

## Urban Renaissance under Labour Government, UK: Better Opportunities for Deprived Communities?

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### 영국 노동당정부의 도시재생정책: 빈곤지역은 개선되었는가?

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**ABSTRACT** : This paper examines the impact of the neoliberal approaches of the Labour government on the regeneration of British cities over the last decade with a specific interest in the role envisaged for community empowerment. The emergence of neoliberalist policies is traced through the previous Conservative governments with the introduction of new institutions and area-based programmes, aimed at enhancing the role of the market and rolling back the role of the state. Whilst an incoming Labour government might have been expected to have redressed these respective roles, the new Labour government did not. Indeed it sought increasingly complex partnerships with private sector agencies in order to deliver urban regeneration programmes. The paper argues that, despite much emphasis on the role of local communities in such programmes, there is an inherent contradiction in seeking to enhance the role of market mechanisms as a solution to the problems of relatively deprived communities. With the onset of the 'credit crunch' and the subsequent recession, these approaches were inevitably doomed to fail with the result that the scale of urban deprivation confronting the new Coalition government remains as challenging as ever.

**Key Words** : The New Labour Government(UK), Urban Renaissance, New Deal for Communities, Deprived Community

**요약** : 본 연구의 목적은 지역사회 소외계층의 역량강화라는 관점에서, 신자유주의적 시장주의에 바탕을 둔 영국 노동당정부(1997~2009)의 도시재생정책이 도시빈곤지역에 미친 영향을 살펴보는 것이다. 신자유주의적 접근은 케인스적 복지주의로 인한 정부의 재정압박을 줄이기 위해 보수당정부(1979~1996)가 처음 도입하였다. 보수당은 시장의 역할을 강화하고 정부의 역할은 시장기능을 활성화하는 지원자(enabler)로 제한하면서, 경제성을 강조한 도시재생정책과 지역기반 프로그램을 추진하였다. 그러나 보수당의 시장중심 정책은 1990년대 초반의 경기침체와 함께 심각한 도시빈곤과 사회양극화를 초래하였다. 1990년대 말 집권한 노동당은 보수당의 정책을 비판하면서 소외계층의 역량강화를 통해 도시빈곤문제를 해결하고자 하였다. 그러나 시장중심정책을 수정하리라는 기대와는 달리, 신 노동당은 케인스적 복지주의에 기초한 구 노동당(Old Labour)의 정책을 거부하고 신자유주의적 시장주의에 기초한 정책을 추진하였다. 도시재생정책에서는 보수당보다 더 복잡한 민관협력체계를 구축하면서 시장중심정책을 추진하였

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다. 본 연구는 노동당의 도시재생정책이 지역사회 소외계층의 역할과 참여를 강조했음에도 불구하고, 시장에 지나치게 의존한 데 따른 한계가 있었음을 밝힘으로써 한국 도시재생정책에 시사점을 제공해 주고자 한다. 이 글의 구성은 다음과 같다. 첫째, 신자유주의적 시장주의가 어떻게 보수당의 도시재생정책에 영향을 미쳤는지를 살펴본다. 둘째, 보수당의 정책실패를 회복하기 위해 노동당이 시도한 도시재생정책과 프로그램을 분석한다. 셋째, 이러한 분석을 바탕으로 도시빈곤문제를 해결하기 위한 노동당정부의 도시재생정책이 소외계층과 지역사회에 미친 영향에는 한계가 있었음을 밝힌다. 신용위기와 뒤이은 경기침체로 인해 노동당정부의 신자유주의적 정책은 불가피하게 실패하였으며, 그 결과 현 연립정부가 당면한 도시빈곤의 규모는 그 어느 때보다 심각하다.

**주제어** : 노동당정부, 도시재생, NDC, 빈곤지역

## I. Introduction

The Labour government's urban renaissance agenda embraced the idea of social inclusion but it seems that an over-reliance on market mechanisms for the implementation of regeneration programmes has meant that many of 'the most disadvantaged members of society' have not emerged as beneficiaries of programmes. It is often argued that the general appeal of the 'positiveness' of 'urban renaissance' masked the reality and the question 'for whom is urban renaissance carried out?' has remained unanswered. This question is also important to debate with academics, policy makers and practitioners in Korea as there has been growing interest in urban regeneration policy in Europe, in particular in the United Kingdom. It is crucial to know how other countries deal with their urban problems, not only to learn how we might be able to deal with them ourselves, but also in order to estimate what kind of impact their problem-solving strategies might have on our own situation.

The activation of communities lay at the core of the incoming Labour government's urban regeneration policy(1997~2009) with an awareness of the limits of neoliberal policies implemented by previous Conservative governments. The Labour government blamed past government policies for "too little involvement of local people in solving their own problems"(Social Exclusion Unit, 2000: 23). This did not mean, however, that the Labour government was no longer concerned with the neoliberal policies of the previous governments, which believed that market-led economic growth would be the most effective way to overcome local economic and social disadvantage. In urban regeneration, therefore, this meant that the state, instead of being a primary actor, would become an enabler who sought to create favorable conditions for the private sector to invest in urban areas(Jones and Evans, 2008). The market was embraced as a means to ensure efficiency in the delivery of public services and put further emphasis on organisational efficiency, performance and

consumer satisfaction in the public sector (Brenner and Theodore, 2002; Catney, 2009; Newman, 2001). The Labour government committed to regenerate Britain's cities through economic competitiveness and social inclusion under the name of 'urban renaissance. These two themes were pursued in the belief that economic competitiveness was a precondition to address problems of social deprivation (Boddy, 2002). The Labour government's urban regeneration policy agenda, therefore, extended the legitimacy of neoliberalism by seeking to manage the social contradictions and tensions emerging from earlier neoliberalist policy approaches of the 1980s and 1990s (Fuller and Geddes, 2008).

This paper examines the degree of success achieved in providing better opportunities for deprived communities by the Labour government's urban regeneration policy within the extended reproduction of neoliberalism, the so-called 'roll-out neoliberalism'. In order to understand the background to the Labour government's urban governance reform agenda, the paper explores the emergence of neoliberalism and its effects on British urban policy under the Conservative governments. The paper then investigates the impact of a range of 'extra-market' forms of the Labour government's urban governance programme as a possible way of dealing with some of the failures of previous Conservative government's neoliberal policies. In particular, it focuses on the Labour government's area-based regeneration

programmes to revitalise deteriorated neighbourhoods and cities and its impact on deprived communities. To investigate the impact of the Labour government's urban regeneration policy, this paper mainly relies on existing secondary sources in the UK including government policy reports and research findings since the late 1970s. Analyzing consequences of urban regeneration policy using existing data make a meaningful and valid academic contribution from which Korea can draw useful lessons for future urban policy.

## II. The Emergence of Neoliberalism and Neoliberal Urban Policy

Over the last three decades, 'neoliberalism' was the dominant ideological rationalisation for state restructuring and rescaling in many parts of the world (Harvey, 2005). Since the late 1970s, North American and West European governments have shown a tendency towards deregulation, privatisation and withdrawal of the state from welfare provision with an emphasis on personal responsibility. Harvey (2005: 2) defined neoliberalism as "a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights, free markets, and free trade". The concept of neoliberalism, however, has developed differently depending upon individual countries' social, cultural,

economic and political structures(Brenner and Theodore, 2002; Castree, 2008a, 2008b; Jessop, 2002; Jones and Ward, 2002; Peck and Tickell, 2002). In the past, the neoliberal approach adopted by North American and West European governments has sought the mobilisation and extension of market mechanisms to alleviate economic and social problems. More recently, public and private partnerships of increasing complexity and more concerted social intervention have been combined in order to seek to moderate the failures of the previous era (McCarthy and Prudham, 2004).

In Britain, the initial rise of neoliberalism as a wide-ranging economic and political strategy was associated with the election of a Conservative government in 1979. Confronted with the declining profitability of traditional mass-production industries and an increasing dissatisfaction with the high cost of state expenditure on welfare, the blame was laid on Keynesian financial intervention, state ownership and overregulated labour markets(Jones and Evans, 2008: 10; Peck and Tickell, 2002: 41). The basis of the Conservative reforms, as in other older industrialised countries, was a desire to roll back the state and create opportunities for the private market(Conway, 2000; Duffy and Hutchinson, 1997; Oatley, 1998).

During the 1980s, the so-called era of 'roll-back neoliberalism', state intervention was portrayed by many as a 'bad thing' and the unregulated operation of the market as a 'good thing'. These ideas were pursued not just in

terms of economic efficiency, but also in terms of social equity. Their proponents believed that the market would extend the concept of 'freedom of choice' more universally. Ultimately, market freedom would lead to political freedom and hence any certain group or institution could not dominate in society(Barlow and Duncan, 1994). There was great emphasis on creating the most favourable climate for business growth in the belief that the resulting benefits would trickle down eventually to all. There was a shift from government to market forces and partnership-based forms of governance(James, 2001; Jessop, 2002).

The 1980s was also a period when the role of local authorities was downplayed and more emphasis was given to the opportunities for the private sector to contribute to urban regeneration, through schemes of mainly property-led regeneration. Many new policy instruments whose objectives were to 'lever' private-sector investment into urban areas, such as Urban Development Corporations and Enterprise Zones, were implemented. As Oatley(1998: 31) argued, "The government tried to establish locally based business-driven regeneration agencies during the 1980s as a way of constructing an organisational basis for 'local neoliberalism'". These interventions were mostly driven to address the creation of economic prosperity, not the well-being of poor communities (Brownill and Darke, 1998; Duffy and Hutchinson, 1997). Consequently, social needs became subordinate to the needs of

the market and the whole value system accompanying intervention in urban space changed fundamentally in this period. The overall strategy of the Conservatives strikingly differed from that of the previous Labour government.

### III. The Limitation of Neoliberal Urban Policy and New Forms of Governmental Intervention

The economic crisis in the early 1990s shook confidence in the concept of roll-back neoliberalism (Peck and Tickell, 2002: 38–40). Fundamental and structural problems that had been neglected in the process of neoliberalisation were revealed. Significant economic decline together with the reduction in state welfare programmes resulted in growing numbers of the poor being excluded from the rising incomes and expanding opportunities that were offered to those in the middle and upper reaches of these economy (Barlow and Duncan, 1994). Between 1979 and 1995, net incomes (after housing costs) of the top 10% of earners increased by 68%; during the same period, net incomes of the bottom 10% of earners declined by 8% (Social Exclusion Unit, 1998). During the 1980s some limited inner-city intervention continued with regard to issues of welfare and equity, but on the whole local communities, and in particular black and ethnic minority communities, failed to gain much of an advantage from the policy. As Brenner and Theodore (2002: 5) pointed out, “whereas

neoliberal ideology implies that self-regulating markets will generate an optimal allocation of investments and resources, neoliberal political practice has generated pervasive market failures, new forms of social polarisation, and a dramatic intensification of uneven development at all spatial scales”. The Conservative government was criticised for putting too much emphasis on property development to the neglect of other considerations. It had become evident that the largely private sector-led approaches of the 1980s had not brought about significant changes in the pattern of deprivation but led to a fragmentation of policy effort.

It had become clear that the neoliberal approach needed to develop new forms of governmental intervention to address the limitations of earlier forms of neoliberalism. A new approach, different from the ‘entrepreneurial’ culture of the 1980s, was taken in response to the contradictions and crisis tendencies which existed within the roll-back neoliberalism. The idea of a more inclusive approach to local economic development and regeneration began to evolve. As Peck and Tickell (2002: 37) noted, “there seems to have been a shift from the patterns of deregulation and dismantlement so dominant during the 1980s, which might be characterised as ‘roll-back neoliberalism’, to an emergent phase of active state-building and regulatory reform an ascendant moment of ‘roll-out neoliberalism’”. Castree (2008: 142) and McCarthy and Prudham (2004: 276) also observed that the state demonstrated increasing

interest in strategies to promote the involvement of civil society groups as a remedy for some of the previous failures of the system. The involvement of civil society groups was considered as a new way to enable people, who had suffered as a result of the roll-back neoliberalism, to share in decision making processes that affected their lives. These strategies aimed to avoid the extreme individualism of the market and the excessive collectivism of the state.

New urban regeneration programmes, such as City Challenge and Single Regeneration Budget (SRB) Challenge Funds, were no longer oriented simply towards the promotion of market-driven economic growth. Local authorities with the most serious economic and social problems were required to form partnerships with the private, public and voluntary sectors in order to bid for financial resources. It was to be delivered by 'inclusive local partnerships'(Hall and Nevin, 1999: 2) through the provision of a flexible funding source allocated through regionally managed competition. Since then, this inter-urban competition has been a cornerstone of neoliberalism(Jones and Ward, 2002). City Challenge and Single Regeneration Budget(SRB) Challenge Funds worked through the neoliberal mechanism of 'competition', which was considered a primary virtue of neoliberalism to increase efficiency and productivity, improve quality and reduce costs. As Jones and Ward(2002: 138) pointed out, the new urban

regeneration programmes of the 1990s were "Illustrating the adoption of neoliberal premarket language by the state, this model has evolved to become an important mechanism through which the state distributes redevelopment money". At the same time, the new urban regeneration programmes were also oriented towards the establishment of new partnerships with civil society groups. In City Challenge and SRB Challenge Funds, local authorities were required to ensure 'the involvement of local communities' in order to make a bid. These two urban regeneration programmes provided evidence that the needs of communities as voiced by those communities themselves had started to become an essential ingredient of urban policy. The government's emphasis on 'collaborative discourse' (Glendinning et al., 2002) between public enablers and private providers arose from the recognition of the limits of the state in the social sphere and the needs of new partnerships with others - public agencies, private companies, community groups and voluntary organisations(Cabinet Office, 1999; Giddens, 1998). This change in emphasis followed on from a period of considerable criticism against property-focused urban regeneration initiatives, which essentially, and without any surprises, had failed to help many households living in disadvantaged areas.

#### IV. 'New' Urban Regeneration Policy and Its Impact on Communities

##### 1. The Labour Government, Community and the Urban Renaissance Agenda

In 1997, Labour government came to power after almost 20 years of government by the Conservative party. There were high expectations that this change would bring a transformation in the nature of urban governance but key Conservative neoliberal policies were retained. A shift from government to partnership-based forms of governance continued, reflecting the neoliberal belief in the shortcomings of the state and the need to involve relevant stakeholders in supply-side policies with a rejection of 'old' Labour style Keynesian demand management (Catney, 2009; Fuller and Geddes, 2008; Jessop, 2002). There was strong emphasis on education, skills, employability, housing, neighbourhood management and public service improvement. Urban and regional governments and growth coalitions gained a key role as strategic partners in delivering urban regeneration projects in the Labour government's administration.

Whilst the Conservative government's neoliberal policies were maintained, the urban governance agenda under Labour promised a greater emphasis on social issues (Lees, 2003: 66-67; Malpass, 2005: 127). The Labour government put in place measures to tackle social exclusion and increased public expenditure in order to improve the quality of

public services. In the social sphere, the discourse changed from addressing poverty to an emphasis on social exclusion, reflecting a move towards relational as well as distributional disadvantage. Increasingly, the importance of 'place' and 'community' were recognised as factors affecting people's experiences of citizenship and these became important in the policy agenda. For the Labour government, according to Giddens (1998), 'community' was not an abstract slogan; it referred to practical means to sustain and improve a sound civil society. Community was considered as a sense of social solidarity that exceeds the limits of individuals and private networks and shared obligation and responsibility for social survival (Etzioni, 1997; Nisbet, 1969).

The Labour government's social inclusion initiatives moved on from consultative exercises to a much stronger position whereby communities were encouraged to become involved in the decision-making, design and delivery of services and local development plans. This is well illustrated in the report of Office of the Deputy Prime Minister (ODPM) (2003b: 5), 'Sustainable communities: building for the future', "A wider vision of strong and sustainable communities is needed... The way our communities develop, economically, socially and environmentally, must respect the needs of future generations as well as succeeding now. This is the key to lasting, rather than temporary, solutions; to creating communities that can stand on their own feet and adapt to the changing demands of

modern life”.

However, there were critics who demanded that the mobilisation of communities should not be used to free the state from its responsibilities by emphasising the responsibilities of individual citizens(Diamond, 2004; Gilchrist, 2003; Lund, 1999; Taylor, 2003). Gough(2002: 70) argued that the ‘top-down mobilisation of community’ of the Labour government was pursued to meet important neoliberal aims, which were reducing the expenses of the poor through state benefits and reproducing the poor as effective labour power, rather than to widen the poor’s choices and enable them to gain for themselves access to a much broader range of opportunities in all spaces of life. The Labour government sought to find alternatives to state provision and government control; to promote wealth creation by being fiscally ‘prudent’ to match rights with responsibilities; and to foster a culture of duty with “strong community”(Driver and Martell, 2000: 149). Facing these challenges, the Labour government had a strong neoliberal desire for an agreement between the commitment of the state and the responsibility of the people(Rose, 2000). Under neoliberalism, individuals must take responsibility and accountability for his or her actions and well-being(Harvey, 2005). This was the rationale of an ambitious area-based regeneration programme under Labour, New Deal for Communities, in which the “community must assume certain responsibilities, equally those same programmes[SRB Challenge and NDC funds] entail claims by communities on

government to ensure that it acts”(Atkinson 2003: 106). The Labour government’s position was that citizenship was not only conferred by a legal right but also by a duty to cooperate with others for the greater public good(Giddens, 1998; Imrie and Raco, 2003: 5).

The Labour government’s view on community was also parallel to communitarianism which criticised dependency on the welfare state, as many of communitarians believed that the community was more appropriate than the state to meeting welfare needs. Therefore, the communitarians sought to revive the institutions which mediated between the individual and the state(Driver and Martell, 1997; Nisbet, 1969). This nature of communitarianism offered for the Labour government, as Driver and Martell (1997: 33) pointed out, “a political vocabulary which eschews market individualism but not capitalism; and which embraces collective action, but not class or the state”. The emphasis on ‘community involvement’ under Labour arose from the recognition of the limits of the state in the social sphere and the needs of new partnership with community. Therefore, the importance of working with the community whether in education, health, social work or crime prevention was consistently emphasised by the Labour government(Social Exclusion Unit, 1998, 2000, 2001). The following two sections explore the three major urban regeneration programmes of the Labour government: the New Deal for Communities, City Centre Regeneration and Housing Market Renewal programmes.

## 2. A New Neighbourhood Renewal Programme: The New Deal for Communities

One of the first decisions of the incoming Labour administration was to establish a Social Exclusion Unit (SEU) in the Cabinet Office to tackle the problems of deprived neighbourhoods. It was recognised that the problems of deprived neighbourhoods were multi-faceted and so the response needed to adopt a more holistic approach than had been attempted before. There were three key ways to this response (Social Exclusion Unit, 2001: 8): effecting positive change in five key domains - employment, housing, education, crime and health rebuilding of 'social capital' and encouraging 'joined-up' working, involving wide range of public, private and voluntary bodies with an awareness that it was essential to co-ordinate services around the needs of each neighbourhood.

A new neighbourhood renewal programme, the New Deal for Communities (NDC), was introduced and targeted at 39 areas of disadvantage in the major urban areas with the aim of reducing the disparities of opportunity between NDC neighbourhoods and urban areas as a whole. In other words, it was an attempt to re-integrate disadvantaged neighbourhoods into the overall fabric of the urban economy. The NDC programme was innovative in the context of area-based programmes in Britain in focusing large scale resources in a small area over an extended period of time. It was

designed to improve place-based outcomes - community, housing and the physical environment and crime - as well as people-based outcomes - work and finance, education and skills and health. The NDC programme was seen as a 'showcase for state of the art intensive regeneration' (Social Exclusion Unit, 1998: 55). Although the NDC was a flagship area-based regeneration programme of the Labour government to deal with social exclusion issue, it was found that the programme was still operated by previous neoliberal mechanisms. The NDC programme concentrated mainly on the most deprived areas, following a 'worst first' approach aimed at where they seemed to be most needed but the programme was operated by a cornerstone of neoliberalism, 'competitive bidding'. As Atkinson (2003: 107) pointed out, the NDC forced one local authority against another to compete for limited resources. Hence, the NDC programme was similar to previous neoliberal urban policy and continued to focus on small selected neighbourhoods and the selective allocation of regeneration funds in which certain areas were successful, but several other, perhaps equally deserving neighbourhoods, were not.

The NDC programme placed considerable emphasis on engaging with local residents more than any previous area-based initiatives, but there was relatively little change in later years in those involved in NDC activities (Communities and Local Government, 2009). According to the report, 'An overview of cross-sectional change

data 2002~2008'(Communities and Local Government, 2009), 22% of those knowing about their local NDC project in 2008 had been involved in NDC-organised activities in the last two years. Between 2002 and 2006 there was an increase of 6% but no further change occurred between 2006 and 2008. There was also less evidence of change with regard to some other community orientated or 'social capital' indicators. About 25% of NDC residents thought they could influence decisions affecting their area. There was a only 2% increase between 2002 and 2008, but the NDC average remained considerably lower than the national equivalent of 31%. Furthermore, in theory, housing associations, schools and voluntary organisations were given the opportunity to lead the NDC projects with financial support in order to address the limitations of previous neoliberal urban policies, but, in practice, few actually did. Significant obstacles for joined-up working were found including the bureaucratic nature of the regeneration process, the lack of resources of community and voluntary sector organisations, and the 'top-down' nature of many local partnerships(Gilchrist 2003; Imrie and Raco 2003). According to Harvey(2005: 64-86), this should not be surprising as there are strong limits on democratic governance under neoliberalism. For the neoliberal theorists, Harvey(2005: 66) argued, "Governance by majority rule is seen as a potential threat to individual rights and constitutional liberties... Neoliberals therefore tend to favour governance

by experts and elites". The promotion of a joined-up approach in neighbourhood renewal programmes, therefore, was often criticised for 'tokenism'(Gough, 2002: 70). Gilchrist(2003: 19) highlighted the problem of the implicit assumption that the culture and procedures of local authorities were appropriate ways to manage partnership arrangements, however, in truth, community representatives felt alienated and frustrated by the formal settings and protocol which confronted them at partnership board meetings. Imrie and Raco(2003: 27) pointed out, "Communities are often shoehorned on to local policy initiatives according to central government guidelines".

Reflecting across the 2002, 2004, 2006 and 2008 NDC programme surveys(Communities and Local Government, 2009), there were more obvious signs of positive change in relation to place rather than people-based outcomes. This might be because of the fact that some people-based outcomes, notably in health and education would take years to become apparent (Lawless, 2006). There was a steady increase in the proportion of NDC residents feeling part of the community and a significant improvement in housing and physical environment. There was a 13% increase in NDC residents who were satisfied with their area as a place to live. Some people-based indicators improved. The proportion of working age residents in employment increased from 51% in 2002 to 54% in 2008 and by 2008 29% of working age residents had no formal qualifications, a decrease of 5% on

2002. But the NDC programme-wide average was still considerably lower than the national equivalent. The NDC programme had made steady progress but the scale of transformation was often relatively modest and the initial positive effects implemented by NDC projects in their early days had diminished through time. This might be the reason why there was little change in relation to residents considering their overall quality of life to be good.

### 3. Market-led Regeneration Programmes: City Centre Regeneration and Housing Market Renewal

In 1999, the government received the findings of an Urban Task Force(UTF), launched in response to the trend of counter-urbanization and the long term outmigration of jobs and people from Britain's major cities. The report entitled 'Towards an Urban Renaissance' suggested that cities in Britain needed to be compact; polycentric and mixed in order to facilitate social inclusion; economic competitiveness; and efficient land use. The Urban White Paper 2000, 'Our Towns and Cities: The Future', defined the government's objectives for revitalization of British cities as providing new homes; repopulating urban areas; tackling quality of life issues; promoting economic success; and promoting sustainable urban living that was practical and affordable.

City centres and city living, which drew together investment in retail, leisure and city

centre housing, were regarded as engines for economic growth by the Labour government's urban renaissance agenda. As Brenner and Theodore(2002: 21) pointed out, "... cities have become increasingly important geographical targets and institutional laboratories for a variety of neoliberal policy experiments, from place-marketing, enterprise ...to welfare policies, property- redevelopment schemes.... within the local and regional state apparatus". Whilst the growth of residential city-centre developments pre-dated the UTF report, it is evident from the views of the UTF that, "In the 21st century it is the skilled worker, as well as the global company, who will be footloose. Cities must work hard to attract and retain both" (Department of the Environment, Transport and the Regions 1999: 42), it very much encouraged this trend.

Over the next ten years, the provision of small residential flats and 'lofts' in city centres became a major urban phenomenon in virtually every major British city. Subsequent evidence has shown, however, that significant public investment was often concentrated in larger cities rather than economically and physically marginal places(European Institute for Urban Affairs, 2010). Some big cities, such as Birmingham, Leeds, Liverpool, Manchester, Newcastle, and Sheffield, transformed their city central areas. Unfortunately, many of the city-centre residential developments were speculative, were not properly integrated with other developments via local strategic planning framework, took no account of local housing

needs and, if anything, served to accentuate the social polarization between the rich and poor in British cities.

For more than a decade, until mid 2008, significant growth had taken place in property markets throughout Britain. By utilising its own extensive public landholdings, English Partnerships, the national regeneration agency for England(1999~2007), recognised an opportunity to exploit the rising market to attract private funders to form public/private investment partnerships in order to fund property development and regeneration programmes. With the emergence of roll-out neoliberalism, the aim of this approach was not only to gain greater influence for the public sector over the nature of major(and largely commercial) redevelopment programmes, but it also offered the promise of a significant return on its public sector investment. Following the recommendations of the UTF, a number of Urban Regeneration Companies(URCs) was also established. These URCs were similarly oriented in their approach, to maximise the use of public resources to 'leverage' private funds for development and were expected to act as 'champions' for areas of economic decline. Unfortunately, the credit-crunch brought such partnerships to a premature end and highlighted the dangers of market speculation for public sector agencies.

To many critics, the Labour government's urban policy and practices have often encouraged the process of gentrification. As Lees(2008: 2449) pointed out, "... it

[gentrification] is increasingly promoted in policy circles both in Europe and North America on the assumption that it will lead to less segregated and more sustainable communities". The 'people' who the Labour government hoped to bring back into the disadvantaged neighbourhoods of Britain's towns and cities were not the poorest members of society, they were middle-class households who possessed economic and cultural capital in the market(Allen, 2008; Lees, 2003, 2008; MacLeod, 2002). The discourse of the Housing Market Renewal(HMR) programme was also strongly linked to the needs and aspirations of the growing middle-class(Allen, 2008; Cameron, 2006). The HMR programme was launched in order to renew housing markets and redevelop housing neighbourhoods in nine of the older urban areas of the North and Midlands of England. Here the emphasis was on the need for the redevelopment and modernisation of the housing stock, which was considered as outmoded in quality, design and tenure for middle class households, in order to achieve socially mixed communities. Similarly, the promotion of the phenomenon of 'city living', targeted almost exclusively towards young and mobile workers, was used particularly to justify a claim that it represented a more socially mixed approach to sustainable communities.

There was also little evidence that the housing and economic prospects of existing low-income residents of the HMR programme areas would improve from the experience of

Liverpool and Newcastle/Gateshead(Allen, 2008; Cameron, 2006). There have been significant changes in markets in the HMR pathfinder areas since the HMR programme was established. House prices in the pathfinder areas had risen significantly and by the end of 2005 average prices moved had closer to the relevant regional average in many pathfinder areas (Communities and Local Government, 2007). As a result of price rises, most pathfinders had experienced a decline in affordability in their areas. There were also growing concerns that the HMR programmes would demolish viable working class residential areas in order to create 'vibrant housing markets'. Cameron(2006: 13) pointed out a rapid increase in the number of homeless in the HMR project areas, which was an alarming indication of how the HMR programme reduced choice for those whose aspirations would not be met by the market. As Allen(2008: 199) argued, "These institutions [local authorities, developers, estate agents in the Kensington HMR programme area of Liverpool] are not only violating a form of being-toward the market for houses but also destroying working -class houses and the lives of people that live in them while extracting super-profits from places such as Kensington".

#### 4. The Effectiveness of Urban Renaissance in Improving the Circumstances of Marginalized Communities

Although the Labour government criticised

past policies for not paying enough attention to the needs of the poor and failing to deal with the structural causes of decline, the evidence shows that urban renaissance agenda, claimed as a 'remedy' for previous roll-back neoliberal urban policy failures, still did not improve the circumstances of marginalised communities. Furthermore, many residents felt they had no influence over decisions that affected them (Hills and Stewart, 2005; MacInner et al., 2009), even though the notion of community involvement was given strong attention by the urban renaissance agenda as the remedy for the consequences of roll-back neoliberalism. This was true for all groups but slightly higher for those on lower incomes, those who lived in deprived areas and those who were not working.

The outcomes after the Labour government came to power do not always suggest better results than those achieved by previous Conservative governments. In fact, the scale of the problem of social deprivation indicates that there are similar challenges now to that existing in 1997(MacInner et al., 2009). Even before the global recession in 2008, there was still found to be continuing inequality and significant levels of poverty despite continued economic growth(Kitson and Wilkinson, 2007). As MacInner et al.(2009: 6) pointed out, "...the recession was not the tipping point at which things started to go wrong. Instead, across several key indicators, it is now clear that the turn actually came much earlier, in 2004 or

2005". According to the report, 'Monitoring poverty and social exclusion 2009'(MacInnner et al., 2009), the income inequality between those at the very top and those at the very bottom has increased since 1997. It has become steadily worse since 2004/5 and has now surpassed previous 'highs' recorded in the late 1990s. The unemployment rate has also been gradually rising since 2005, whilst there was a very steep increase in the proportion of people who were unemployed in 2008. Data for the poorest local authority areas suggested that substantial differences remained between areas and not all poor neighbourhoods improved although, as a whole, services and key indicators did improve. The regional prosperity divide has also widened since 2004/5 in line with deindustrialisation. A defining feature of the Labour government's interpretation of spatial inequalities in Britain was a reluctance to contextualise the problems of disadvantaged regions and neighbourhoods in an analysis of the English space as a whole. The Labour government did not give particular priority to disadvantaged regions but emphasised the importance of applying different solutions to different challenges 'wherever they were found' (House of Commons, 2003: 87). It seems that the government expected the most disadvantaged regions to catch up with limited means and assistance. Kitson and Wilkinson (2007: 813) argued, "...it should be stressed that reducing inequality was not, and is not, a New Labour goal. The incomes of top earners have accelerated rapidly and New Labour has no

intention of stopping the rich getting richer...".

## V. Conclusion

The Labour government's political ambitions for urban regeneration programmes within the extended reproduction of neoliberalism was a positive feature, making bold pronouncements about the 'renaissance' of British cities and the 'transformation' of deteriorated neighbourhoods. However, these ambitions proved to be extremely difficult to achieve in practice. It was possible to make significant changes to the physical environment of these areas, but progress in terms of economic and social conditions were much more modest, although there was evidence that the concentration of resources did achieve modest improvements in the quality of people's lives(Power, 2009).

Whilst the urban renaissance agenda acknowledged the limitations of previous Conservative government's neoliberal urban policies, it has been observed that the Labour government's intervention to tackle problems of poverty and social deprivation still followed predecessor's neoliberal methods. Although the Labour government understood the problems of roll-back neoliberalism, it supported the view that state intervention should work through 'market mechanisms'. In the face of the current global economic downturn, what will happen hereafter? The new Coalition government will possibly adopt a changed form of neoliberalism as happened in the early 1990s. Alternatively,

a very different ideology may emerge from the recession for the future in the same way as was observed in the late 1970s.

Economic conditions in Britain are still fragile with a weak level of economic growth through the European Union and high levels of government debt in several countries. The prospects for urban regeneration remain highly uncertain. Until the general election in May 2010, government policy sought to sustain public spending, but since then draconian cuts have been announced by the new Coalition government with only a few key regeneration projects avoiding the axe. Private sector projects have suffered in the weak economy through rising loan defaults and tighter credit, making it harder for developers to secure financing. The old model of urban regeneration relying on rapidly rising land and housing prices, therefore, will not work in the future.

The new Coalition government has put emphasis on empowering communities to build the 'Big Society', similar to the previous Labour government. David Cameron, Prime Minister of the new government, stated in his speech at the launch of the Big Society programme on 18 May 2010 that "I want to empower the voluntary sector, social enterprises, social capital, the Big Society - all the things that can actually help us build a stronger and bigger society in Britain". The new government's discourse of community empowerment could be a silver lining beneath a cloud of urban recession.

Since the Asian Economic crisis in the late 1990s, 'community involvement' or 'social inclusion' has become the buzzword of political and social debates in Korea with the acknowledgement that the past urban policies did not pay enough attention to the needs of the poor. However, the lessons learnt from the Labour government's urban renaissance programme are that community involvement cannot be the answer unless government intervention takes place. The achievement of the desired effect of community involvement depends not only on institutional forms, but also on effective practice (adequate and appropriate resources).

There was a genuine willingness by the Labour government to tackle problems of poverty and social deprivation, but there was a lack of critical questioning of the impact of the role of the market, which creates insecurities and inequalities that require government intervention, especially for deprived communities. Following the neoliberal policies of the previous Conservative governments, the Labour government's urban policy agenda continued to rely heavily on market mechanisms at the expense of greater social interventions and therefore reduced the potential impact of policies on marginalised people and places.

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