level recognised particular negative consequences for the progress of URBAN programmes as a result of this exclusion of interest groups. First, certain URBAN projects (promotion of economic activities, cultural policies) presuppose the involvement of community and entrepreneurial groups if they are to achieve their targets (Pacheco Da Silva 02/02/1998 – interview). Second, the absence of independent administrative structures for URBAN resulted in reduced flexibility in policy-making, and delays in the implementation of projects (Santos 1997, p.A.33).

Conclusion

“The aim of the Community Initiatives is to strengthen cohesion within the European Union by encouraging more balanced economic and social development” (CEC 1994-a, p.11).

The different governance capacity of European cities to benefit from URBAN contradicts the rationale behind the launch of the Initiative by the Commission. The research investigated the views of the policy-makers at the EU level regarding the implications of urban diversity in the functioning of the programme. A number of issues were raised in these interviews:

The dissimilar ability of cities to meet the co-financing requirements, for instance, was stressed by the Chief Executive of URBAN at DG XVI as an area of key concern regarding the effectiveness of the Initiative (De Rynk, 06/03/1997 – interview). Related to this is the degree of centralisation of the national administrative framework. Because in countries with a single national URBAN programme (Spain, Greece, Portugal and Ireland), the co-financing responsibilities is met by the national authorities, the progress of individual programmes is dependent upon the pace of the rest of URBAN programmes in the country (De Rynk, 06/03/1997 – interview). Other issues stressed as relevant to the (dissimilar) ability of cities to benefit from URBAN include the degree of competence of the local administration and the experience of a

city in promoting socio-economic development policies (Christofidou 06/03/1997 – interview; Frischmann 06/03/1997 - interview).

However, the limited capacity of the Commission to address the issue of urban diversity was stressed, an argument based on the absence of a mandate for European urban policy in the Treaties. As suggested, the Initiative was formed in a manner that, while it recognises the differences of urban Europe, deferred these as “an issue for the national administration to deal with”^{vi} (De Rynk 06/03/1997 – interview).

The formulation of a cross-national framework for European urban policy raises (as an exercise) a number of characteristic obstacles because of the fundamental heterogeneity of the participants (see Wegener and Kunzmann 1996, p.14; CEC 1995, p.16; CEC 1996-a, p.23). Two interrelated issues are at the centre of any attempt at addressing these problems. First, critical analysis of what is being proposed by the EU as urban policy. Second, enhanced understanding of not only the form that the shortcomings of the EU urban initiatives take, but also of the causal mechanisms that generate them. This has been attempted in this paper with the examination of urbanisation trajectories in Spain, Greece and Portugal and the emphasis placed on the different modes of urban restructuring in Northern and Southern Europe.

The rationale for the construction of EU urban initiatives is based on the mode of urban resurgence experienced in Northern Europe since the mid 1980s. The programmes aim at triggering urban restructuring and endogenous development processes through the facilitation of ‘governance’ arrangements led by the local state (CEC 1999-b). The explicit urban orientation of Objective 2 and the revised ‘partnership’ principle in the 2000-06 programmes attempt an extension of this policy rationale into the mainstream of EU spatial policies (CEC 1997-b; CEC 1999-d).

However, the EU urban initiatives, by ignoring the variety of urban governance structures in Europe risk failing to address the lagging competitiveness of the majority of cities in Spain, Greece and Portugal. Southern European local authorities do not possess the pragmatic infrastructure (financial autonomy, technical and administrative capacity) to approach and benefit from these programmes. More importantly, though, Southern localities display different socio-political infrastructure and local authorities face structural limitations in articulating entrepreneurial-oriented urban governance. The potential for restructuring of Southern cities and the effectiveness of the EU programmes to trigger such processes in these areas, is defined by the divergence of their structures from the Fordist – post-Fordist mode of urban resurgence.

NOTES:

ⁱ In comparative terms, the average annual growth of GNP Per Capita of Spain, Greece and Portugal for the 1960-80 period was between 4-6 per cent, the highest amongst the OECD members with the exception of Japan (Williams 1984, p.8).

ⁱⁱ During 1989-95 Amsterdam participated in four RECITE networks (POLIS, EUROPEAN URBAN OBSERVATORY, REBUILT, EUROCITIES) and Birmingham in three (POLIS, EUROPEAN URBAN OBSERVATORY, EUROCITIES) (CEC 1996-b, pp.19 and 33 and 141 and 164).

ⁱⁱⁱ In Valencia, for instance, the regional authorities did receive information about the Initiative from the national level (Marenciano Cámara 01/04/1998 – interview). The issue that arises here is the diverse capacity of the local level in Spain to access the national administration, with the regional level being comparatively better informed and networked with the central administration than the urban level.

^{iv} According to the Structural Funds' regulations, budgetary allocations from the Funds must be spent in the calendar year in which they are committed (CEC 1993, p.66 – Article 20).

^v The Balsall Heath Forum approached for this reason the business community of the area as well as large corporations in Birmingham such as TARMAC and BP (Hubbard 19/01/1998 - interview).

^{vi} As indicated in the URBAN regulations, “the local authorities and social partners should be involved in the preparation and implementation of the operational programmes in a manner appropriate to each member state” (Article 20- CEC 1994-a, p.99).

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Patriarca, A. (02-02-1998). Deputy URBAN Manager of the Gondomar-Porto sub-programme. Member of the Financial Affairs Department of the Municipality.

Iggiliz, V. (18-04-1997). Member of the administration of the Drapetsona Municipality. Co-ordinator of the Piraeus sub-programme of URBAN Greece on behalf of the municipality.

Tsaousis, K. (24-04-1997). Financial administrator of the Development Corporation of the Drapetsona-Keratsini Municipalities. Chief manager of Piraeus URBAN.

O'Halloran M. (14-11-1997). Chief Project Manager of the Cork City URBAN Limited, the Council Development corporation established in Cork to accommodate URBAN.

Storteboom, J. (06/07/1998). Programme Manager of URBAN Amsterdam. Member of the administration of the 'District Council of Southeast' of Amsterdam.

Cots, P.M. (06-04-1998). Project co-ordinator of URBAN-Malaga. Chief director of the technical team of the municipality of Malaga.

Merenciano Cámara, A. (01-04-1998). General Director of Financial affairs at the Regional level of Valencia (Spain).

Christofidou, T. (06-03-1997). Manager of the EU Relations unit of the Council of European Municipalities and Regions (CEMR).

Frischmann, D. (06-03-1997). Member of the EU Relations unit of the Council of European Municipalities and Regions in Brussels.