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**Glasgow and Bilbao:
A comparison of urban
regeneration strategies**

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This thesis has been composed solely by myself and no part of the submitted work has been included in another thesis.

María Victoria Gómez

To my father

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SYNOPSIS

Old industrial areas have made broad use of new strategies as the means to overcome the difficulties created by the restructuring of their former economic foundation. The attempt to provide an appropriate environment for both fostering economic growth and attracting new investment in the face of heightened inter-urban competition has been the target of much new urban governmental activity. Apart from this general goal, these exercises are often presented as an indirect means to alleviate situations of unemployment and social decline.

In Glasgow and Bilbao, the search for local solutions has been inspired in the predominant pattern of entrepreneurial discourses which underline the importance of the creation of a not very well defined service-based economy and the reconstruction of the cities' image. Glasgow and Bilbao illustrate the failure of these practices, beyond the limited benefit brought to a few selected locations and a very limited group of people. Despite this neglect, the comparative insight provides evidence on the extent to which common patterns for renewal efforts, notwithstanding political, economic and social differences, are repeatedly used.

LIST OF ABBREVIATIONS

APT	.....	Areas of Priority Treatment
BC	.....	Barakaldo (Municipal) Council
BCC	.....	Bilbao City Council
BG	.....	Basque Government
CC.OO.	.....	Comisiones Obreras (Trade Union)
CEDEMI	.....	Centro para el Desarrollo de la Margen Izquierda (Left Bank Entrepreneurial Development Centre)
COCINB	.....	Cámara Oficial de Comercio e Industria de Bilbao (Bilbao Chamber of Commerce)
DT	.....	Debenham Thorpe
ESI	.....	European Software Institute
GCC	.....	Glasgow City Council
GDA	.....	Glasgow Development Agency
GEAR	.....	Glasgow Eastern Area Renewal
GRA	.....	Glasgow Regeneration Alliance
IBAE	.....	Asociación para el Desarrollo del Bajo Ibaizábal (Left Bank Development agency)
I3	.....	Territorial Projects Consulting Firm
LEC	.....	Local Enterprise Company
LEGUP	.....	Local Enterprise Grants for Urban Projects

LIS Locate in Scotland

M30 Bilbao Metr30

PG Provincial Government

R2000 Bilbao Ría 2000

SDA Scottish Development Agency

SE Scottish Enterprise

SEP Strathclyde European Partnership

SO Scottish Office

SPRI Sociedad para la Promoción y Regeneración Industrial (Basque
Government Industrial Promotion and Regeneration Agency)

SPRI-LUR (Land division of SPRI, the Basque Government Industrial Promotion
and Regeneration Agency)

SRC Strathclyde Regional Council

UBC University of the Basque Country

UDC Urban Development Corporation

WG The Wise Group

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INTRODUCTION

Recent years have witnessed an increasing interest in both urban regeneration and comparative research. Although a huge amount of academic literature has been written on both topics, so far there have been few comparative studies, which focus on actual urban revitalisation practices. Urban regeneration encompasses the notion of decline as much as the reversal of such a situation (Healey *et al*, 1992b). The set of economic, political, physical and social changes related to the search to find a new basis for economic growth and social betterment within the urban arena is, therefore, implicit in the name.

More specifically, old industrial areas have made broad use of new strategies as the means to overcome the difficulties created by the restructuring of their former economic foundation. The attempt to provide an appropriate environment for both fostering economic growth and attracting new investment in the face of heightened inter-urban competition has been the target of much new urban governmental activity. Apart from this general goal, in the context of the local government transition from managerialism to entrepreneurialism (Harvey, 1989), these exercises are often presented as an indirect means to alleviate situations of unemployment and social decline. The present work is an exploration of the processes of urban regeneration via a close comparison of Glasgow and Bilbao. Do these two urban renewal strategies regenerate the city, in the broad sense of the word or do they represent a

restrictive attempt at regeneration which benefits only a few selected locations and a very limited group of people? 'Regeneration' is, therefore, regarded as a problematic term and consequently viewed critically, while the comparison allows us to explore whether, despite particularities, common patterns of renewal exercises can be identified.

While Glasgow is the most important city in Scotland, Bilbao acts as its equivalent in the Basque Country. Both areas underwent a massive process of industrial economic restructuring as the outcome of more general transformations in the Western economy. Both cities were, of course, major locations for heavy industry and production and were closely aligned with images of heavy, dirty, dangerous and rough work. Apart from this, even if Glasgow belongs to the North and Bilbao to the South of Europe, both cities also share some key common features, such as their role in contexts of very strong nationalist aspirations. However, at present Glasgow's metropolitan area population is bigger than its Basque homologue (according to last Census in 1991, over 1.5 million of inhabitants, against less than 1 million respectively) while common experiences have tended to take place in Glasgow earlier than in Bilbao.

While the fact of sharing the traumatic experience of industrial decline seems to constitute in itself a good reason for the comparison of both cities, as seen above, the present work also tries to examine their attempts at urban regeneration and the various strategies adopted to achieve this. In this sense, it is argued that a new set of practices, known as the entrepreneurial approach, and focused on property-led, and place marketing exercises are increasingly being used by a new cohort of local economic-policy actors and partnerships (Lovering, 1995). Very often, new regeneration proposals are based on spectacular projects

which in former industrial cities appear to offer attractive alternatives to the derelict industrial land that many are built upon. Local actors refer to this as 'putting the city on the map' (Hall, 1998). Particular attention has been paid, in this regard, to the role of discourses and the underlying legitimating purposes implicit in the entrepreneurial approach, since it is argued that effective and sustained recovery requires that localities do more than just create the impression of revival. Not only must the surface appearance of an area be transformed but also so must the underlying economic characteristics that created the need for regeneration in the first place for, otherwise, regeneration of this type is largely cosmetic (Hall, 1998).

Most of the work has been built upon regulationist accounts since the conceptualisation of the logic of capitalism carried out by these authors supplies the most appropriate framework to interpret the relationships between local capacities and strategies and the wider structures of accumulation and regulation into which local actors and interests are inserted (Jonas, 1997). Regulationist views, however, are seen as avenues for research rather than as axioms which have to prove true in every detail. Despite the lack of general agreement on what comparative research is (Oyen, 1990; Caïs, 1997), the issues explored in this study enclose the analysis of both Glasgow's and Bilbao's versions of the new entrepreneurial regeneration approach and their respective actors, as much as the assessment of renewal impacts.

The thesis has been structured around four chapters. The first chapter provides the theoretical construction which links the structural context with the two cities' local affairs. Accordingly, the first section of the chapter mainly refers to the regulationist interpretation of general trends, while the second focuses upon the local sphere and critically examines the set of common issues associated with regeneration exercises. For this latter purpose, the questions

surrounding the debate on whether the explanations provided by the urban regime theory, represent a suitable complement to the regulationist background are taken into account. In this sense, what is theoretically pursued, as Hall and Hubbard (1996) point out, is a move towards a framing of the politics of urban development within a coherent framework which acknowledges the importance of difference or specificity, yet does not preclude the possibility of generalisation and synthesis

The theoretical work, therefore, must be accomplished through empirical analysis of discursive and material practices embodied within urban political economies. These particular constructions that general tendencies adopt in Glasgow and Bilbao are respectively analysed in chapters two and three. The content of the chapters which focus upon the cities, are subject to the same kind of scrutiny, although it is not identical in each case. Different time frames and data in both cases have imposed a particular emphasis on some issues to the detriment of others. In general terms, the Glasgow case study can be looked at with more perspective and time for reflection. In this sense, many issues examined in the chapter on Glasgow have already been the subject of some analyses, although more recent facts, such as the revision of the 1980's strategy required to be addressed. The chapter on Bilbao, on the contrary, is conditioned by the temporal proximity to its industrial crisis, what determines the nature of the set of questions examined. In this sense, apart from the issues on the impact of the crisis, discussion of regeneration strategies is far more detailed in Bilbao's case, as the process is currently taking place. In the same vein, while the impact of revitalisation activities on Glasgow's unemployment problems can be observed by looking at the evolution of corresponding figures, it has not been possible to do the same for Bilbao given that, due to the lack of simultaneity, these measures are only being implemented at present. Furthermore,

figures have not been available for metropolitan Bilbao until very recently. This has meant that the evolution of certain indicators has been accomplished by using either provincial (Vizcayan) or regional (Basque) data.

Apart from the timing gap, some other circumstances have led to a certain differences in relation to content for these chapters on the cities. First, more detailed information has been included concerning the history and recent events of Bilbao, in order to provide the foundation for a general understanding of its context. Secondly, the complexity which institutional relationships bear in Bilbao has not a parallel in Glasgow. In line with its traditions and rights, the Basque Country is a type of confederation in which apart from the Basque parliament and government, each of the three provinces, Álava, Vizcaya and Guipúzcoa (see Map 3.1. in Chapter 3), has its own administration, known as the *Diputación Foral*, or Provincial government, and its legislative body, the *Juntas Generales*. The local tiers are governed by municipal councils, although their power is much more limited than their equivalent in Scotland. The provincial structure or *Diputación* is as powerful as the Basque government which in practice means that there is a duplicity of departments whereby the implementation of any policy involves both governmental structures.

Lastly, chapter four, with the set of theoretical issues acting as a conceptual backdrop, deals with the comparative side of the case studies, considering the features shared by both cities as much as the particular forms which these features have adopted in each case. In this sense, common results contribute to set up the limits of a potential standard pattern for renewal efforts from which lessons can be learned by other former industrial areas.

Introduction

With regard to methodological issues, as seen in the correspondent appendix, although different tools have been used throughout the study, it mainly adopts a qualitative, interpretative, approach, whose empirical observations are interpreted through the lens of higher-level abstractions (Lauria, 1997b). Both case studies have been mainly derived from in-depth semi-structured interviews with local respondents from a variety of backgrounds. The richness of the interviewees' answers has sometimes led to long quotations which have deliberately been kept in order to show all the nuances provided by this material.

This is, therefore, the sequence of topics surrounding the exploration of urban regeneration strategies via a comparison of the Glasgow and Bilbao experience.

CHAPTER ONE
THEORETICAL FRAMEWORK

Local experiences are not isolated from wider affairs. This chapter attempts to provide the theoretical framework in which the specific cases of Glasgow and Bilbao are later analysed, since what both areas have experienced is inevitably related to more general processes, to a set of structural changes in Western political economies which started taking place more than twenty years ago creating the new general framework known as post-Fordism. The importance given to these issues in the chapter stresses the underlying connection between the structural context and socio-economic local affairs, which is all the more significant because Glasgow and Bilbao like some other Western urban areas, whose economic basis in the past was heavy industry, belong to the category of places which underwent the severest impacts of the crisis.

The chapter is divided into two sections. The 'context' section supplies a very brief summary of the debates around the broad trends currently taking place, such as industrial restructuring, globalisation and their corresponding impacts. Even if various interpretations of these wide trends are being conducted at present, there is no complete explanation which accounts for them and their possible repercussions in the medium term. Some of these current theoretical approaches have been used in the chapter but particular attention has been paid to the 'regulation school', since contrary to too

orthodox economic views, it provides the most suitable tools to connect broader tendencies with local political responses. The notes about this school of thought which come first in the section, and particularly the interrelation between the concepts of 'regime of accumulation' and 'mode of social regulation' lay the foundation for the subsequent set of comments on the processes which are considered crucial to understand broad current affairs.

Local political responses constitute the focus of the 'local arena' section. The complex nature of the analysis focusing on local actors, their strategic capacities and struggles leads to the necessity of new theoretical tools, which explains the description of the differences and resultant complementarities between regulation and regime theory schools that initiates this section. General transformations under way at the local level or what has been called local entrepreneurial approaches are then raised and subsequently followed by the importance of this discourse as a political legitimating tool. The role of place marketing exercises as a particular form of local entrepreneurial activities, which acquires distinct relevance for old industrial districts like Glasgow and Bilbao, finishes the section.

Finally, the conclusions summarise what are considered the crucial questions which have a particular impact on the cases of Glasgow and Bilbao.

1.1. The context

The 'regulation school', as a theorisation of capitalist restructuring, has focused on the decline of Fordism and the ascendancy of post-Fordism. For Boyer (1990) the regulation approach is a method of analysis, not a complete theory which represents an alternative to more ambitious constructs. Likewise, Jessop (1989) regards regulation theory as a fast growing research programme, rather than a single theoretical system.

The principal contribution of the regulation school lies in the integration of the role of political and social relations, the so-called 'mode of social regulation' into the conception of capitalist reproduction and crisis. The stabilisation of a 'mode of social regulation' with a particular pattern of production and consumption occurs under what is termed a 'regime of accumulation', a macro-economically coherent phase of capitalist development (Tickell and Peck, 1992). In Jessop's (1997) opinion, regulationists examine the historically contingent ensembles of complementary economic and extra-economic mechanisms and practices which enable capital accumulation to occur in a relatively stable way over long periods, despite the fundamental contradictions and conflicts generated by the capital relation itself. The regulating mechanisms include a complex ensemble of social norms and habits, state forms, structures and practices, customs and networks, and institutionalised compromises, rules of conduct and enforceable laws, and represent a set of codified social relations which have the effect of guiding and sustaining the accumulation process (Peck and Tickell, 1994). According to Lauria (1997a) the attraction of regulation theory is that it offers a way of linking changes in the economy to those in politics at a high level of abstraction.

There is not a single regulation approach, as stated by Boyer (1990) (see also Bustelo, 1994; Guerrero, 1997). If according to Dunford (1990), theories of regulation have evolved and involve not one but several approaches, for De Vroey (1984), it would be incorrect to regard regulationists as one homogeneous school of thought, since their ideas have changed over time. Illustrating points of agreement and disagreement among regulationists, Boyer (1990) carries out a comparison of different concepts of regulation, while in Jessop's (1989) opinion, within the general banner of regulation, there are at least, seven different schools: a) the Parisiens (Aglietta, Boyer, Coriat and Lipietz); b) the GRREC equipe (Groupe of Recherche sur la Régulation de l'Économie Capitaliste) (de Bernis, Borelly and di Ruzza; c) Boccara and the PCF (Parti Communiste Français); d) the German school (Esser, Hirsch and Roth); e) the Amsterdam school (Holman, Overbeek and van der Pijl) f) the Nordic economic models school (Andersson, Mjaset and the Nordic Economic Policy group) and g) the American radicals (Bowles, Edwards, Gordon, Schor and Weisskopf).

Cho (1997), however, although running the risk of simplification, identifies two distinctive regulation schools. As the backbone to the theory, he sees the French School, which has devoted its efforts to identifying the technological and macro-economic possibilities (namely labour processes, industrial organisations) of capital accumulation and has developed a distinctive economic-focused approach to capitalist regulation. On the other hand, new approaches have emerged which have commonly been more loyal to Gramsci's original idea of Fordism and try to specify the society-wide regulatory

processes by which a new regime of accumulation obtains its authenticity as a hegemonic structure (Cho, 1997).

For the 'regulation theory', the compromise between capital and labour provided by the Fordist mode of regulation, guaranteed the working class a minimum wage level and regular real wage increases in exchange for workers' acceptance of regular productivity increases (Painter, 1995). At the same time, a developed welfare state granted to nearly all the population the possibility to consume, even in case of temporary or indefinite incapacity to earn money from work due to illness, unemployment, retirement and so on (Lipietz, 1992). But Fordism began to break up around the time of the mid-1970s oil crises and capitalism underwent a tremendous series of changes that ushered in a new era in terms of political and economic relations. In Lipietz's words (1992) from the end of the 1960s, all advanced capitalised countries experienced a slow-down in the rate of productivity growth, while real wages continued to rise. The resulting fall in the profitability of firms led them to react, first, by reducing real wages, which led to sectoral and general crises of underconsumption, and second, by spreading and socialising their losses through mark-up pricing policies, which led to the cost-push inflation that was allowed by the nature of credit money. For De Vroey (1984), leading branches reached the end of a certain line of technical progress and further improvements required profound qualitative changes, such as the move from assembly-line to robotisation. For the firms concerned this represented a strong challenge in terms of innovation, investment and changes in social relations within factories (see also Massey, 1988; Meegan, 1988).

What followed was a fiscal crisis of the welfare state which placed a question mark over the legitimacy of state-social policies and then made the Fordist compromise economically unsustainable. While according to Tickell and Peck (1992) this unfolding structural crisis triggered further internationalisation of production, Lipietz (1992) saw also international reasons for the erosion of this compromise. In his opinion, the search for a larger scale of production and for regions with lower wages led to an internationalisation of productive processes which stood in contrast to the national character of economic regulation. In his view, competition from newly industrialising countries became disruptive for old industries, and poorly-paid replaced well-paid workers, leading to a negative-sum game with respect to world effective demand.

According to Painter (1997) regulationist commentators disagree about the impact of these changes, an issue which has aroused considerable controversy. For some, they herald the emergence of a post-Fordist flexible mode of regulation constituted around customised production, niche (rather than mass) consumption, flexible wage bargaining and financial deregulation and globalisation. Others accept that a new mode of regulation is a possibility but argue either that its development to date is at best embryonic or that there are a variety of alternative feasible post-Fordisms. Finally, other commentators argue that the present period is marked by the continuing turmoil of the breakdown of Fordist forms and its aftermath, with little evidence that a new mode of regulation is emerging (see also Peck and Tickell, 1992; Tickell and Peck, 1992). As Amin (1994) points out, the regulation approach is reticent to predict the characteristics of what comes after Fordism.

Therefore, while few scholars would dispute that a fundamental change in the global political economy occurred, there is little agreement as to the nature of that change. In Low's (1995) opinion, when capitalism is changing in so many different ways simultaneously, there is no empirical benchmark by which to judge which of these ways is 'leading' and 'central' and which 'contingent' and 'peripheral'.

As Tickell and Peck (1992) remark, in the short term, capital responded to these developments through spatial relocation, plant closure or by substituting fixed for variable capital. Swyngedouw (1989) also notes that capitalist firms trade-off between space and technology in their strategies to overcome possible problems of decreasing profitability. According to him, companies either take the route of technological change and thus productivity increases in existing facilities or they may decide to spatially relocate (part of) the production process in search of either new markets or lower production costs (in particular the cost of labour).

The role of technological changes in this possible relocation has been widely emphasised. In the opinion of Harris (1988), computer-assisted design and computer-based inventory and production control made small-batch production economical and facilitated the decentralisation of production, which was reinforced by the diminution of transport costs and the consequent reduction in spatial barriers to all kinds of movement. The various parts of the overall production process, therefore, became fragmented, since goods could be produced in many different locations and ordered for assembly in batches by unskilled workers after very short training periods. The possibility of separating the production process itself, from its administration, pointed to the same direction (Harris, 1988).

Consequently, in Harris' (1988) words, some of what had been integrated plants in Western countries, carrying out complete manufacturing processes, were closed down and rationalised in order to manufacture products more cheaply, through the use of parts fabricated by workers divided between a number of countries. According to Thrift (1988), multinational corporations now review the productivity of their plants much more frequently, and if plants do not produce the required level of profit they are likely to be shut down. Thus, there is a constant process of strategic rationalisation in which plants are set up and shut down more frequently than before, with all the consequences this has for the countries in which these plants are located.

1.1.1. Globalisation?

Thrift (1988) describes how capital has become more footloose, both in time and space and he also remarks the fact that the global corporation has emerged as a new type of organisation. However he also insists on the difficulties to sustain the concept of 'globalisation' as a general tendency. In the same sense, Hirst and Thompson (1996) point out that the much vaunted 'globalisation' has clear limits. According to them, the increasing importance of foreign trade and considerable and growing international flows of capital are not *per se* evidence of the phenomenon called 'globalisation'.

In Amin's (1997) opinion, 'globalisation' has been interpreted in various ways. It could be the triumph of capitalism on a world scale over national and local autonomy and identity;

not to be stopped if siding with neo-liberalism, or to be resisted through trans-national anti-capitalist or social-democratic forces if taking an opposite view. Less dramatically, it is nothing more than the intensification of exchange between distinct national social formations, and as such, still governable through the inter-state system. Somewhere in between, it symbolises the blurring of traditional territorial and social boundaries through the inter-penetration of local and distant influences, therefore, requiring hybrid and multi-polar solutions (Amin, 1997).

While it cannot be denied that manufacturers and financial trading and service centres are strongly externally oriented and emphasising international trading, it should also be underlined that foreign direct investment is almost exclusively concentrated in the advanced industrial estates and a small number of what until recently were considered to be rapidly developing industrial economies (Thrift, 1988; Hirst and Thompson, 1996). In Boyer and Drache's (1996) opinion, the quantitative evidence demonstrates that globalisation is not a new phenomenon if measured by such national indicators as the share of exports as percentage of GDP or the share of foreign investment in total investment flows. In this sense economies may have inter-nationalised to a considerable degree, but wealth and output remain local and extremely unevenly distributed.

While Cox (1993) suggests that views on the new international division of labour and 'globalisation' of production have helped foster a spreading political fatalism in the advanced countries, Hirst and Thompson (1996) emphasise how *"the danger of the rhetoric of globalization is that it tends to ignore distributions: it treats the world as a single open competitive market and the location of economic activity as dictated by*

purely commercial considerations”(p. 53). As they reveal, in the early 1990’s, 90% of multi-national companies headquarters were in the developed world and in 1992, only 5% of the stock of foreign direct investment had its origins with a developing country’s multi-national company. Besides, the most successful industrial nations (namely Germany and Japan) have shown a great reluctance to invest and develop core manufacturing activity abroad; they have kept the bulk of their value-adding capacity at home. In this sense, German and Japanese financial capital remains 'nationalistic', committed to its domestic manufacturing sector (Hirst and Thompson, 1996).

In spite of the increasing external orientation of the economies, therefore, it seems that there are serious reasons to remain sceptical about the more extreme claims for economic 'globalisation', taking into account that trade investment and financial flows are concentrated in the Triad of Europe, Japan and North America (Jessop, 1994) and that this dominance seems set to continue, not to mention the current collapse of the 'tiger economies'. According to Amin (1997), however, even if trans-national companies have not become disembedded from the home-base as a source of strategic assets, the increasingly free and contested nature of markets has made it imperative for nation states to develop economic policies aimed at securing global competitiveness, at the expense of growth models orientated towards the domestic economy or national social cohesion. In this sense, initiatives designed explicitly to make the supply-side of the domestic economy more attractive for inward investment, and to force macro-economic policy (especially monetary policy) to be attentive to externally influenced interest rates and monetary fluctuations, constitute new features of current state policies. According to Healey (1997) there is general agreement on the increasing penetration of global

economic relations in structuring the fortunes of individual firms and on the tendencies for greater flexibility in production relations, so that firms move away from vertically integrated companies to more flexible 'out-sourcing' arrangements.

All in all, it is clear that the international economy has changed radically in structure and forms of governance from those that prevailed in the long boom from the early 1950s to the 1973 oil crisis. But on the other hand, it should be taken into account that the mobility of capital is not producing a massive shift of investment and employment from the advanced to the developing countries. Rather, foreign direct investment is highly concentrated among the advanced industrial economies, with the Third World remaining marginal in both investment and trade, apart from a small minority of newly industrialising countries (Hirst and Thompson, 1996).

1.1.2. Industrial restructuring

Even if the role of these 'threshold countries' or 'new industrialising countries' as replacements of old industrial regions has been unreasonably overstated, the spatial translation of the new trends have outlined a new physical pattern in which some of the old manufacturing centres have lost their former leading role, while they have faced huge disappearance of traditional semi-skilled and unskilled manual jobs (Harding *et al*, 1994). Very often, this disinvestment in the form of plant closures has had a negative multiplier effect on urban development, resulting in not only abandoned factories but also abandoned offices, warehouses, shops and housing (Feagin and Smith, 1987). Thus, as manufacturing

industries changed in response to the general re-organisation of capitalism, the built environment of old industrial regions also experienced physical change.

Nevertheless, as Fothergill *et al* (1986) remark, there is no generally accepted theory to account for the de-industrialisation of Western urban areas. According to them, two perspectives can be adopted to try to explain this shift. One concentrates on the characteristics of the industrial districts themselves, taking into account certain features of locations such as inadequate premises, high rents or militant workers, which make them unsuitable locations for contemporary manufacturing industry. The second perspective concerns the 'restructuring' and 'rationalisation' of industry and focus upon the economic system as a whole. The logic of such argument is that the interest of industrial capital and the maintenance of urban industrial employment were irreconcilably opposed (Fothergill *et al*, 1986).

Scott (1988) considers that the new flexible ensembles of productive activity locate at some distance from the major foci of Fordist industrialisation, as they have little demand for the types of inputs and labour available in such centres. In his view, the old centres, with their high levels of worker unionisation and their relatively politicised working-class populations - leading to stubborn rigidities in both the workplace and the local labour market - constituted hostile environments in several respects for the new flexible production forms (see also Swyngedouw, 1989). Consequently, many of the producers in the new ensembles began to seek out alternative kinds of locational environments uncontaminated by previous historical experience of large-scale manufacturing activity and Fordist employment relations. In such environments, new and experimental kinds of

socio-technical structures of production could be established with minimum local obstruction, which is doubly important where both avoidance of rigidity and the institutionalisation of flexibility are primary goals (Scott, 1988).

It was also argued that long-term technological changes made manufacturing need more space per worker and also larger plots in order to maximise the productivity and achieve the optimum use of space, and that this put cities at a disadvantage in relation to other areas. According to this interpretation, modern industry prefers single-storey premises on spacious sites with room for car-parking, circulation of heavy lorries and, where appropriate, for outdoor storage and future expansion (Fothergill *et al*, 1986). Firms located in densely populated urban areas, whose sites were physically constrained, could not face any potential expansion of their premises either on site or on immediately adjacent land, where they should compete against alternative uses. By contrast, firms located in more rural areas had access to sources of cheaper land and lower costs and could expand premises more easily (Rhodes, 1986).

Massey (1988) explains how during the first half of the 1970s, the decline of the old industrial regions was the result, according to some scholars, of so-called 'agglomeration diseconomies'. These were understood as the financial burdens imposed by location in a major urban area, mainly the cost of land and premises, which could affect companies through the high housing and travel costs for their workers and the relative congestion and the old age of buildings in cities. In this sense, it was argued that the previous relative advantages of an urban location were outweighed by the disadvantages.

Lash and Urry (1987) use the term 'spatial fix' to refer to the set of inter-connected spatial structures in the process of dissolution (p. 307), between the dominant manufacturing/extractive industries, major industrial cities, particular regions dominated by such industries, and labour and capital organised in a given structural pattern. In this account, the spatial fix was the most characteristic aspect of the former development of distinct regional economies shaped by a small number of industries and organised around large plants in the major urban centres. As Lash and Urry (1987) argue, the dissolution of this spatial fix is due to the spatial deconcentration and dispersal of manufacturing, and the use made of local diversity by industry to fragment their operations and settle them in a variety of locations.

All these explanations, however, have to be framed within the wider context of the restructuring of industry which involved many different forms: while some firms simply moved to cheaper labour, some others used the opportunity to update their production processes thus making them less dependent on traditionally skilled labour forces (Massey, 1988). In this line, Cox notes that the search for cheaper labour is only one strategy and others can have quite severely localising rather than spatially dispersing effects. Furthermore, as Tickell and Peck (1992) remark, new industrial spaces have also been identified within the older manufacturing regions, which demonstrates that in some circumstances, capital will adopt a spatial strategy for the establishment of flexible employment relations, such as the choice of production locations peripheral to the geography of Fordist production, while in others, a social strategy will be adopted, like the *in situ* remaking of management-labour relations within one of the Fordist heartlands.

Therefore, even if many traditional industrial centres have lost their former prevailing role, not everything within manufacturing has been in decline. The de-industrialisation process has involved the death of some manufacturing plants and the birth of others (Burtenshaw *et al*, 1991). Broadly speaking, the sectors which have fared worst are the primary and heavy industries. On the other end there have been a group of selected industries and their associated occupations which have steadily moved towards a more crucial position in the overall economic structure, in particular, those related to the emerging 'high-tech' sectors of electronics industries and those which are either research and development-intensive or produce specialist, namely designer goods for affluent consumer in niche markets (Harding *et al*, 1994). These prosperous or 'sunrise' industries, while regarded as growth areas, seem to be a sector of 'jobless growth' (Massey, 1988; Allen, 1988).

Furthermore, industrial restructuring has been interpreted by many authors as an inevitable trend in the transition towards tertiary-dominant societies. The division of labour in complex processes has augmented the numbers of workers engaged in indirect productive activities, leaving proportionately fewer workers engaged in the direct, hands-on tasks of transforming materials into useful forms. In this sense, the hands-on work of processing, assembling, and moving materials has diminished relative to the work of regulating, administering, organising and improving production systems (Sayer and Walker, 1992). Many jobs have been transferred from manufacturing to services industries as the former externalised services previously provided 'in-house' (Allen, 1988). This has reshaped the boundaries between the two sectors. In Massey's (1988) opinion, the distinction between manufacturing and services is increasingly arbitrary since services are an integral part of the whole production system.

According to Sayer and Walker (1992), not only the term 'services' is sorely wanting as a unifying concept for understanding the new social economy, but the idea of transition to a services economy is a crude attempt to capture the current transformations in modern capitalism. Clearly, the importance of services has been subject of widespread controversy (see Massey, 1988; Sayer and Walker, 1992; *The Economist*, 1994; 1997).

Many analysts now divide services into 'producer services' and consumer services (Healey, 1997). While consumer services meet the demand for final services from households (Allen, 1988), producer services have been the most important intermediate outputs and the fastest growing segment of the services economy in recent years. The latter group includes services such as banking, insurance, advertising, market research, professional and scientific services, and research and development. Information-based services, of which producer services are considered a prime example, represent for some scholars such as Hall (1993; 1995) and Castells (1996) the leading edge of the economy. The latter characterises the change towards the informational economy as the fundamental economic shift of the present era, as momentous in its own way as the shift from an agrarian to an industrial economy in the 18th and 19th centuries. According to Tickell and Peck (1992), on the contrary, much work remains to be done on the macro-economic role of what has been called propulsive sectors of flexible accumulation, of which financial and business services and the high technology sector constitute the chief illustration.

1.1.3. Employment impacts

In terms of employment, the workers expelled from manufacturing restructuring have not been reabsorbed by the new labour market. This has resulted in the emergence of record levels of mass unemployment. In fact, a new demand for basic attributes has placed the new jobs beyond the abilities of the section of the population who lost their manufacturing employment, imposing a particularly severe burden on semi-skilled and unskilled manual workers (Massey, 1994).

The most significant employment growth has been within financial and business services, although consumer and personal services have also increased, but more slowly (Harding *et al*, 1994). In the 1980s the biggest rise in service-sector employment was in finance, insurance, property and business services. The number of workers in these industries increased by 4-5% a year in most of the big economies, compared with 2-3% for services as a whole (*The Economist*, 1994). In Healey's (1997) opinion, however, financial services are themselves also affected by restructuring, in response to technological innovation and a more competitive environment produced by deregulation policies. The result, in her view, is job loss in many consumer services where telecommunications advances have reduced labour time. Accordingly, the consequence for many office locations and town centres with a significant component of retail financial services is likely to parallel the impact of industrial restructuring in the generation of obsolete locations and premises (Healey, 1997).

According to Harding *et al* (1987) the growing supply of knowledge-intensive professional, managerial and technical jobs has meant that good salaries and conditions

have increasingly become available to well-qualified, largely indigenous male, middle-class workers. On the other hand, the expansion in consumer and personal services, has drawn on female and ethnic minority workers and provides jobs which are often insecure, part-time and poorly paid. In pursuing the same line, for Tickell and Peck (1992) service sector growth is associated with increasingly segmented labour markets with a cadre of well-paid professionals making up the 'service class' and a mass of unskilled workers in the secondary labour market constituting the 'service underclass'.

According to Amin (1994), Hirsch and Esser scan the array of dominant patterns of restructuring in Germany to outline a pessimistic 'post-Fordist' scenario consisting of new technology-based work representing lay-offs, worker segmentation and social marginalisation; a strengthened industrialisation of the service sector, representing changes in the social structure towards white-collar strata, and the erosion of collective identities via the use of new technologies; enforced mobility in labour markets provoked by new geographies of employment, resulting in a breakdown of family and communal ties; and growing social polarisation between high productivity/high consumption strata and low-wage or no-wage strata.

Meegan (1988) points out that employment changes include a shift towards increased sub-contracting, part-time and casualised working, single-union agreements and negotiation of the kind of 'flexible' working conditions. Thrift (1988) also emphasises that much of the increase in service employment has consisted of an increase in the number of part-time workers. The result is an employment structure increasingly polarised between well-paid, full-time, 'career' professional and administrative jobs and

lower-grade, frequently part-time, routinised service jobs (Allen, 1988). In Massey's (1988) opinion, those who view the services economy with enthusiasm tend to point to financiers, computer analysts, lawyers and psychologists, whereas the more sceptical point to hospital ancillary staff, the hotel and catering industry and the casualised work in the tourism sector. At the same lowest level, according to Feagin and Smith (1987), examples of jobs directly connected to business are messengers and office cleaners, while the jobs indirectly connected range from restaurant workers to housemaids.

Thus, in general terms, the restructuring of the workforce and the nature of work has meant that while unemployment has increased enormously, multiple internal divisions dominate the labour market from different perspectives. There is division between those who have a job and many others unemployed; between different categories of unemployed, such as short or long-term; between high and low income; and between different types of working people such as part-timers or full-timers, temporary and permanent and self-employed. In other words, the net effect of recent occupational changes has been a strong polarisation in incomes, employment standards and job security between different groups (Harding *et al*, 1994).

1.2. The Local Arena

1.2.1. Regulation and urban regime theories

Regulation theory provides a way of understanding the spatially uneven character of economic change given its focus on the institutional and cultural influences on economic

growth and development (Painter, 1997; Dunford, 1990). Yet, even if the tools are adequate for this purpose, Peck and Tickell (1992) underline the lack of conception of sub-national uneven development within regulation theory as currently formulated. In their view, regulation theory has not confronted the issue of social regulation at spatial scales other than that of the nation-state. They remark, consequently, of the need to investigate the ways in which different regulatory mechanisms and forms are effectively rooted and dispensed at different spatial scales, from the local to the supranational (Peck and Tickell, 1992; also Beauregard, 1997). Something similar is expressed by Low (1995) who notes that even if regulation theory provides a suitable focus for the reintroduction of politics into the political economy of urban studies, recent work on the geography of local social relations requires that the concept of regulation be expanded to take more account of sub-national differences.

There have been various recent attempts to deploy regulationist concepts in urban political analysis. According to Jessop *et al* (1996), such attempts serve two different purposes. First, they provide a means of linking urban politics to broader economic tendencies, and second, they provide a means to link agency and structure in the study of urban governance, via the concept of 'mode of regulation'. However, since the regulation approach is primarily relevant to the economic context of urban regimes, its use in urban research needs to be complemented by a more sophisticated analysis of the political domain. In fact, regulationist interpretations of local transformations have tended to portray them in rather stark and simplistic terms, ignoring the strategic capacities and strategies of local actors (Jonas, 1997; see also Painter, 1997; Jessop *et al*, 1996).

According to Painter (1997), an urban regime can be defined as a coalition of interests at the urban scale. The coalition includes, but is not limited to, elected local government officials. This coalition co-ordinates resources and thus generates governing capacity. It follows that urban regime theory is a form of analysis which focus on the relationships among what are termed urban scene actors and the way these get involved in local projects. The concept of urban regime is prominent in the literature of urban studies and political science (for instance, Elkin, Stone, Fainstein, Mollenkopf), especially in North America, although recently it has also been gaining popularity in relation to British urban politics (Painter, 1997).

Although the urban regime paradigm illuminates key aspects of development politics, Horan (1997) argues that this paradigm remains too narrow a framework for investigating the processes of urban political and economic restructuring. In Jonas' (1997) words, urban regime theory can provide a rich picture of the local interests, struggles, and strategies involved in urban political transformations, but it too is silent on certain issues of strategic significance. According to Cox (1997) urban regime analyses fail to move beyond descriptive references to various forms of public-private collaboration to a reasoned questioning of why social forms of that nature actually emerge. In his opinion, urban regime theory has shown itself sensitive to mechanisms of co-operation, but not to the issue of why those mechanisms come into being, are reproduced, transformed and contested. In the same line, whilst accepting the value of urban regime analysis, Jessop *et al* (1996) reject the tendency to treat urban dynamics as existing somehow in isolation from wider economic and political forces and processes. In their view, while regime studies have produced deep and nuanced accounts of the

structure and dynamics of some urban coalitions, they reveal much less about the wider economic and political context within which urban strategies are formulated (Jessop *et al*, 1996).

Jessop *et al* (1996) agree that the emphasis on the autonomy of local elites and regimes has been a salutary corrective to forms of structuralism which emphasise the autonomous logic of a global capitalism, the homogenising sovereign authority of the national state, or the hegemony of supra-local cultures and discourses. But, according to them, this valuable corrective does not mean that the wider imperatives of inter-urban competition, state restructuring and capital accumulation can be set aside whilst examining the internal dynamics of urban politics; nor, likewise, that the choices pursued at local level can be safely examined as if they were uninfluenced by extra-local policy models, paradigms or discourses. From another perspective, Cochrane (1991) also remarks that approaching the analysis of change within the local government system as if it were independent of wider social and economic shifts is fundamentally misleading. For there is always a two-way, if typically asymmetrical, flow between local economic, political, and ideological forces and those existing on supra-local scales (Jessop *et al*, 1996; see also Low, 1994).

In conclusion, while regulation theory underestimates the importance of local actors and organisation and thus cannot explain the concrete construction of regulatory mechanisms, urban regime theory inadequately theorises the connections between local agents and their wider institutional context (Lauria, 1997a). However, even if urban regime theory often fails to provide penetrating theoretical analyses and succumbs instead to empiricism and 'excessive localism' (Jessop *et al*, 1996; see also Feldman,

1997; Beauregard, 1997), its complementarities with regulation theory, according to Lauria (1997b), are important and promising. In his opinion, the complementarity of a focus on political practices and extra-local and extra-economic regulatory processes allows research to focus on how urban regimes can orient local accumulation strategies to help position their local economic space in the urban hierarchy (Lauria, 1997b). In this sense, while regulation theory offers a fruitful set of abstractions in which to embed urban regime analysis, the latter is well placed to provide some of the explanatory links missing in the regulationist account, in that it focuses explicitly on the content of political disputes and on forms of political conflict and co-operation at the urban scale (Painter, 1997; see also Lauria, 1997a).

More specifically, Jessop *et al* (1996) note that while a range of case studies discloses that urban political forms are varied, thereby highlighting what has been called 'micro-diversity', there are still many shared features common to the political 'will' of urban regimes within and across western nations. These shared features are indicative of common evolutionary trajectories, or what could be called 'macro-necessity'. In their view, this co-existence within and across western societies of both micro-diversity and macro-necessity has emerged because urban political systems are responding to a set of extra-urban transformations which provide structural and strategic constraints on local actions (Jessop *et al*, 1996).

1.2.2. Local changes

For Harvey (1989), the relationship between macro-necessity and micro-diversity would be the outcome of the increasing importance of locality vis-à-vis international capital. This was to be seen in the new context of competition for investment and jobs, generalised unemployment and industrial restructuring in this phase of rapid shifts towards more flexible and geographically mobile patterns of capital accumulation (Harvey, 1989).

Concerning investment attraction, Fretter (1993) also stresses the importance for localities of having better location, cheaper labour, better grants, lower manufacturing costs, more skilled labour and better quality of life. Likewise, in Low's (1995) view, the conditions of competition for investment among local governments include, among others, matters such as the degree of dependence on local investment for fiscal funds, the size and boundary configuration of local government divisions, the degree of socio-economic or racial polarisation among competing territories, the degree to which competition, as against collaboration, is viewed as a virtue in the national culture, or the degree of penetration of local governments by business interests who benefit directly from local competition for growth. According to Healey (1997), local economic development strategies aimed at building up local assets and accompanied by energetic urban marketing, have been promoted since the 1970s as a key 'trick' to play in the inter-regional competitive game. While Swyngedouw (1989) also uses, as the name of the game, the expressions inter-regional and inter-urban competition, Jessop (1994) speaks of the new re-orientation of local economic activities, with an increasing emphasis placed on economic regeneration and on how best to make local or regional economies more competitive in the new world economy.

He stresses the fact that to further this urban and regional competitiveness, new combinations of economic and extra-economic factors have been created. Such 'new combinations' comprise economic, political, and social innovations intended to enhance productivity and other conditions of structural competitiveness, as well as modifications in formal and regulatory measures aimed at capturing mobile investment or simple image-building measures with the same purpose (Jessop, 1996, p. 5). As Peck and Tickell (1994) observe, localities in the *after*-Fordist crisis have become 'hostile brothers' flinging themselves into the competitive process of attracting jobs and investment by bargaining away living standards and regulatory controls. In their opinion, the alignment of global-local relations –which Swyngedouw (1992) has termed 'glocalisation'- is not so much a new spatial order as a continuing spatial disorder, or in other words, the geography of the unresolved crisis.

Cox (1993) argues, however, that the geography of capital is necessarily contradictory since there are always limits to firms' locational flexibility and footlooseness. In his view, firms may acquire mobility with respect to sites at a particular geographical scale, but not a mobility that is absolute in character. In his opinion, accumulation cannot be so reduced since for some firms or for some of their activities, the scale of local dependence may be expanding, but not for all firms or for all of their activities. While firms may be able to achieve an enhanced locational discretion for assembly activities, the same does not apply for their research and development or headquarters functions. In short, he is against what he considers a serious overgeneralisation (Cox, 1993). In the same line, according to Hirst and Thompson (1996), the key to the success of [multinational] investment is not whether it simply seeks a low-cost location to generate maximum profit

advantage, but how it adapts its strategy to fit into the particular institutionalised [national] environments of business and innovation into which it settles.

Yet, an increasing number of urban areas are being governed in different ways as they adapt to new economic, social and political contexts, what in Peck and Tickell's (1994) opinion is a symptom of the crisis itself, a reflection of the aforementioned continuing global political-economic disorder. In Britain, for instance, there has been a decline in government, understood as the role of directly elected local government institutions, and the rise of “governance”, understood as the exercise of authority by non-governmental institutions (Goodwin and Painter, 1997; Jessop, 1994). This shift in urban governance has been characterised by the diminishing importance of the local provision of welfare by city governments in favour of a more outward orientated stance designed to foster local development and economic growth. As such, the focus of much urban governmental activity is no longer the provision of services for city residents, but a concern with the prosperity of the city and its ability to attract jobs and investment. These profound changes in the way that cities operate have witnessed the public sector taking over characteristics once distinctive to the private sector (Hubbard, 1996; Cochrane, 1991; Imrie and Thomas, 1995), what has contributed to the subordination of welfarist goals to the overriding imperatives of local competitiveness and growth (Peck and Tickell, 1995). Local governance, as Lovering (1995) points out, has been reconstructed around the agenda of economic competition.

The challenge of a situation of *'deindustrialisation, widespread and seemingly 'structural' unemployment, fiscal austerity at both the national and local levels, all coupled with [...]*

much stronger appeal [...] to market rationality and privatisation, provide a backdrop to understanding why so many urban governments, often of quite different political persuasions and armed with very different legal and political powers, have all taken a broadly similar direction towards the provision of a 'good business climate' and the attraction of capital into town' (Harvey, 1989, p. 5).

In Jessop's (1997) words, we can discern a transition from systems of local government organised around expanding, localised delivery of Keynesian welfare state functions toward a system of local governance organised around a quite novel role. In economic terms, this role attempts to promote flexibility, economies of scope, and permanent innovation, and tries to strengthen as far as possible the structural competitiveness of the economic spaces. In social terms, it subordinates social to economic policy with particular emphasis on labour market flexibility and structural competitiveness (Jessop, 1997), which in some cases has led to the fact that location of social services is now determined more on the basis of capacity to pay than on the basis of need. In spatial terms, the traditional planning approach has been fragmented as the main instrument shaping and managing the processes of change (Gold and Ward, 1994; Philo and Kearns, 1993). Furthermore, as Tavsanoğlu and Healey (1992) observe, emphasis on overall city form and function has changed to a focus on the individual elements of cities, such as zones and projects. The shift by national policy to the private sector in the UK during the 1980s meant, according to Healey *et al* (1992a), that plan frameworks were allowed to fall into disuse, and development was encouraged to be negotiated project by project on an ad hoc basis, in a situation of uncertainty about what development would take place in an area and how it would be provided. Localities, therefore, are not presented as foci of

attachment and concern any more, but as bundles of social and economic opportunity, competing against one another in the open market for a share of the capital investment cake (Philo and Kearns, 1993).

Therefore, from being guided by welfare interventionism, the local state has now emerged as concerned fundamentally with 'accumulation' in the local arena. From 'welfare for the community' its ethos now is 'welfare for capital' (Boyle, 1993; Gaffikin and Warf, 1993; Harvey, 1989). According to Harvey (1989), in taking up more capital friendly initiatives, local governments have become less concerned with issues of social distribution, compensation for negative externalities and provision of public services, and more enthralled by questions of economic competitiveness and attraction of investment capital. The enhancement of 'local business climates' by local states has also been remarked by Cox and Mair (1988), who note that particular policies have ranged from tax abatements to subsidising the cultural amenities of the locality. Quoting Fainstein and Fainstein, Cox and Mair (1988) note that accumulation priorities now include expansion of white-collar industries, high technology manufacturing and bourgeois consumption services. Likewise, Healey (1992) points out that the imagery associated with local economic growth stresses high-technology, science-based industries, financial services and other new producer services, consumer services and recreation and leisure activities. It follows that what cities currently want is being a world corporate headquarters centre, with a central business district of office buildings, specialised shops and restaurants, hotels and luxury apartments.

Using Harvey's (1989; 1994) language, the "managerial" approach typical of the 1960s has given way to "entrepreneurial" forms of action in the 1970s and 1980s in a sort of consensus which seems to hold across national boundaries and even across political parties and ideologies (although see Hall and Hubbard, 1996). In his explanation of urban entrepreneurialism, Harvey (1985; 1994) outlines four different forms of inter-urban competition which are not mutually exclusive and often overlap: (a) Competition for position within the international division of labour, exploiting particular advantages for the production of goods and services. In this sense, Harvey points out how labour power of the right quality can be a powerful magnet for new economic development so that investment in highly trained and skilled work forces suited to new labour process and their managerial requirements can be well rewarded. (b) Competition with respect of position in relation to consumption, which would reflect the effort made by urban governments to make their cities more attractive as consumer and cultural centres. From this point of view, physical improvements of the urban environment, consumer attractions and entertainment and cultural innovation have become prominent facets of strategies for urban regeneration. In this sense, cities pursue strategies to appear as an innovative, exciting, creative and safe place to live or visit, to play and consume in. (c) Competition for control and command functions, particularly in relation to financial and administrative powers, which refers to the way cities can compete to become centres of finance capital, of information gathering and control and, of government decision-making. (d) Competition in relation to redistribution of surpluses through central government, is lastly, another strategy for urban survival in spite of the political attack on redistributive politics during the 1970s and 1980s.

In North American cities, where the notion of entrepreneurialism has been most widely acknowledged, changes are associated with the emergence of growth coalitions, partnerships between local state and local capital founded on the shared assumption that the attraction of external investment is the key to securing the future prosperity of the city in the face of heightened inter-urban competition (Hubbard, 1996). According to Amin and Malmberg (1994) the entrepreneurial model is a novel response to the problem of uneven development which draws upon locally based efforts to improve the competitive potential of weaker and less-favoured cities and regions. Leitner and Garner (1993) note that urban entrepreneurialism has been characterised as follows: cities are acting as active competitors in the urban economic game and the key to each city's success is its ability to invest wisely and to market shrewdly. Urban entrepreneurship entails a new breed of municipal official, transcending the traditional local government roles of delivering services and enforcing regulations. The city entrepreneurial role includes characteristics traditionally viewed as distinctive to the private sector, such as risk-taking, inventiveness, self-reliance, profit motivation, and promotion. This enhanced competitiveness of the city is regarded as critical to urban rebuilding and economic revitalisation. Likewise, Healey *et al* (1992a) underline the fact that in mimicking the private sector, the specific role for the public sector was the entrepreneurial deal-maker, innovating, investing speculatively and taking risks at the level of projects. According to Leitner and Garner (1993), the major argument made by proponents of urban entrepreneurialism is that development strategies designed to improve the city's attractiveness to business are in the best interest of the city as a whole and of all urban residents (Leitner and Garner, 1993; Harvey, 1989).

1.2.3. The role of discourse

Jessop (1997) explains how nowadays there is widespread belief in a strong dependence on a wide range of *extra-economic factors*, which drive to *a wide range of competitiveness-enhancing policies* (Jessop, 1997, p. 68). Even if macro-necessity or the broad economic trends act as a constraint at the local level, entrepreneurial practices are much accurately acknowledged when the role played by legitimating discourses is taken into account.

As many authors point out, in spite of its predominance, the entrepreneurial discourse should be questioned (Cochrane *et al*, 1996; Peck and Tickell, 1995; Leitner and Garner, 1993; Lovering, 1995; Jessop, 1997; Jessop *et al*, 1996; Lauria, 1997b). Jessop *et al* (1996) remark on the scope of the discursive constitution of new policy paradigms which emphasise flexibility and entrepreneurialism as appropriate responses to the rigidities of a crisis-prone Fordism and the increased significance of structural competitiveness in international, inter-regional, and intra-regional competition, since economic spaces most relevant to accumulation and the main extra-economic conditions for economic competitiveness have changed significantly (also Jessop, 1997; 1995).

According to Leitner and Garner (1993), the emphasis on local entrepreneurship has been propagated as the panacea for urban areas seeking to adapt to national and international economic and political restructuring, during the last two decades. This has lead to the fact that today, most redevelopment professionals and policy analysts

advocate urban entrepreneurialism and its mainstay -public-private partnerships- as essential to urban growth and revitalisation (Leitner and Garner, 1993).

The emerging geo-economic narratives concerning the crisis of Atlantic Fordism, globalisation, triadisation, communist collapse, the end of the Cold War, the 'emergence' of East Asia, and so on (Jessop, 1995; Jessop *et al*, 1996) constitute the backdrop of a set of common practices which are playing a major role in the reshaping of urban regimes (Jessop, 1997). Enterprise culture, enterprise society, flexible industrial districts, technopoles, learning regions, innovative milieux, networks, global cities, strategic alliances, partnerships and governance (Jessop, 1997) are according to this view, the only and inevitable response to the imperatives of the new situation. As Jessop *et al* (1996) explain it, given the pervasive sense of post-war economic and political failure, if cities and regions wanted to escape the consequences of this failure, they were allegedly forced to modify economic strategies, economic institutions, modes of governance and the form of the state which all must be redesigned to prioritise 'wealth creation', in the face of multiple forms of competition (Jessop, 1995; Jessop, 1996; Jessop *et al*, 1996). As Jessop (1997) warns, we must direct attention to the role of these spatial imaginary and economic narratives or discourses in demarcating a local economic space of economic interests from the seamless web of a changing global-regional-national-local nexus.

The new explanatory framework is also questioned by Cox (1993). He also stresses that it is the possibility, rather than the actuality of hypermobile investment capital that is providing the impetus to entrepreneurial government (Hall and Hubbard, 1996). In this

sense, the entrepreneurial account is drawing a picture in which changes in the economic space, as a result of an increased footlooseness of capital, provide threats and opportunities to urban areas economic interests; then, these interests work through local governments in order to channel investment into their particular area through appropriate infrastructure, taxation, and regulatory practices. As Cox (1993) concludes, the policies of this sort bring localities into competition with other urban areas.

Similarly, for Hubbard (1996), the rhetorical narratives of urban governors and politicians stress that the key to prosperity is for the locality to position itself favourably on the global economic stage. This, again, echoes the idea that urban and regional restructuring are closely tied to trends at the global level and consequently leads to the adoption of entrepreneurial policies, what is frequently posited as a principal means by which it is possible to attract new firms and investment to a locality. In a similar line, Swyngedouw's (1989) explanation, is that the downing of the era of Fordist consensus and the subsequent disjointed efforts to reconstruct a new sense of economic and institutional coherence is accompanied by a new 'local' ideological rhetoric, whose discursive preoccupation has to do with distinction, fragmentation and uniqueness. According to Jessop *et al* (1996), some advocates of this official version have even claimed that changes have given local states an enhanced role in the world economy. But as these authors point out, such claims are, to say the very least, debatable since cities and regions may now be competing with each other more fiercely than before, but it is dubious whether they now have significantly greater power than in the past. While for Mayer (1995), the alleged greater salience of the local state does not mean greater strength or autonomy, in Peck and Tickell's (1994) opinion, local states have been

conferred responsibility without powers. Furthermore, in these authors' opinion, the more vigorously localities compete with one another, the more pronounced their subordination to supralocal forces becomes.

Jessop *et al* (1996) summarise the points emphasised by these narratives as follows: a) cities and regions have an enhanced significance, at the expense of the national economy, as sites of economic competitiveness; b) competition should be understood in integral economic Schumpeterian¹ terms where new economic, social or political 'combinations' at the urban level provide competitive advantage; c) local governance is replacing local government as the most appropriate conduit for promoting redefined economic competitiveness; and d) international factors bear upon local economic performance as sources of threats and opportunities (Jessop *et al*, 1996).

Since the narratives ascribe part of the blame for failure and crisis on previous models of urban politics and local economies, these have been seen as part of the problem of poor economic performance (Jessop, 1997) and have also been blamed for worsening the difficulties of cities (Lovering, 1995; also Healey *et al*, 1992a). In this regard, according to Goodwin (1993), where public agencies were once seen as an essential part of the solution to any urban crisis, they are now viewed as part of the problem itself, while market forces are promoted as the only possible way of reviving urban economies and new political agencies have taken the place of local authorities in many urban areas to ensure that such rhetoric is

¹ According to Jessop (1994), the Schumpeterian workfare state promotes product, process, organisational and market innovation, subordinating social policy to the needs of labour market flexibility and/or the constraints of competition.

put into practice. This would explain, according to Jessop (1997), the continuous flow of experiments to find new and more adequate forms of economic governance and the new fads and fashions for models that appear to promise success (Jessop, 1997). Yet, far from being purely attributable to economic changes, however 'integrally' or 'inclusively' these are analysed, distinctive political reasons prompting state managers or other relevant political forces to engage in institutional redesign and strategic reorientation regarding local economic strategy can also be found.

In this sense, the development of political forms in Britain has occurred in large part because the Conservative government has sought to incorporate business interests into the political process as a means of furthering the restructuring of the state apparatus (Jessop *et al*, 1996; Hall and Hubbard, 1996). In the British case, as Jessop *et al* (1996) remark, the political power of local business elites does not derive from some form of autonomous political capacity on the part of the business community or from the native 'energy and cunning' of its individual members, but it has been in effect 'licensed' by the state (see also Imrie and Thomas, 1995). Healey *et al* (1992b) remark that in political rhetoric, the private sector was presented in Britain, as the key actor in the city rebuilding project, leading a new partnership between state and market. Yet, as underlined by Cochrane (1991), business people in the UK have been markedly reluctant to become involved with local government, but their increased involvement has been carefully constructed over the last decade, as the outcome of an undoubtedly deliberate process of restructuring from above. It follows that in Britain, partnerships between local elites and public authorities far from being a structural imperative, have quite consciously entailed active, state sponsored dispersion of local elected power within a process

promoted by political and intellectual opinion-makers in national, as well as local, politics. In this regard, it should not be forgotten that in Britain, local states are ineligible for government funding unless they bid in concert with business partners. Likewise, the European Commission also insists on the formation of regional partnerships as a precondition of EU funding (Jessop *et al*, 1996; Peck and Tickell, 1995).

Therefore, urban entrepreneurship and public-private partnerships have not been merely techniques for accomplishing specific municipal goals in the context of fierce competition, but can also represent -as the British case illustrates-, agendas for restructuring local government capabilities, structures, and responsibilities (Leitner and Garner, 1993). It follows that “booster committees”, complex networks of public-private 'partnerships' and entrepreneurial urban strategies have been copied not so much because they demonstrably 'work' but because the meaning and symbolism of these elements have been imposed by dominant interests which try to make the processes appear legitimate (Hubbard, 1996). In this sense, Jessop (1996) notes that it is important to consider how the plausibility of competing narratives is shaped by the structural biases and strategically selective operations of various public and private apparatuses of economic, political and ideological domination. Furthermore, Peck and Tickell (1995) remark that just because local business may be able to articulate a critique of the state, this has not meant that it embodies an alternative rational mode of governance (see also Jessop, 1995). What is clearer is that these processes have foreclosed discussion and debate over alternative ways of defining and resolving current problems (Jessop *et al*, 1996). It is crucial, in this sense, to reflect on what is left unstated or silent, what is repressed or suppressed in this prevalent official discourse (Jessop, 1996).

1.2.4. The entrepreneurial approach

The aforementioned Harvey's (1989) profile of inter-urban competition, underlined the importance of cities' exploitation of advantages for the production of goods and services, as well as the increasing competition with respect to localities' position in relation to consumption, which mirrors the concern to make cities more attractive as consumer and cultural centres. In this respect, Jessop (1995; 1996) also notes that localities are being re-imagined or re-imaged not only as economic and political, but also as a cultural phenomenon in search of the enhancement of its competitiveness (also Jessop, 1994). If the formation and reformation of local partnerships has become a common feature of entrepreneurial localities, property development exercises and the cultivation of city pride and place-marketing have also played their role in this regard. In Amin and Malmberg's (1994) opinion, depending on geographical and political context, the entrepreneurial solution has drawn on a range of strategies such as the funding of public and private-sector 'partnerships' to regenerate urban areas through flagship property redevelopment projects and high-visibility initiatives such as theme parks, leisure centres and popular cultural events. Therefore, there is a set of practices linked to the entrepreneurial approach. The outcome of these practices, that is to say the innovative city, attempts, consequently, to attract and generate economic benefits, sometimes emphasising virtues such as its qualified or trainable labour, sometimes its physical, social and cultural business environment, and sometimes both.

Therefore, the entrepreneurial approach adopts frequently the form of unique events, cultural policies, promotion of tourism and image improvement which are supposed to regenerate or to further develop the economic basis of the urban areas. Since it is thought that urban wasteland and images of economic decline may undermine investor confidence, property development projects, as Tavsanoglu and Healey (1992) remark, have become key components of the transformation of urban environments. In this sense, the derelict, run down, former industrial areas, in particular, on waterfront locations as well as the declining, neglected historical parts of city centres have been targeted to be transformed to the new patterns of land uses through providing appropriate accommodation and environment for the new sectors of consumption and production activities, such as leisure-retailing complexes, and high-technology industries. The strategy encourages the speculative private developer, providing property in the hope of future demand.

However, as Healey (1992), stresses with regard to this kind of initiatives in the UK during the 1980s, it contained significant ambiguities. According to her, the rhetoric of policy presentation shifted between responding to market demand and market signals and making markets to which the private sector will respond. Although it was to be market led, the strategy involved public investment to lead the market. The public sector took the initiative trying out ideas, co-ordinating and managing development and handing over opportunities to the private sector once the early investments had been made and the risks minimised. In doing that, it subsidised development, undertook land assembly, provided sites with infrastructure and became the risk taker (Healey *et al*, 1992a). Yet, in practice, it is often simply assumed that private-sector property development is synonymous with economic development, or that there is an inevitable one-way process

leading from physical to economic regeneration (Turok, 1992). Furthermore, as Turok (1992) notes in relation to the limited scale of institutional involvement in industrial property in Scotland, reliance on private-sector property development is limited by its spatial selectivity.

Nevertheless, property development has the tactical advantage that it produces powerful political imagery since reconstituting the urban landscape can symbolise the restructured and prosperous economy (Healey, 1992; 1997). As Healey (1992) observes, the strategy contains a high degree of political publicity. In the same line, some authors remark that the promotion of new urban images and 'city myths' has been regarded as a necessary prelude to the establishment of new urban economies and the promotion of investment (Goodwin, 1993; Lowe, 1993; Hubbard, 1996). Lever (1993), looking at the European context, sees economic multiplier effects stemming from 'hall-mark' events such as major sporting events, cultural festivals and trade fairs. According to him, these examples show the increasing competition of European cities in order to attract investment in financial services as well as to become the location of European institutions. Something similar is expressed by Harding *et al* (1994), for whom the promotion of the city's image is carried out by many cities as a means to reinforce its economic status and attract new investments and tourists in the hope of mobilising private, local government, national and -when this has been possible, as in the case of Europe- European efforts in a common scheme.

Lovering (1995) sees three different stages in local entrepreneurial activities over time. According to him, while during the 1970s, local economic policy consisted largely of efforts to market the locality in order to attract mobile industrial capital, by the late 1980s, the

marketing effort was widened to attract property investment. Finally, the growth of the tourist industry has added consumers to the target group for place image-making in the 1990s. It seems, nevertheless, that this chronology is not so clear. Case studies prove that all the possible kinds of entrepreneurial activity are often mixed and that the whole set of resources often deployed, cannot be easily separated one from another.

Booth and Boyle (1993), in their analysis of Glasgow regeneration strategies, point to the fact that culture has been recently used as an economic tool in many different manners. In this sense, culture is defined in the language of economics, with the subsequent measurements applied to policy analysis. Words such as *investment, leverage, employment, direct and indirect income effects*, become, in this context, common parts of the language of regeneration (p. 22). As Urry (1990) explains, the cultural realm has its own logic, currency and rate of convertibility into economic capital. Culture is in this way, linked to business services, with tourism and the leisure industries, as part of a definition of recent local activities or, in Philo and Kearns' (1993) words, a resource for economic gain (see also Cox and Mair, 1988). Cultural policy then becomes one strand of place marketing, with cities competing against each other, utilising their ownership of cultural assets. Depending on the audience, a city's culture is packaged and repackaged to become an incentive for the potential inward investor or an 'urban flagship' to attract new property development (Booth and Boyle, 1993).

Philo and Kearns (1993) also underline how culture is sometimes manipulated in an effort to enhance the appeal and interest of places, especially to the well-off and well-educated workforces of high technology industry, but also to the 'up-market' tourist and to the

organisers of conferences. According to them, such a manipulation of culture could have two sides. At times, it depends on promoting traditions, lifestyles and arts that are supposed to be locally rooted, but some other times, it can also involve using a range of 'cultural' motifs, events and exhibitions that have no necessary associations with the places concerned. The most extreme version of the latter has to do with the contradictory attitude whereby *writers of promotional literatures find themselves extolling the supposedly 'unique' qualities of supposedly 'unique' places using an actually quite universal vocabulary of 'better, bigger, more beautiful, more bountiful' and so on. The implication here must be that to this way of thinking the individuality of different places matters far less than cultivating an image of a certain sort of place with certain sorts of attributes* (Philo and Kearns, 1993, p. 21).

In this last sense, the practice of selling places generates 'sameness' despite its appearance of bringing geographical difference into the context of contemporary economic and political discourse. This repetition of the cities' attempt to sell themselves as tourist, convention, shopping and cultural centres, and trying to attract mobile international capital according to Bianchini *et al* (1992) may well result in a zero-sum game. In Amin and Malmberg's (1994) words, there are obvious limits to the possible range of projects and the risk of failure is even higher once places are forced to copy each other, as the barrel of new ideas becomes depleted (also Harvey, 1994). Furthermore, Peck and Tickell (1994) argue that while some localities may be successful for some of the time, their success is only being achieved at the expense of failure elsewhere. But Holcomb's (1993) criticism goes even further when he contends that this kind of practice produces packaged images which reflect the aesthetic tastes of post-modern society, and therefore,

eclectic conformity, commodified ethnic culture and sanitised classlessness. Lastly, Goodwin (1993) notes that culture has been frequently used as an instrument of false consciousness by the *élite* in the advancement of their own interests, potentially lubricating the transition from urban managerialism to urban entrepreneurialism.

The idea of 'selling places', according to Philo and Kearns (1993), entails the various ways in which public and private agencies attempt to 'sell' the image of a particular geographically-defined 'place', usually a town or city, so as to make it attractive to economic enterprises, to tourists and even to inhabitants of that place, as a device for engineering social consensus. From this point of view, these practices can be used as symbols of unity to cement class, racial or ethnic divisions (Harvey, 1989), the local community being presented as a caring community, a producer of great men and women, of ideas and inventions, which suggests a redemptive sense of identity (Cox and Mair, 1988). In Hubbard's (1996) words, manipulation of image is not only an attempt to make the city more attractive to external investors, but also plays a role in a 'social control' logic, convincing local peoples as to the benevolence of entrepreneurial strategies, and providing a strong base for coalition-building (also Hall and Hubbard, 1996). Holcomb (1993) states that the primary goal of the place marketer is to construct a new image of the place, a new 'product' based on the good attributes of the area, whose target is to replace either vague or negative images previously held by current or potential residents, investors and visitors (see also Fretter, 1993; Wilkinson, 1992).

Places, therefore, become 'commodified', regarded as commodities to be consumed and as commodities that can be rendered attractive, advertised, and marketed much as capitalists

would any product, in a competitive selling of their places both to outsiders -to attract capital- and to insiders -to legitimate redevelopment (Philo and Kearns, 1993). Furthermore, the new entrepreneurial practices based on image both “divert and entertain”, potentially distracting from the social and economic problems that threaten to undermine the coherence of entrepreneurial policies (Hubbard, 1996). In the same line, renewal projects and the re-enchantment of the city also play an important symbolic role in marking out change in a locality (Hubbard, 1996).

Consequently, commodification of the city is now considered a requisite strategy in local economic development while municipal marketing has been elevated to a central role in the locality in pursuit of investors, firms, technology and tourists (Barnekov and Rich, 1989). According to Wilkinson (1992), the new wave of image campaigns are characterised by complex marketing strategies based on an audit of a city's strengths, weaknesses, opportunities and competitors, what has been called a SWOT style analysis. In Boyle's (1993, p. 79) words, *the locality is the 'good', the market is the private investor or tourist and the aim is simply to tailor an image for the 'good' which will entice the customer to 'buy'*.

Finally, Short *et al* (1993) underlined the challenges that old industrial areas are facing in this context, since they allegedly have to contend with newly industrialising countries, regions and cities which have lower labour costs and taxes and are considered to have a more 'business-friendly' environment. Besides, as Goodwin (1993) stresses, old industrial areas are challenged by the treble problems of de-industrialisation, a falling tax base and declining public expenditure. According to Short *et al* (1993), localities with more positive imagery are

associated with the 'post-industrial' era, the future, the new, the clean, the high-tech, the economically upbeat and the socially progressive, the world of leisure as opposed to work. In contrast, industrial cities are identified with the past and the old, work, pollution and the world of production. Consequently, the intense competition is driving these old industrial areas to change their image, to move away from the negative connotations of 'industrial' and to tap the positive imagery of 'post-industrial' (see also Wilkinson, 1992; Hall and Hubbard, 1996). As Healey *et al* (1992a) remark, a refurbished fabric also symbolises a new imagery of vital urbanity. If in the past, these old industrial cities used their rivers, seas and lakes as part of the process of production, at present these water resources are more regarded as recreational and assets for visual consumption (Short *et al*, 1993), as the recent universal currency of water front developments in these cities illustrates.

According to Hubbard (1996), the adoption of entrepreneurial policies has frequently been posited as a principal means by which it is possible to attract new firms and investment to a locality, in an attempt to compensate for the loss of jobs in old manufacturing Western districts, where the decline of traditional industries has resulted in a series of negative images of dereliction, despair and despondency. In his opinion, such cities were left with little alternative than to re-invent their city image as a prelude to the establishment of a new urban economy. Consequently, Hubbard (1996) remarks that the construction of new urban spaces of consumption, frequently centred on spectacular 'flagship' projects, designed to play an influential and catalytic role in urban regeneration, has been an almost universal response to de-industrialisation in British and US cities. According to Tavsanoğlu and Healey (1992) flagship projects can be defined as large-scale, self-contained, highly prestigious, consumption-oriented and mixed-use

land and property developments which are powerful marketing tools to help the localities to reposition themselves and to find a new niche in competitive urban markets (also Bianchini *et al*, 1992; Rodríguez, 1996). While in Wilkinson's (1992) words, flagships represent a marketing tool, a form of 'branding' device aimed at boosting a city's image although creating urban fragments which are floating free from the rest of distressed urban areas, for Turok (1992), the allure of symbolic 'flagships' in urban regeneration practice has become pervasive in the attempt to create a new image and instilling the confidence of private investors. Thus, former industrial areas have been re-designed to provide these localities with a new economic infrastructure geared to the needs of a de-industrialised economy, and to secure new economic roles for the locale. In this light, the transformation of manufacturing districts in decline into 'spectacular' areas of consumption has been central to the entrepreneurial policies pursued in the name of urban regeneration (Hubbard, 1996). This would explain that, at times, the new image of these areas has been constructed starting from the production of new spaces, through the recycling of old buildings, trying to present the freshest face to potential investors and seeking tactical advantage over their opponents (Gold and Ward, 1994). Therefore, what is now being witnessed in many of these cities is the rise of a distinctive landscape based on the service sector rather than manufacturing.

In the same line, Barnekov and Rich (1989) also underline how older manufacturing centres have responded to erosion of their economic bases, partly by intensifying efforts to outbid municipal rivals for new private investment in the service and high-technology sectors of the economy (see also Fainstein and Gladstone, 1995). In short, the old industrial areas are, according to Holcomb (1993) the category of places which perhaps best exemplifies both the

construction of new image to replace the old, and the efforts to recreate places to be consonant with the preferred images. Furthermore, Sadler (1993) remarks how the selling of places has been most actively pursued in the old industrial regions, as part of an attempt to impose an alternative form of hegemony to traditional, working-class values. In this sense, there is a clear effort to neutralise former images of solid defensive working structures stemming from the large size of industrial plants which, at present, seem to be perceived as dissuasive elements in investment terms. Thus, flagship development projects and promotional imagery are used vigorously, as Healey *et al* (1992a) underline, to supplant the imagery of rustbelt cities and clothcap citizens which, it was assumed, would inhibit inward investment by the private sector, with the lifestyle imagery of a globalised 'yuppified' middle-class.

1.2.5. Concluding Remarks

The connection between what Jessop *et al* (1996) call macro-necessity and micro-diversity, understood as the influence of broad economic trends on the performance of different localities paves the path of most of the issues developed in this and following chapters.

The chapter has shown how the impact of international economic changes has led to the restructuring of industry which has in turn involved different forms, such as the movement to cheaper labour or the updating of production processes through the use of new technology. Some of the older industrial regions whose wealth was created during

previous rounds of capitalist accumulation, and particularly those based on heavy and extractive industry have been very negatively affected by these processes. Massive unemployment and serious difficulties for manufacturing workers to find a new job in the new labour market, together with huge areas of industrial dereliction have been the outcomes of the new situation in old manufacturing areas.

The new context of generalised competition has shifted the focus of local governments' activities from managerialism to entrepreneurialism or in other words, from welfare goals towards 'wealth creation' forms of action. Government, or the role of directly elected local government institutions has given way to governance or the exercise of authority by non-governmental institutions and public-private partnerships. All these new combinations are supposed to secure a new economy of services as much as competitive advantages and attraction of investment capital for localities.

Yet, despite its prevalence, this entrepreneurial discourse has been questioned as the only response to the new competitive environment. If on the one hand, the discourse conceals biased political purposes under the form of structural imperatives, as the restructuring of local government in the UK illustrates, on the other, even if in most cases it has not demonstrated to be effective, it has prevented debate over alternative ways of defining and resolving current problems.

Quite often the entrepreneurial discourse adopts the form of place marketing strategies through the use of different practices such as unique events, cultural policies, promotion of tourism or image improvement which are all different versions of the same approach: the

attempt to regenerate or to further develop the economic basis of the urban area. In this sense, particular important challenges have been imposed on the traditional industrial cities most affected by the crisis, for even if starting from a much more deteriorated situation, they are obliged to construct new images to replace the old and to recreate an attractive new landscape consonant with current preferences.

These are therefore the premises from which this chapter attempts to set up the framework for the understanding of recent regeneration strategies carried out in Glasgow and Bilbao. Macro-necessity shows that while Glasgow and Bilbao constituted in the past dominant centres of manufacturing, they belong to the group of cities which, as a consequence of the restructuring of the international economy not only lost their former leading role but also had to face very high unemployment rates, huge swaths of derelict industrial areas and very negative threatening images.

In a context of generalised competition, Glasgow and Bilbao's response to the downfall of their crucial role as industrial centres has been imbued by the dominant pattern of triumphant discourses which underline the importance of the creation of a not very well defined service-based economy and the reconstruction of their image.

Yet, as micro-diversity explains, if there are common features in both cases, there are also differences between Glasgow and Bilbao. In other words, the influence of the general context has caused a similar set of exercises in both cities but these have been mediated by localised heterogeneity in economic, social and cultural terms. Thus the awareness of specific features in each case becomes a crucial task, since these peculiarities illuminate key

aspects of local transformations and reflect political traditions, types of authority and local economic structure.

CHAPTER TWO
GLASGOW CASE STUDY

2.0. Introduction

The aim of this chapter is to explore the range of issues which both explain and surround Glasgow's recent regeneration strategies. As mentioned above, while being one of the old manufacturing areas affected by more general processes of de-industrialisation, the concrete form which those macro-necessity trends adopt in Glasgow, should be seen through the more internal dynamics of the city's recent history. The purpose of this chapter is, therefore, to examine the set of questions which belong to what Jessop (1997) calls the micro-diversity sphere or, in other words, the specific effects of broader macro-necessity tendencies on the city of Glasgow.

As in many old industrial cities, the impact of general economic restructuring bringing about industrial dereliction and massive unemployment are easily perceived in Glasgow. The response to the decline through the attempt to create a new economy of services via place marketing exercises is also common to other former manufacturing districts. However, in the case of Glasgow, the causal link is not as mechanical as would at first be assumed, or at least, it is mediated by other players, the most important being the Scottish Office with regard to economic locational decisions. This partly explains the fact that Glasgow has not been able

to attract any of the manufacturing inward investment which has recently come to Scotland as a result of the cheap production environment.

Starting with a brief summary of Glasgow's process of industrialisation and subsequent industrial restructuring, the second section deals with the response to the decline of the city. It first focuses on post-war planning issues and actors and later on their more recent evolution. This set of issues which account for the context of political power in which crucial decisions for the future of Glasgow have and are still being taken, gives way to the controversy surrounding the new towns. Stemming directly from this framework, the last subsection is based upon the consideration of more recent strategies implemented to regenerate the city. The deployment of place marketing and property-led exercises, comprising cultural, tourism, image, events and city pride practices oriented to facilitate the shift from manufacturing to the service sector is accordingly analysed.

The third section focuses on the results of these restructuring strategies: the physical transformation of Glasgow and what has been left behind on the one hand, and then their impact (or lack of) in terms of employment. For a better understanding of the effect of economic measures concerning the creation (or lack of) of jobs, this latter subsection deals first with the evolution of employment figures up to the eighties, and later with more recent employment trends.

In the fourth section, the chapter considers the economic re-orientation that Glasgow is currently experiencing, whereby former assumptions about the role of both sectors, manufacturing and services, are being completely rethought. Section five looks at the

summary of what has been previously posed, stressing above all, both the negative role played by the Scottish Office and the failure of the service sector strategy to address the city's severe unemployment problems. Although the link between what Glasgow has recently experienced and the set of theoretical issues emanating from the previous chapter is easily seen throughout the whole chapter, the concluding section focuses more specifically on this connection.

As mentioned above, the chapter has been based on specific reading and statistical data, although the main source concerning the city's economic actors, more recent regeneration exercises, their subsequent evaluation and Glasgow's current economic re-orientation, have been built on in-depth semi-structured interviews with local respondents involved to different degrees, in the development of the strategies. Appendix 2 includes the list of 16 individuals interviewed in Glasgow. Their institutional background encompasses Glasgow Development Agency (four interviews), the City Council (four), the Scottish Office (two), the former Strathclyde Regional Council (two), Scottish Enterprise (one) and Scottish European Partnership (one). Apart from that, both the director of the private firm of property advisers Debenham Thorpe and the head of the employment association The Wise Group were also interviewed, since it was thought that they could provide more detailed insight of their respective areas. Occasionally these two aforementioned sections of the chapter include long quotations which have been maintained in spite of their length, with regard to the amount of nuances they reveal.

2.1. Glasgow's Ascent And Decline

Glasgow's wealth was based initially on a combination of successful trading with North America, mainly in tobacco (Gibb, 1983). According to Keating (1988), it was the Treaty of Union in 1707, giving Scottish traders access to English imperial markets, which stimulated Glasgow's first economic take-off, enabling Glasgow to become an important entrepot, notably for the tobacco trade. Tobacco traders, in turn, invested in new enterprises resulting in a significant stimulus to the emerging domestic industrial base of the city, particularly to the manufacture of linen goods (Pacione, 1995). In the course of the 18th century Glasgow turned from a local ecclesiastical, academic, and market point, to an international commercial and trading centre. Glasgow street names such as Jamaica, Virginia and Tobago are a legacy of the importance of tobacco industry at that time.

American independence meant the collapse of Glasgow's tobacco monopoly. Much capital amassed from the tobacco trade, however, had been invested in new industries and, with the loss of the colonies, other funds were freed for further development (Pacione, 1995). By 1800 cotton spinning was the staple Scottish industry, giving rise to numerous settlements in the Clyde valley, with the emerging city of Glasgow becoming a regional centre with worldwide trading connections. The wealth created out of textiles and the attendant development of a scientific and physical infrastructure in the region fostered the city's emergence as one of the heavy engineering capitals of the world (Boyle, 1990).

In the course of the nineteenth century, according to Pacione (1995), the engineers pioneered the use of the new materials of iron and steel and developed the technology underlying steam propulsion. In fact, from the early nineteenth century, the heavy industries for which the Clyde was to achieve world fame had started their ascent. Local deposits of coal and iron, and the strategic location of Glasgow favoured the growth of industry, especially after the development of the iron hull, shipbuilding (Keating, 1988). From the mid nineteenth century, locomotive manufacture, became also an important element of the local economy, and slightly later, other important industries like publishing, chemicals, optical instruments and carpet manufacture were also established in Glasgow. In Pacione's (1995) words, the heavy engineering industry in nineteenth-century Glasgow exhibited a great variety of activities but the two forms of engineering that dominated the economic life of the city were shipbuilding and locomotive engineering.

Therefore, the city was dominated first by textiles, then, increasingly by the burgeoning shipyards and heavy engineering shops. The city, together with its surrounding hinterland, was transformed into a major centre of manufacturing (Lever and Mather, 1986). Glasgow became a magnet for immigrants drawn in their thousands from elsewhere in Scotland and from Ireland (Young, 1992). In Aitken's (1992) words, heavy industry took the city's population to 0.75 million during the nineteenth century, while between 1841 and 1914, according to Robertson (1997), Glasgow's population quadrupled. Such spiralling population growth brought with it intense community pressures: dense overcrowding in inadequate housing, social distress as the utilities

struggled to cope, slums and diseases (Young, 1992). The rapid nature of expansion of the housing stock around the turn of the century, left the city with a legacy of being, by 1950, one of the worst slums in Europe (Gibb, 1983) and as earlier as the 1870s, the municipality was prompted to take action, due to the extent of homelessness and appalling insanitary conditions in the old medieval core.

In the late nineteenth century, Glasgow had the lowest unemployment rate of any British industrial region, while new industrial processes were started (Boyle, 1990). The Arrol-Johnston motor car factory (which later moved to Dumfries), the Albion cars -and then lorries- makers, and the Argyll firm (car producers up to the First World War) were all set up by that time. In the same period, two American firms opened factories in the area, the American Singer company -which founded what was to become the world's largest sewing machine factory- and the engineering Babcock and Wilcox. The Clyde was viewed as a world centre of engineering excellence. At the end of the nineteenth century there was hardly a branch of engineering that was not represented in Glasgow.

Yet, Glasgow's image at that time is mainly linked to shipbuilding. The Clyde became synonymous with shipbuilding in the nineteenth century and the epithet "Clyde-built" became known throughout the world as a mark of quality in marine engineering (Pacione, 1995). Between 1851 and 1870, Clyde shipyards produced over 70 per cent of the iron shipping launched in Britain, and at the beginning of the First World War, they accounted for a third of British and a fifth of the world production. As MacInnes (1995) points out, Glasgow built the ships and railways which formed the arteries of an expanding world capitalist system. By the end of the century, Glasgow, the economic

hub of Scotland, was one of the greatest workshops of the world, a metropolis with a justifiable claim to be the 'Second City of the Empire' (Pacione, 1995). However, the dynamism of the city and its region, symbolised by the burgeoning population and expanding industry, and manifested through the growth of its urban fabric in the form of flamboyant architecture and new industrial units, was ending by 1914 (Gibb, 1983).

Although in 1913 Glasgow was still the 'Second City of the Empire' and its major industries production had peaked between 1900 and the First World War, the prosperity enjoyed in the years leading up to the outbreak of hostilities, when the Clyde was one of the world's major shipbuilding rivers, could not be recaptured when the conflict ceased. According to Payne (1985), in as much as the success of the Scottish iron and steel industry in the nineteenth century is to be explained in terms of a chronological sequence of favourable circumstances, including the use of cheap splint coal and blackband ironstone, rapid technical advances and the voracious appetite of the Clyde for heavy steel plate, then its subsequent relative decline was inevitable. As the supplies of coking coal ran out, as native iron ore deposits were exhausted, the long-term future of the industry became dependent on the creation of a deepwater terminal and a new location, and on a sufficiently buoyant demand to absorb the products of such a complex (Payne, 1985). As Robertson (1997) notes, specialisation could be sustained by the trading privileges which accrued from the British Empire. Once the Empire collapsed, many Scottish industries found themselves unable to compete in world markets and went into terminal decline (also MacInnes, 1995).

The Great War disguised the decline in the city's economic base, due to vast demand for munitions. But the recession following the war put an end in the boom conditions, and the economic optimism of pre-1914 Glasgow disappeared. The decades since the 1920s were years of inexorable industrial and commercial decline (Young, 1992). The car industry, after its promising start before the First World War, failed to take root and other new consumer focused industries of the 1930s, such as electrical engineering and chemicals, tended to move to the South of England. By 1918, the economic base of Glasgow still rested on a complex of shipbuilding, marine engine production and heavy engineering, so interlocked in their relationships as to exclude the possibility of diversification (Gibb, 1983).

In Buxton's (1985) view, the severity of Scotland's economic difficulties in the inter-war period stemmed from an unfavourable industrial structure, with a relatively high proportion of resources concentrated in a narrow range of depressed staple industries. Since 'new' industries failed to develop on a significant scale in Scotland, there was no counterweight to set in the balance against the declining influence of old technology. Even if during the inter-war period Glasgow underwent a major expansion of service industry, which meant a steep rise in the relative importance of service employment, since the Second World War departing industries were not replaced by new and growing sources of employment (Donnison and Middleton, 1987).

On the eve of World War II the structure of the Scottish economy was not dissimilar from that which had evolved before World War I, and the nature of the demands placed upon Scottish industry during the years of global conflict and post-war reconstruction

conspired to preserve its essential characteristics for at least another decade (Payne, 1996). Thus, the Second World War again produced a huge demand for the products of heavy industry. Full employment was restored but this again hid the city's underlying economic problems. Rearmament and then replacement demand after the war, merely sustained the city's traditional industries, something which was further reinforced by the exigencies of the Korean war in the early 1950s. By the middle of that decade, however, the familiar problems of structural deficiencies and the inability of industrial output to grow at a rate commensurate with that of the rest of the U.K. had resurfaced (Buxton, 1985).

Despite the world trade expansion and subsequent demand for merchant ships, between 1946 and 1960 the order books moved from recording a surfeit to a scarcity of work (Pacione, 1995). The steel industry in the decades after the war continued to concentrate on steel plates for shipbuilding rather than sheet or strip steel for use in the manufacture of domestic appliances and motor vehicles. In 1955, two out of three male employees in manufacturing in Glasgow, worked in a branch of the metal and engineering industries (Pacione, 1995).

Table 2.1. Distribution of insured employees in manufacturing in Glasgow at mid-1955

	Males	Females	Total
Shipbuilding and marine engineering	26,600	1,900	28,500
Other engineering	69,800	15,000	84,800
Metal manufacturing	15,200	1,900	17,100
Textiles and clothing	8,800	28,400	37,200
Other manufacturing	48,400	35,100	83,500
Total manufacturing	168,800	82,300	251,100

Source: Cairncross (1958) Quoted by Pacione (1995)

The series of amalgamations and closures including the collapse of Upper Clyde Shipbuilders had an inevitable effect on associated heavy industries, with steady decline becoming even more rapid after 1968 (Gibb, 1983). By that year, nearly three quarters of the labour force in manufacturing in the Clydeside area were employed by 100 firms (Checkland, 1976). Furthermore, Clydeside and Glasgow became synonymous with union militancy and defensiveness (Boyle, 1990; Checkland, 1976).

Table 2.2. Employment change in Glasgow 1948-1964

	Change	%
Food, drink and tobacco	1,330	4.4
Chemicals	-2,450	-30.5
Heavy metals	-6,270	-42.1
Light metals	430	23.7
Heavy engineering	-2,780	-7.8
Light engineering	1,300	16.9
Shipbuilding	-16,500	-49.2
Heavy vehicles	-10,600	-69.7
Light vehicles	2,070	22.3
Other metal goods	-4,140	-37.2
Textiles	-4,470	-31.4
Leather goods	-1,120	-38.9
Clothing and footwear	-4,130	-19.6
Bricks, pottery, etc.	300	6.8
Wood, furniture	-1,460	-15.4
Paper, printing, etc.	980	5.7
Miscellaneous manufacturing	-1,800	-26.3
Total manufacturing	-49,310	-20.2

Source: Carter (1974) Quoted by Pacione (1995)

Both shipbuilding and metal manufacture recorded dramatic falls in employment, and by 1980 there were only two operational shipyards on the Clyde, employing less than 13,000 people. This pattern was repeated across almost all manufacturing sectors (Boyle, 1990). While Clydeside was exhibiting all the symptoms of an economy in decline, the preferred solution to this situation was not to restructure existing industries to facilitate

new growth, but rather to cut them down to a scale to suit new markets and replace the lost production and employment with an infusion of new industry. This framework effectively established the pattern for industrial development in Scotland for the remainder of the century (Pacione, 1995).

Map 2.1. The Clydeside Conurbation



The early process of de-industrialisation in Glasgow reflects the restructuring of manufacturing across many mature industrial capitalist economies. But Glasgow seems to represent a very extreme form of this shift, in terms of both, scope and speed. As shown below, the economy of Glasgow and the character of the city has changed radically in the period since 1950, as the old manufacturing bases of iron and steel, heavy engineering and shipbuilding have rapidly declined. New industries have been established but at different locations within the conurbation¹, from those occupied by the old

¹ Defined as the local authority areas of city of Glasgow, Clydebank, Cumbernauld and Kilsyth, East Kilbride, Bearsden and Milngavie, Eastwood, Hamilton, Monklands, Motherwell, Strathkelvin and Renfrew (see Map 2.1).

industries and employment in service industries has also grown substantially (Lever and Mather, 1986).

According to MacInnes (1995), Glasgow's recent experience has been a bleak one of a declining central urban area in a declining conurbation within a declining region, located in a country whose industrial base has become a relatively less important part of the world economy. In contrast to the way in which Glasgow's early development as a commercial centre and producer of textiles led into its next phase as an engineering and shipbuilding centre, its heavy industry seemed to frustrate rather than foster the conditions for subsequent growth (Checkland, 1981 in MacInnes, 1995). Glasgow's existing industrial structure was, in this sense, acting as an obstacle on the development of new manufacturing capacity. The underlying trend for Glasgow has been, therefore, a persistent downward drift (Young, 1992).

2.2. The Response

2.2.1. Post-war planning

Glasgow's development after 1945 took place within the new approach to economic policy based on a government commitment to maintaining full employment through an active regional policy designed to direct new industrial investment towards areas of high unemployment and 'labour surplus' such as the Clydeside. Additionally, as part of the development of the welfare state, government took on more responsibility for urban planning and housing development (MacInnes, 1995). While Keynesian economic

principles were adopted by the Macmillan Conservative Government in the early 1960s, the Labour administration under Harold Wilson further promoted regional aid packages (Robertson, 1998a). Translated to the Scottish context, this aid, although not specifically directed at the city, was thought to benefit Glasgow as the region's metropolitan centre. Far from that, however, the city of Glasgow received little direct benefit from this government regional policy (Pacione, 1995).

The guiding principle of post-war economic planning, as mentioned before, was to create in Scotland a more diversified industrial basis, oriented to consumer products, but focused on attracting new manufacturing, rather than trying to restructure the indigenous one, towards a light engineering sector. It was supposed that the new light industries centred in the economically overheated regions of the South East of England would be attracted into central Scotland, to take advantage of the undeveloped local market, surplus labour and different financial advantages (Robertson, 1998b). In practice, light manufacturing industries which were located in the South, were reluctant to move North although in the immediate post-war years, another source of recovery appeared in the form of North American investment.

The Scottish Office over the post-war period incrementally gained ever more powers to shape the Scottish economy (Robertson, 1998a). Since the late 1940s the Scottish Office and its agencies which appeared later (namely the Scottish Development Agency and then Scottish Enterprise with its network of local enterprise companies) have had economic planning in Scotland as their key function. Correspondingly, they have become the main actors within the field of economic development, given their access to public

resources (see for instance Webster, 1994; MacInnes, 1995; Robertson, 1997; 1998a; 1998b). Therefore, it has been these agencies set up under the instruction of central government and not the local authority itself which have determined the economic destiny of Glasgow (Boyle and Hughes, 1994). Although in Boyle's (1990) opinion, the history of post-war Glasgow is one of competition and conflict between the original Glasgow Corporation and the Scottish Office in Edinburgh, according to Robertson (1998a), in general terms, the former did not pay enough attention to economic restructuring within the city and concentrated most of the time on how best to deal with the appalling slum housing, one of the physical legacies of the city's rapid industrialisation.

Glasgow's development after World War II was affected by the Clyde Valley Regional Plan of 1946, the most influential of the regional reports which focused on the creation of a series of new towns associated with the planned dispersal of Glasgow's industry and population. The report urged that 'in the interest of the City and the region as a whole, there should be a planned decentralisation of both population and industry' (Checkland, 1976). In fact, the Clyde Valley Regional Plan suggested that all new industrial development be located beyond Glasgow's "green Belt", within the four new "satellite" towns it proposed, namely, East Kilbride, Houston, Cumbernauld and Bishopton.

Even if 70 per cent of US inward investment in the UK went to Scotland, this was chiefly directed to the new towns and development areas (Robertson, 1998b), which between 1959 and 1973 assumed a crucial role in the promotion of the economic planning agenda. They were to be the key "growth points" within Central Scotland, an emphasis clearly articulated in both the Toothill Report, which was endorsed in 1959, and the 1963 White

Paper, entitled *Central Scotland: A Programme for Development and Growth*. If these two documents reiterated the view that the decline of older industries was "part of the necessary process of modernisation and change", they were further refined by the 1966 White Paper, *Scottish Economy 1965-70: A Plan for Expansion*.

The idea of focusing development into a few key locations continuously exerted a strong influence upon the thinking about economic development within Scotland and was never questioned over the post-war period (Robertson, 1998a). The Scottish Office's powers concerning the Scottish economy expanded greatly in the intervening fifty years, but there was no revision with regard to selection of locations for economic development. Even when there was a concerted move, from the mid 1970s to early 1980s, to address the economic crisis afflicting Scotland's older industrial areas, and Glasgow in particular, this never offered any real challenge to the thinking that lay behind the Scottish Office's economic agenda (Robertson, 1998a).

By 1970 concern over the continuing poor performance of local economy led to a demand for a new regional economic policy. This was contained in the West Central Scotland Plan of 1974. Some of the plan recommendations supported the creation of a new strategic interventionist body to deal with the rapidly deteriorating economic and environmental conditions prevalent in older industrial areas. In responding to these pressures, the Scottish Development Agency (SDA) was established in 1975, as the main instrument for the regeneration of the Scottish economy.

2.2.2. The new actors

The **Scottish Development Agency**, as a government agency totally financed by public money, was given the powers previously held by local government to reclaim land and make it suitable for redevelopment. As Keating (1989) points out, the Labour government established the Scottish Development Agency giving it broad, if ill-defined responsibilities for economic and physical regeneration. The agency's remit was to tackle industrial decay and unemployment, as well as environmental dereliction, paying particular attention to those industrial areas which had suffered the worst affects of decline. The agency was also to attract industry from overseas and invest in firms itself. Robert Maund, former director of Strathclyde Regional Council Physical Planning Department (SRC), confirmed this idea:

... particularly in the early stages they obviously wanted to make an impact and so they bought derelict land, went in, reclaimed it, sorted it and then marked it for development.

The new policy emphasis was given expression in the Glasgow Eastern Area Renewal (GEAR) project for Glasgow's East End (Robertson, 1998a; Checkland, 1976). However, as Robertson (1998a) notes, although this appeared to link economic development to area regeneration, the SDA was the reluctant co-ordinator of this task and quickly became disaffected with this objective (see also Jones and Patrick, 1992; Brugué and Gomà, 1996), a process undoubtedly made easier by the political complexion of the incoming Conservative Government. In fact, the Tories saw the SDA as an agency that ought to focus more effort on trying to get private sector money into the region, and a more commercial approach for the agency was accordingly stimulated by the Scottish Office. In Keating's (1989) words, the SDA policy increasingly focused on encouraging private

initiative and making the private sector, rather than the local councils, the privileged partner. Similarly, McCarthy and Pollock (1997) underline that the Scottish Development Agency's remit shifted towards business development and the attraction of private sector funding, particularly with the introduction by the government in 1983 of the Local Enterprise Grants for Urban Projects (LEGUP) which the SDA administered.

Later, the SDA was further transformed into Scottish Enterprise because, according to the Scottish Office's version, it was felt that establishing this body plus its associated network of local enterprise companies would better reflect the needs of the local area, than a centralised body based in Glasgow. As such, it was argued, the SDA had not shown enough interest in the rural areas or the borders. The new network of local enterprise companies would address this failing and be better able to recognise and respond to the needs of the whole country (David Chalmers, Scottish Office Education and Industry Department -SO-). But there were also other reasons to explain the shift, as Ian Hart, from Scottish Enterprise (SE), points out:

The Scottish Development Agency was set up by a Labour government and we were in an era of Conservative government. There was a feeling that there should be a change for that simple reason alone but the prime reason was to get business men directly involved in the company. [...] These were really the basic reasons, to get business people directly involved and to deliver locally and to give the companies a greater degree of autonomy than was involved in the Scottish Development Agency.

According to David Chalmers (SO) and Gordon Kennedy (Glasgow Development Agency -GDA-), at the beginning, when Labour was in power, the SDA was heavily criticised because it was considered to have a West of Scotland, and in particularly a Glasgow focus. From this perspective, the SDA spent far too much money in Glasgow. This position however, was not shared either by the Planning Department of Glasgow

City Council (GCC) or by Bill Colville, from the private firm of property advisers, Debenham Thorpe (DT). Both of them regarded the new towns as the main destination of the agency activity. In the latter's view:

The Scottish Development Agency built factories all over the place on the basis that if somebody was looking for one they could have one. But not so much in Glasgow and where they did actually develop them in Glasgow they tended to be smaller units. [...] It didn't do the city any favours but in terms of the greater area, yes it was probably good.

With local government re-organisation in 1975, Glasgow lost its strategic planning functions to the newly created **Strathclyde Regional Council** which encompassed an area far larger than the immediate metropolitan hinterland, encapsulating almost half the Scottish population. From its strategic perspective Strathclyde Region, via its Structure Plan, set in place a favouring approach whereby the city centre as opposed to out of town centres, were to be the prime location for future office and retail developments (Robertson, 1998a). According to Alistair Grimes from the Wise Group (WS), Kevin Kane from the GDA, John Bury from the Glasgow City Council Planning and Development Department (GCC), Laurie Russell from Strathclyde European Partnership (SEP), plus both Keith Yates (Chief Executives Department -SRC-) and Robert Maund, former officials of the Regional Council, Strathclyde Region played a very important role until it disappeared, through local government reorganisation, in 1996. In their view, they stopped the building of a fifth new town; they tried to revive Glasgow as the heart of the region; and they had a very clear view about the regeneration around the city. Furthermore, according to them, Strathclyde Regional Council provided a vehicle to redistribute resources from the more affluent parts of the Region to the city which was cross subsidised by and treated it as a metropolitan centre. The Regional Council social strategy was area based and involved identifying Areas of Priority Treatment (APTs) that benefited from positive discrimination in

capital and revenue spending. In addition, according to this view, Strathclyde Regional Council was, in the 1980's, the organisation that led the regional interests in Europe.

However, Robertson (1998a) remarks both on the weaknesses of Strathclyde's Structure Plan and related policies, and on the fact that the strategic implementation of regional planning became very much the tool of central, rather than local government. The Regional Council always was, in this view, a supporting player, given that it was the Scottish Office's economic agenda which carried real clout. In Robertson's (1998a) opinion, the Conservative government's strong centralising tendency, general antipathy towards local government and suspicion of planning *per se*, effectively undermined the status and value of strategic regional planning. While the Regional Council attempted to focus attention onto the distribution of vacant land, especially within Glasgow, this had little impact on the Scottish Office's programme. Furthermore, as an indicator of priorities for physical change within the metropolitan area, the Structure Plan lacked any strength as an effective strategic plan by offering little information or guidance about the future social, economic, or physical environment of the metropolitan area, an essential prerequisite for assisting local scale implementation. In short, the Structure Plan was considered to have had relatively little impact (Robertson, 1998a).

According to Robertson (1998a), at the time when local government was becoming more sensitive to economic development issues, its powers to intervene were severely curtailed by government through the Local Government and Planning (Scotland) Act, 1982. Under this Act it was only the Scottish Office through its inward investment arm Locate in Scotland (LIS) which could market industrial sites outwith local authority boundaries.

The new agency sponsored jointly by the Scottish Development Agency and the Scottish Office, was created to attract new inward investment (Moore and Booth, 1986).

Later, in 1986, according to Keating (1989), the search for business partners in urban economic renewal, led the SDA to hand over responsibility for developing policies for the city centre to Glasgow Action, apparently without consulting the local councils. With a board dominated by the most distinguished local business figures, chaired by Sir Norman MacFarlane from the United Distilleries, **Glasgow Action** was to lead the drive to attract corporate headquarters to the city, help develop a local software industry, and encourage more local service industries to export their wares (Young, 1992). In Kevin Kane's (GDA), opinion, Glasgow Action was the first public/private forum for development. Its aim was to provide a network of contacts and a sense of civic consciousness in the Glaswegian business community, as much as to stimulate business input into development strategy (Keating, 1989).

Glasgow Action, according to Robertson (1998a), was modelled on American examples of entrepreneurial city governance, drawing in particular from the experiences of Baltimore, where the private sector took the lead role in promoting and developing the city as a business enterprise (see also Keating, 1989; Hall and Hubbard, 1996; McCarthy and Pollock, 1997). However, according to Boyle (1990), despite its classical style of the partnership model, in practice, Glasgow Action was a public body solely funded by the SDA, with staff employees of the SDA and whose offices were within the complex which housed the SDA. For Gordon Kennedy (GDA), Glasgow Action was

a strange body which probably viewed itself as being in the lead in city marketing which was very unusual in Britain. It was a small body with a Board made up of people from the private sector in Glasgow, plus people from the City Council and the Regional Council. They really were there to be ambassadors for Glasgow and they were there to try and pull people together.

With the re-organisation of the SDA into Scottish Enterprise, in Robertson's (1998a) view, Glasgow Action became the blueprint for the new Local Enterprise Companies (LECs), which meant that the Scottish Office gained yet more power. When the SDA became **Scottish Enterprise** (SE), a training component was added by merging with the Manpower Services Commission, the government's employment training body. Yet, as with its predecessor, the SDA, Scottish Enterprise chose to focus almost exclusively on economic development issues, ignoring its fundamental role as a strategic actor in area regeneration. The transformation of the agency was illustrated by the SE officer, Ian Hart:

Throughout the life time of the Scottish Development Agency we bought land, we built factories, we rented them and we sold them and in the latter stages of the SDA's life there was a recognition that we were interfering too much in the market place and we should move back. So today if we want to build a factory we have to show there has been market failure and there is a need. The market place will not build it itself, there is a need for it and it needs public sector intervention. Whereas 10 years ago we would have built and developed, today we ask ourselves more questions before we build and develop. We will do it more likely in partnership with the private sector than do it ourselves. Whereas 10 years ago we did it ourselves. So that is an example of how the policy has evolved and changed.

In 1991, as previously foreseen, the Scottish Development Agency fragmented into 13 local Enterprise Agencies and one of these, the **Glasgow Development Agency** (GDA), emerged. As the other LECs, the GDA by statute has two thirds of its board members from the private sector. There may be minority representation from local government but there is no statutory requirement to have any public sector representative. In Gordon Kennedy's (GDA) words, the agency was seen at the beginning as being the creation of

Mrs. Thatcher. According to David Chalmers (SO), the Glasgow Development Agency, was born

with the economic development functions that would include business development, encouraging the start up of new businesses, encouraging the growth of existing businesses and encouraging existing businesses to move to Glasgow to develop there. It had the role of providing property for business or providing finance for property for business. It also has the role of training or helping finance training and, finally, it is involved with the clearance of derelict land, particularly where that land has an economic end use or a housing end use.

In Lever and Moore's (1986) words, the new institutions of economic change had a marked impact on the role of established agencies such as the local authorities, which become more marginal actors in the process of economic policy. The city of Glasgow through the post-war period, was therefore excluded as an area for new economic development, while the new towns and, particular development areas such as parts of Lanarkshire and West Lothian, continued to be the prime locations for inward investment. David Chalmers (SO) accurately expressed this idea:

I think the essential point is that local authorities aren't the primary mover in terms of stimulating economic development. That would by and large be a matter for the enterprise agency, whether it was the Scottish Development Agency up until 1991 or from then Scottish Enterprise and the Glasgow Development Agency.

Yet, according to the City Council officers, there was no doubt that **Glasgow City Council** held an important economic role. In fact, three of them, John Bury and Bill Potts (Glasgow City Council Planning and Development Department -GCC-) and Fergus Cooper (Glasgow City Council Economic Regeneration Unit -GCC-) sustained that idea.

The latter even made a fairly emphatic statement:

In 1978/79, the Council had as a priority economic development and within that to get higher levels or additional individuals into employment. We actually formed within the Planning Department an economic development group to handle this. Then there was actually a Committee formed to take responsibility for this, it is called the Economic

Development and Employment Committee and it had the orientation to prepare strategies, policies and projects for economic development, covering all aspects industry, employment, training and poverty. We also produced a strategy report which is the Economic and Development Plan. This highlighted all the issues of the economic development, it contained proposals and plans and projects to combat this and that. Throughout the 1980's we produced about eight of these. [...] We tried to work with other economic agencies in the city as per the SRC, the Regional Council at the time, the Scottish Office, the Chamber of Commerce and private industry. We actually have brought them in to try to address all the issues in a coherent and building up enterprise in the city or industry in the city (Fergus Cooper -GCC-).

However, the view that there have been and still are obvious limits to this economic task, given the Council has a very constrained budget, was widely shared (Fergus Cooper, John Bury and Bill Potts from GCC; David Chalmers from SO and Alistair Grimes from WG). In their opinion, the City Council's remit did not match the level of funding which was required to achieve its economic endeavours. David Chalmers (SO), saw it as the natural consequence of the City Council being viewed as a traditional local authority which had the usual service functions of local government, rather than being directly concerned with economic development. From a biased point of view, he emphasised, therefore, the aforementioned *managerialist* account of local government, but only with regard to the City Council. In his institutional view, the main economic development role should lie with the Glasgow Development Agency and Scottish Enterprise, while the City Council does not require to get involved in economic affairs, to the same extent.

Fergus Cooper (GCC) pointed to the big resource difference between the £60 million a year budget for economic development which the Glasgow Development Agency receives and that of the City Council, which stands at only about £8.8 million (1996). In this respect, Alistair Grimes (WG) underlined how the Council's budget difficulties in relation to economic targets also had some bearing on their role in the housing front:

Until recently economic development has only been a small part of Glasgow's [City Council] remit, most of its money has been spent on housing and related things. There has been an unbalance and it is thinking about what you can do in economic regeneration terms.

Robertson (1998a), however, goes much deeper concerning this issue, when he underlines the significance of Glasgow Corporation's blind obstinacy on isolating economic restructuring from the obsession by the provision of housing and through this, the retaining of the city's population. The over-emphasis on this conduct was counter-productive, as Robertson (1998a) points out. Far from constituting a proper answer, it ensured the persistence of the city's housing problems, given that the scale and condition which was conceived as the solution to the original slum problem, acted against Glasgow's faltering attempts at economic recovery. Housing and economic policy pulled in opposite directions and, consequently, by the time the city itself eventually opted for pursuing its own local economic development agenda, in the early 1980's, de-industrialisation had all but wiped out Glasgow's manufacturing base (Robertson, 1998a).

The private sector

As seen in the previous chapter, changes at the local level in the UK were much less about rolling back the frontiers of the state than a restructuring of the local state apparatus in the interests of the central state. The Thatcher government, however, claimed that the expansion of local enterprise agencies in the 1980s was a measure of private sector dynamism and its commitment to the regeneration of Britain's urban economies (Cochrane, 1991). If the political rhetoric of the 1980s clearly positioned the private sector as the key

actor in city rebuilding, public-private partnership was the way forward to get agreement on project priorities (Hall and Hubbard, 1996; Robertson, 1998a). Correspondingly these processes gave rise to widespread controversy with regard to the replacement of elected bodies by these new agencies. According to Robert Maund (SRC) local enterprise companies distorted the priorities that were decided by the elected representatives, and

we spent a lot of time and effort trying to explain to all of these grant giving organisations and government agencies why our priorities were the way they were to try and get them on board. But they didn't want to come on board.

David Chalmers (SO) provided the official view of the way local enterprises operate in Scotland:

all their various schemes, for example, we have tried to build in an arrangement which says you only take action if what you are doing achieves economic benefits at the national level. So that, for example, it would be against the rules for the Glasgow Development Agency to try and attract a firm, or a business, to move from Edinburgh to Glasgow and vice versa. Better that we attract a business to move from Japan. But when they are seeking to attract an inward investor from Japan, the local enterprise companies should not be in competition. That is one of the reasons why Scottish Enterprise comes along and says, no, these are the sites that the company would consider and you will not be allowed to negotiate directly with external investors. So we try and cut down as far as possible any element of competition between local enterprise companies:

However other voices, like Robert Maund's (SRC) and Bill Colville's (DT), claimed something totally different. According to the latter's words:

Vested interest I don't think existed until the Scottish Enterprise network was created and along with it came all these local development agencies and what all these local development agencies effectively are doing is competing with each other. So the GDA is competing alongside Renfrewshire, Dumbarton and Lanarkshire. You name it they are all in there, they are all looking for the same inward investors. All of the local development agencies are all competing for the same occupier which I don't think can be good, I don't believe that is good.

Even if in Britain partnerships entailed state sponsored dispersion of local elected power (see also Brugué and Gomà, 1996), the governmental discourse argued that locating

development decisions in quasi-public and public development agencies that are insulated from local government procedures; relying on off-budget financing techniques for subsidising development projects; and making the decision process market driven, developer initiated, and project specific, all made the development process more efficient (Leitner and Garner, 1993). Keith Yates (SRC), however, questioned the effectiveness brought about by the new agencies, since they not always pursued the same targets:

It was all very well to talk about Glasgow District Council, Strathclyde Regional Council, Scottish Development Agency (which became the Glasgow Development Agency), housing agencies in their various guises, and the different private sector companies. There are an awful lot of people involved in that process and not all of them were working to the same agenda, all the time. They began to drift, they began to go in different directions. They had lost the purpose. So too many cooks, you know the saying, spoil the broth. [...] There were too many agencies involved in Glasgow and it almost became too easy to leave it to the other agency and not get on and do it.

In Cochrane's (1991) view there has been a substantial growth in partnership models in the UK, which have adopted different forms (see also CE, 1981). The variety of versions which the term partnership entails points to an unclear idea about what this expression denotes. According to most interviewees, partnerships in Glasgow seemed to be either the association between the public sector and local communities and local private sector interests interacting at micro level, or also the alliance between the private and public sector at a broader scale. As Robertson (1998a) suggests, the term partnership is not used to illustrate the existence of a co-ordination problem, rather, it is seen as something positive with all the actors making some contribution while pulling in the same direction. However, even if a vague positive effect of Glasgow partnerships was generally recognised by most interviewees, in Robertson's (1998a) view, priorities coming from different partners, often differed. Similarly, in Robert Maund's (SRC) opinion,

I still think that we are not making the best use of the money that is available because there isn't a general partnership between the local enterprise companies and the local agencies.

Furthermore, the latter stressed the need for public sector leadership of partnerships, given that it is the only member prepared to take a long term view. In his opinion, if partnerships achieve their goals, this is because the risk money is put in by the public sector (also McCarthy and Pollock, 1997). In the same sense, Leitner and Garner (1993) remark that at the core of any entrepreneurial public sector redevelopment deal, underneath the rhetoric of negotiated development and public-private partnerships, is a public subsidy for private real estate redevelopment.

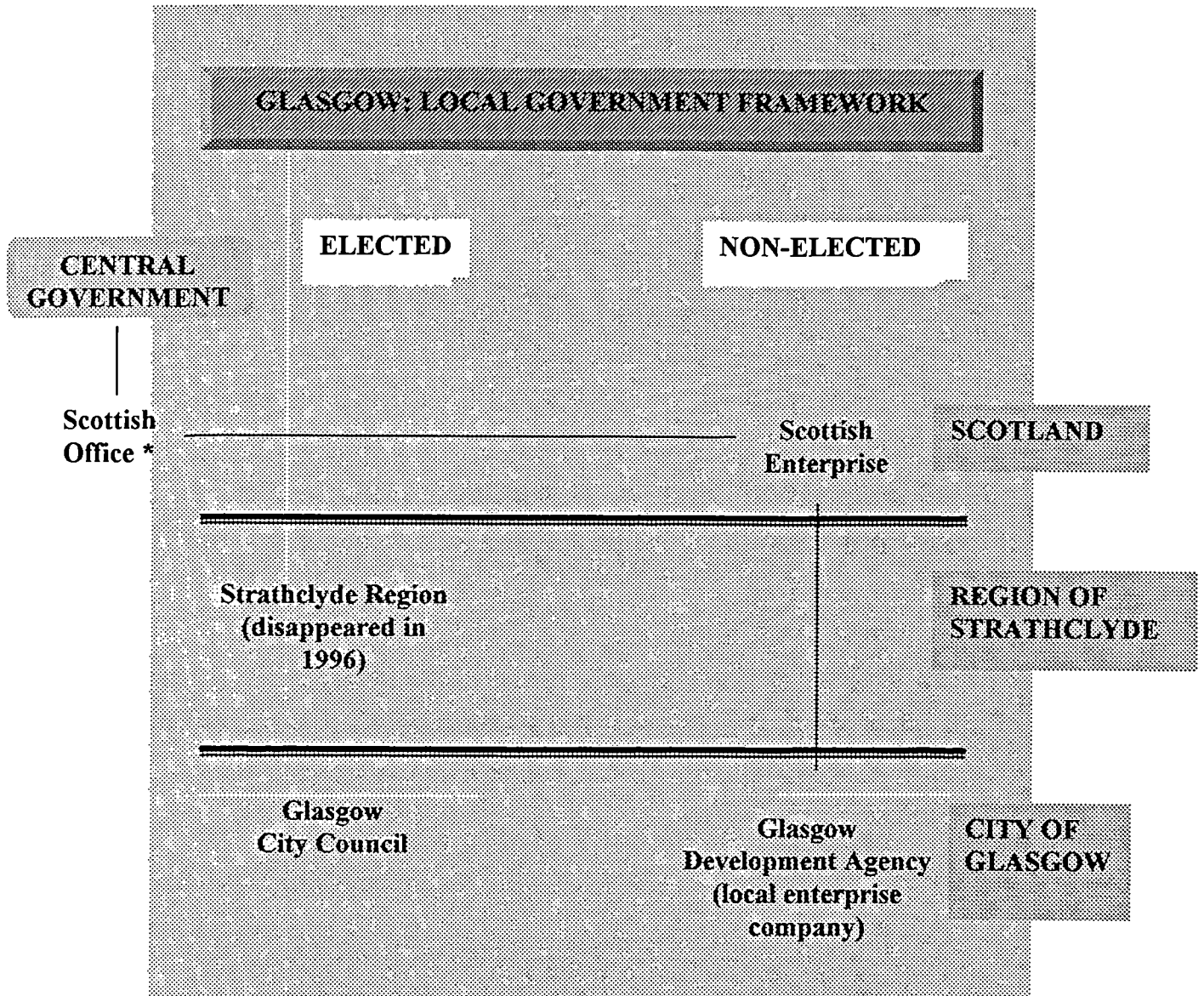
Jim Mackinnon and Graeme Purves (Scottish Office Planning Services Development Department -SO-) pointed out that strategies developed in the city of Glasgow have mainly been public sector-led, which was also Claire Savage's (Glasgow Development Agency Tourism team -GDA-) view. Although not explicitly, the subordinate role of the private sector could also be seen in John Bury and Bill Potts' (GCC) words, when they said:

The Councils led the campaigns, but equally they have been a partnership. The Garden Festival, although it was fronted by the City Council, had an awful lot of resources provided by the Scottish Development Agency. The City of Culture similarly was supported by Scottish Development Agency, supported by the Regional Council. Same with the City of Architecture and Design. The private sector also supported these initiatives in different ways.

According to Boyle and Hughes (1994), in spite of public encouragement from quangos set up under the instruction of central government, Glasgow's story has been one of a failure of private enterprise to become involved in the economic management of the city.

Far from portraying the alleged energy of the private sector, therefore, partnerships in Glasgow have been no more than examples of those combinations which according to Jessop (1996) appear to promise success in the local sphere.

Diagram 2.1.



* The Secretary of State is appointed by the governing party of the UK Parliament. Consequently the appointee can be a minority party politician within a Scottish context. This will change with the election of the new Scottish Parliament in May 1999 when the First Minister of Scotland will be the leader of the majority Scottish political party.

2.2.3. Glasgow versus the new towns

Structural economic changes seriously damaged the manufacturing base of Glasgow, but these were further reinforced by the creation of new towns and subsequent economic development policies. Robertson (1998a) explains how the popular perception of why new towns were created, lays great stress upon Glasgow "overspill" and how this has tended to obscure their prime function, namely, the planned restructuring of the Scottish economy.

The official version is explained as follows: if the over-crowded slums of Glasgow were going to disappear, in the 1940s and 1950s, it was thought that the slum dwellers had to be moved out because in Glasgow there was just no room to build more houses for them. Accordingly, the idea was to set out new towns in the surrounding area, a bit away from Glasgow separated by a 'green belt'. In this view, the new towns were solely regarded as a social experiment, the economic aspect only appearing as a subsidy issue (Robertson, 1998a). Furthermore, the official version goes on saying that all this has been, in a sense, good for Glasgow because it has enabled the city to remove and pull down the slums and replace them with new housing. According to David Chalmers (SO),

Once the new towns were established, people could not travel back to Glasgow every day to work. So inevitably there came the idea of attracting industry to the new towns which produced a lot of investment going there. New Town Development Corporations were set up and they not only provided housing for incoming workers mainly from Glasgow, they also provided factories and attracted industry by saying, here is a factory you can have two years rent free and we have all this skilled labour available. Over the years this has proved increasingly successful to the extent now that the new towns are really par excellence.

According to Ian Hart (SE), David Chalmers (SO) and Bill Colville (DT), the new towns of Irvine, East Kilbride, Cumbernauld, Livingston and Glenrothes, were seen to be magnets for modern industry. They have been very successful when compared to Glasgow. As David Chalmers, (SO) explained:

When one is seeking to attract a company to come and locate in Scotland inevitably those companies prefer to go to nice, attractive, green field sites near the new towns than come into dirty old brown field sites in Glasgow.

Similarly did Ian Hart (SE):

When Locate in Scotland get an enquiry, the customer seems to fall into two camps. They want a high quality, high amenity, isolated site away from their competitors, away from the cities. Or they want to cluster in a business park or a technology park, a high quality modern industrial area. Very few of them seem to want to be in the heart of the city.

The City Council's officers (John Bury, Bill Potts and Fergus Cooper) acknowledged that Glasgow was perceived as being a congested industrial city, which did not match the requirements of modern industry that needed a different type of environment. This negative perception was mainly due to the remnants of the heavy industry of the past:

After the war in the 1940's the view was that Glasgow couldn't provide that environment. So in the 1950's and 1960's the new towns were developed and new industry was directed to them. What we had was older traditional heavy industrial sites which had lost their industrial use and still had soil contamination and other site problems (John Bury and Bill Potts).

It has always been a problem that in the city there is a high degree of derelict, vacant land. The actual costs to bring that up to standard are extra ordinarily high. Hence, it is actually easier for incoming industry, the electronics side or heavy engineering side to head out to a green field site out of city. That is one of the reasons why we couldn't actually attract in any good industry, manufacturing for instance (Fergus Cooper).

However, according to Robertson (1998a), new towns were never conceived as being a mass housing solution for Glasgow slum population. Glasgow was expected to house the slum dwellers, while the new towns were specifically charged by Government to

accommodate in-coming skilled workers. In fact, new towns appeared in the context of attempting to attract in new light industries. These new industrial locations required population "overspill" arrangements to provide an adequate supply of the skilled labour. Consequently, a high degree of selectivity operated with migrants being concentrated in the more mobile professional, skilled, and semi-skilled working age categories, leaving the city with a high dependency ratio of young and old, and an employment (or unemployment) structure unbalanced towards the unskilled end of the spectrum (Gibb, 1983). According to Checkland (1976; also Henderson, 1974), whereas Glasgow in 1966 had 2.9 skilled men to each unskilled, the figure for East Kilbride was 14.6.

In Robertson's (1998a) words, the new towns provide a useful illustration of a growing centralising tendency, whereby government, chose to directly intervene in the pursuit of economic policy. In this sense, the deviation of investment out of Glasgow was supported by a range of financial incentives to the new towns which the city never had. Also Enterprise Zones, the areas of very high unemployment where an existing industry had closed down, were subject to specific government subsidies. In Scotland, Clydebank after the closure of Singer, the sewing machine manufacturer, Inverclyde following the closure of shipbuilding and Lanarkshire following the collapse of the steel industry, are all examples of enterprise zones. According to Ian Hart (SE) Enterprise Zones tried to revitalise and rejuvenate areas where there had been major industrial closure, giving tax advantages to investors to go and set up businesses in these locations. In spite of its major economic decline, Glasgow was never considered as such.

Apart from officers from the Scottish Office and Ian Hart (SE), there was full agreement that both new towns and enterprise zones have taken a lot of the industry that would logically have gone to Glasgow. Bill Colville (DT) illustrated quite accurately that idea:

Over the years, certainly the new towns of East Kilbride and Cumbernauld, have basically sucked all the kind of new manufacturing industry out to those locations. More recently the likes of the Enterprise Zones particularly Lanarkshire, because Lanarkshire is hard up against Glasgow boundary, and it is kind of a thing for a company to actually go to Lanarkshire as opposed to staying in Glasgow just in terms of the location side of things and the benefits of buildings. The sites are actually in Lanarkshire, then it is natural I think that they would actually go there. So the city has actually been quite disadvantaged over the years.

While Alistair Grimes (WG) emphasised the negative impact stemming from the fact that plans for the new towns took mainly skilled workers out of the city of Glasgow, Fergus Cooper (GCC) described how the marketing of these other areas, the stronger persuasion on incoming industry to locate in these areas, went so much out of control that it started a snowball effect and, at the end of the day, Glasgow could not compete. Steve Running (Glasgow Development Agency Business Location Service -GDA-) giving his personal opinion, claimed that political interests were crucial to understand the process:

This is a personal view, but if you take a place like Lanarkshire, Ravenscraig [a strip mill steel plant] closed and I think 2,500 people lost their jobs. In the same year that Ravenscraig closed 5,000 people in Glasgow lost their jobs. There was a political imperative to take things to Ravenscraig, or to Lanarkshire. The Scottish Office and Scottish Enterprise were focussing all their attention and all their extra resources on Lanarkshire.

According to Keating (1989), Enterprise Zones intended initially as experiments in non-intervention and the market approach, soon degenerated into packages of subsidies for firms to locate in these chosen sites. Kevin Kane (GDA) emphasised particularly this point:

They don't seem to realise that most of the industrial investment that has gone into the new towns and into places like Lanarkshire and all the rest is a public investment. It is an intervention in the market place. Politically, and this is probably a contentious view, but it must have an element of truth to it, there aren't many votes for the Tory government in Glasgow. So why would you devote an awful lot of resources to it. And also, there is not very much of a pro cities view point at the moment. There is a bit of a view by Government that cities are the past. [...] There is a bit of a cultural barrier for some policy makers in terms that they don't have a cultural affinity with cities. That's the great idea of a new town, lets get away from all of the problems and start from scratch. You won't be able to do that in the future.

Robertson (1998a) also stresses the negative impact of the anti-city mentality of post-war British politics and planning, which draws sustenance from American rather than European experience. This opinion was also underlined by Peter Russell (Glasgow City Council Town Clerk's Office -GCC-), for whom the Scottish Office's view is that cities are ghastly places that need to be thinned out.

On the contrary, David Chalmers (SO) remarked that there is no particular bias in the Scottish Office against Glasgow. According to him, the Government was interested in bringing economic benefits to the country as a whole. In this sense, while they did not like seeing Glasgow go down, they welcomed the fact that the new towns were successful. Ignoring its own institution's role in the diversion of investment to those areas, in David Chalmers' (SO) view, while the Government was prepared to help and provide resources to Glasgow, it expected that the Scottish Development Agency, City of Glasgow District Council, Strathclyde Regional Council and the Glasgow Development Agency to invest and to do more to resurrect the city. Yet, voices claiming that Glasgow has become disadvantaged in that all the industry has been encouraged to go out of the city, are practically unanimous (Bill Colville from DT, all City Council and Glasgow Development Agency officers and Alistair Grimes from WG).

Consequently, waves of new industrial investment, such as the recently arrived Korean and Japanese companies producing consumer electronics for the European market have been offered these areas and never Glasgow as their possible location. David Chalmers (SO) admitted that if the cheapness of labour and the chance to sell products throughout the European Community once you have set up a factory there, are both very important, the main reason behind Scotland's attraction for inward investment is *the massive financial investment assistance that we are able to offer*. Accordingly:

All the new towns have attracted large electronics firms, the Japanese have come in to Livingston, we have got NEC, we have got Motorola at East Kilbride and a similar story at Irvine and Glenrothes. And increasingly we found that because new towns had plenty of green field sites, they were attracting industry.

In the same sense, Young (1992) points out how the Thatcher Governments of the 1980s reinforced the industrial strategy to attract inward investment from the USA and, latterly, Japan, in order to replace the capacity and job lost in the declining traditional British industries. Scotland was again a major recipient of such mobile investment capital, but one more time the plants and the jobs went, disproportionately, to the five new towns and to other selected development areas with greenfield locations. Thus, Glasgow watched almost all the new manufacturing investment pass it by (Young, 1992).

Even if there is relevant evidence that broad economic trends were acting against the city of Glasgow, the crucial role played by policies designed to stimulate, enable or influence manufacturing locational change cannot be denied. However, explanations given to justify the diversion of resources to the new towns were usually based on the power of market preferences, whereby new merging industrial sectors look for green field sites well away

from the old industrial centres. In this sense, the locational choice of the new industrial plants, has been portrayed as a commercial decision, solely reflecting objective business considerations, even if the reality is that state-sponsored economic planning through financial re-location incentives and infrastructure expenditure has played a dominant role in influencing that locational selection. As Robertson (1998a) remarks, in the case of both the suburbanisation of industry and housing, it is evident that direct public intervention, rather than market forces alone, has played the crucial role in shaping the post-war period, and no where has this been more evident than in the city of Glasgow. MacInnes (1995) also shares this view when he states that the shift of population and employment out of the core of the conurbation was part of a planned intervention in the economy of the area (also Henderson, 1974). Yet, as a further reinforcing element in this context, Robertson (1998a) underlines the importance of Glasgow Council's obsession with housing and its subsequent neglect in seeing the importance of economic decisions.

New towns and the associated economic policies which underpinned their development, illustrate both the changing nature of capitalism in the post-war period, and government reactions to such changes. With indigenous capital opting out of manufacturing, in part because they could not compete in the new market conditions brought about by the loss of Empire, the government saw the need to attract in, via a range of incentives, multi-national capital. The active promotion of inward investment, as a means of altering the nature of the Scottish economy, has been the key element of Scottish Office's economic strategy since the end of the Second World War, and the promotion of new towns, with the Scottish Office controlling subsequent growth, has been the critical point in this approach to economic planning (Robertson, 1998b).

2.2.4. From manufacturing to services via image reconstruction

According to Robertson (1998a), in the early eighties, manufacturing although in steep decline, still represented a very significant component within the city's economy. Yet, as mentioned above, it received practically no attention. The aforementioned Glasgow Eastern Area Renewal (GEAR) project which involved housing improvement as well as support for manufacturing, produced a number of new industrial facilities, but these were almost entirely small cluster units designed to help local east end businesses. Whilst physical improvements, particularly in relation to certain housing areas were impressive, the extent of employment created was considered disappointing (McCarthy and Pollock, 1997), although this minor success in job creation may have been significant if framed within the context of general industrial collapse. In Robertson's (1998a) view, the GEAR project represented a short-lived and under funded focus on manufacturing. The value of this approach was, in part, questioned by evidence which showed that those benefiting from such investment were not from the east end, but rather re-locations from other parts of the city. Furthermore, GEAR's perceived failure ensured that this type of approach could be abandoned and the old new town development agenda, reinstated. Apart from that, this provided justification for the adoption of the services focused approach to urban regeneration (Robertson, 1998a).

In fact, in the early eighties, a strong development of the services sector seemed the most suitable option for Glasgow. Bill Colville (DT), David Chalmers (SO), Ian Hart (SE) Fergus Cooper (GCC), Claire Savage, Steve Running and Kevin Kane (GDA) explicitly said that when heavy industry was closed down, and there was no way that it was going to recover,

the service economy was seen as the one with the greatest prospects of taking business back to the city. With a certain ironic touch, the latter explained:

The SDA saw manufacturing as being the past. It was seen to be a signifier of a place that was yesterday and not tomorrow. They looked at the development of the service sector which has grown and which obviously now dominates most major urban centres. This was the future basis for economic growth in the service sector and its focus was in the city centre. Where is this growth going to come from? It is going to come from financial services, the tremendous growth and development of financial services through the deregulation of financial services, the creation of call centres and latterly from other services. It was going to come from software but not just the making. At that time the whole focus was on the development of equipment, suppliers, people who made the computers and now obviously they have been eclipsed as a market in terms of software. Urban tourism was also seen to be an outlet that was growing. So these became areas that the city started to promote much more.

As Steve Running (GDA) points out, there was widespread opinion in the 1980s that Glasgow was no longer a major industrial city and that many of its strengths laid in the business and commercial services side of the economy (see also Booth, 1996). In Keith Yates' (SRC) opinion, the services option was also linked to the European dimension of Glasgow *which as a European city, had to concentrate on the service sector*. Consequently, the targets pursued were to excel in the new economy areas of business services: financial services, back office processing, and even government services. Claire Savage's (GDA) similar view was that it was necessary to accept that manufacturing had declined in the UK as a whole and that there needed to be an alternative to it. Hence, services underpinned the economic strategy for Glasgow. According to her, even if manufacturing is better, it is very difficult to get people to work in manufacturing. People want to work in an office *because nowadays people have higher expectations for their lives*.

Fergus Cooper (GCC) provided some figures to corroborate the significance of services in Glasgow:

We saw that as the main opportunity and would work more successfully. There is a view that the image of the city and the overall emphasis in the city is as a service sector. I mean 80% of the GDP in the city is from the service industries, 82% of employment in the city is in the services, 88% of companies in the city are in the service sector and [...] who needs the manufacturing industry at the end of the day.

Services seemed to be, then, the market place Glasgow had to aim for. Consequently, according to Glasgow District Council, the service sector approach was supported by a raft of related initiatives such as promoting short course business degrees, developing software businesses and encouraging the expansion of an exportable service sector (Robertson, 1998a). In 1985 a management consultancy report was published by a private group, McKinsey and Company, and commissioned by the Scottish Development Agency. The report attempted to diagnose the source of Glasgow economic problems and provide ideas for improvement. In Gordon Kennedy's (GDA) opinion, it was a major exercise to look at Glasgow, at its strengths and weaknesses, with a particular focus on the city centre and concentrating on the service sector. It identified a number of areas that Glasgow could build on, such as tourism and financial services, as well as some physical things that needed to happen within the city centre. Its central conclusion was that Glasgow ought to plan for a post-industrial future and to use place marketing projects as the central policy tool, through which post-industrial investment could be lured (Boyle, 1993). The report ended by suggesting that an independent group consisting of a number of prominent figures in the city, and led by local business elites should be formed. As mentioned before, Glasgow Action was instituted in 1985 to push the city's image and attract inward investment.

According to Lord MacFarlane, the board chair man, Glasgow Action was *to make the city more attractive to work in, to live in and to play in; to recreate Glasgow's entrepreneurial spirit; to communicate the new reality of Glasgow to its citizens and to the world* (Young, 1992, p. 213). Its blueprint was ambitious, involving an environmental plan for the city centre, drawn up by the distinguished urban design consultant Gordon Cullen. Kevin Kane (GDA) shared Robertson's (1998a) view that Glasgow Action was very much based on the American urban management elite model. Keating (1989) saw its first report as full of "boosterist" rhetoric, detailing a list of projects, including an aquarium and science "exploratorium", clearly borrowed from Baltimore, new university courses, and an expanded tourist promotion effort, to be financed by the public sector.

Glasgow witnessed hectic urban activity over the 1980s which has been extensively analysed (see for instance, Boyle, 1993; Paddison, 1993; Boyle and Hughes, 1994; Sabot, 1996; McCarthy and Pollock, 1997). The first approach to city marketing began in 1983 when the Glasgow District Council campaign 'Glasgow's Miles Better' was launched (Wilkinson, 1992). It was this slogan which became the purported symbol of the new city. According to Booth and Boyle (1993) it proclaimed that Glasgow had found itself a new role in business services, in advanced education, in publishing and in the arts. While in Gordon Kennedy's (GDA) opinion, Glasgow's Miles Better Campaign was aimed at telling people outside Glasgow what was going on within the city, for his colleague Steve Running,

Glasgow's Miles Better was actually aimed at Glasgow people. It wasn't aimed outside Glasgow. It was aimed at Glasgow people to get them to lift their heads up, look around, realise that Glasgow is actually a smashing place and a by-product of that or a sort of

spin-off, a secondary element to it was if we can do that in Glasgow, then we can also do it in selected places throughout the world. I think it was an incredibly clever method of promoting the city.

According to Kevin Kane, also from GDA, Glasgow's Miles Better campaign is linked to the changes operating in the housing field, whereby the housing association movement got off the ground and subsequent tenement improvement took place. In his opinion, to say that Glasgow was miles better was not a lie, it was miles better. A century of grime came off the buildings and the place started to come alive. There was also floodlighting of the buildings and stone of Glasgow, building up the city centre. Keith Yates (SRC) also remarked that Mr Happy and Glasgow's Miles Better campaign actually began to make the people of Glasgow feel better. The same idea was expressed by John Bury and Bill Potts (GCC) when they said that Glasgow's Miles Better on the one hand helped the city to believe in itself again and, on the other, to change people's perceptions about Glasgow. According to them, it was just a publicity and marketing campaign, but it very successfully put Glasgow back on the map.

About the same time, there was a number of things happening which, in Gordon Kennedy's (GDA) opinion, were not as interlinked as everybody thinks, although looking back *you can pretend that they were*. Mayfest, the annual arts festival was launched in 1982 (and lasted until 1997). One year later, the internationally famous Burrell Art Collection was opened. Over the decade, many buildings in the city centre were stone cleaned and floodlighted, while three new shopping centres, St Enoch, Princes Square and the Italian Centre were opened. Existing shopping facilities also underwent substantial re-investment, showing, as noted earlier, the desire to further enhance Glasgow's position as Scotland's premier retail centre. New office developments were

erected while old warehouses and abandoned factory buildings were used for luxury housing in what became known as 'Merchant City'.

In 1985 the Scottish Exhibition and Conference Centre was inaugurated and in 1988 Glasgow housed the national Garden Festival. The year 1990 was particularly significant for the city, as Glasgow became the European City of Culture and the Council built a new International Concert Hall. New facilities were also created on the back of 1990: the McLellan Galleries, the opening of St Mungo Museum of Religious Life and Art and the Glasgow Museum of Modern Art, *Goma*. All these events and city's rich cultural resources, which included the Scottish Opera, the Royal Scottish National Orchestra and the famous Citizens' Theatre, became part of the city's marketing literature for tourism, inward investors and business in general (Booth and Boyle, 1993). At the beginning of the 1990s, Glasgow was promoted under the slogan 'There is a lot of Glasgowing on', then 'Glasgow's Alive' and later on, a new version of 'Glasgow's Miles Better'. In addition, Glasgow has succeeded in achieving the title of British City of Architecture and Design for 1999 while the National Gallery of Scottish Art is also on its way to the city.

Some of these developments took place as a consequence of the implementation of the McKinsey report of 1985. To further develop property aspects, the SDA commissioned Richard Ellis, a firm of property consultants, to carry out a study of the office accommodation market within Glasgow. It was thought, as Turok (1992) points out, that readily available property could help to attract investment and employment to the area. At the same time, as mentioned before, they also commissioned Gordon Cullen Associates to advise on urban design and landscape issues within the city centre. As a

result, they designed a plan whereby a central pedestrian thoroughfare, Buchanan street, became the focal point of the city. Two main proposals were put forward for this purpose: a shopping precinct at the bottom and a 'civic square' at the top, which was to be the location of the headquarters of the major cultural organisations in the city. The waterfront area in the city centre was also to be developed into a 'Riverside Chain' of pearls comprising rehabilitated housing and office blocks. The M8 motorway running around the City Centre would also be developed as a visual metaphor of the 'walled city' (Boyle, 1993).

In Gordon Kennedy's (GDA) words, the process was as follows:

The Burrell Collection was a big stepping point for Glasgow. That was something people didn't expect, a major new Art Gallery of a very high standard in a high architectural standard. So we made a lot of mileage of that. So things like the Burrell Collection, some big new shopping areas like the St Enoch Centre and the Italian Centre, Princes Square, they all started appearing as well and were also of very high standard. New products, such as the Scottish Exhibition and Conference Centre, were the sort of things that only a big city can provide really. That is something we argued very strongly. There was very visible evidence that Glasgow was turning the corner. And during the period up to 1988 there was still a lot of this building work going on. It was the beginning of a focus as well, although it was only the beginning of things like creating Arts Festivals, Mayfest and the theatres were getting renewed. Glasgow was quite early in the United Kingdom to view culture and arts as being something that could be built upon as part of the urban regeneration. That had just starting and then came 1990, the City of Culture Year. City Council and SDA and the Regional Council made it an all year round event. Provided new facilities like the Concert Hall, new Galleries, the McLellan Galleries, there was a lot of money spent on very high profile events. A lot of money spent on overseas marketing and promotion. I think people questioned whether there was too much money spent for the impact that it had. That was probably the point where Glasgow was then viewed as a city that had turned the corner and had become a post-industrial city.

Boyle (1993) also used the same expression when he underlined that at the forefront of Glasgow's regeneration projects was a concern to market Glasgow to both investors and tourists, and central to the strategy was the idea of Glasgow as a post-industrial city. According to John Bury and Bill Potts (GCC), the city was working especially in the central area, maintaining and modernising its tenement property, reroofing, stone-cleaning,

replumbing, rewiring, to create a different sort of image (see also McCarthy and Pollock, 1997).

Therefore, there was action in various complementary fronts: image and marketing campaigns, property development projects, infrastructural activity and implementation of events. In this context, particular attention was paid to the role of culture with great emphasis on the promotion of visual and performing arts. Culture was viewed as a source of job creation in itself, given the success brought about by the investments in this sector (see also Booth, 1996; Urry, 1990). The arts sector alone, it was suggested, was directly responsible for about 8000 jobs in 1985-86 (Myerscough, 1988). Something similar could be said in relation to tourism, which also received a strong emphasis. As Urry (1990) points out, tourism is regarded as a way of generating jobs directly and through more general publicity about the area. According to Ian Hart (SE), since the Glasgow Garden Festival, tourism was seen as a potential and a major player in the economy of the city which had not been up until that point in time. In the same sense, Claire Savage (GDA) regarded tourism in world wide terms, as *one of the biggest industries producing the most amount of money, the most amount of jobs and on the back of it producing large amounts of development*. In her opinion,

A lot of the 'Direct Line' companies, direct insurance and call centres have set up in Glasgow because of the tourism product. There were things for people to do, there were leisure activities, the transport is good, the signage is good and the city looks nice or it is a friendly safe place for people to come to. So these were all things that contribute towards actually getting people to come to the city and invest in the city. Tourism does have a huge benefit for a city. Tourism helped bring the city back up to a level that is acceptable.

The formula then, was based on a double strategy whereby attracting people to the city as tourists, and offering them a lot of events and cultural activity, could evolve into

inward investment. In Gordon Kennedy's (GDA) words, *Glasgow was supposed to be very vibrant and foreign visitors and overseas tourists and interest from new companies and inward investors, new offices were coming.*

However, if during the 1980s new projects were continuously developing, many interviewees pointed to the year 1990 as being the apex of Glasgow achievements. Steve Running (GDA) perceived at that point, a shift within the strategies, when he said that since 1990 the promotional campaigns had not been as good as they were prior to that date. According to him, before 1990, the campaigns tended to be all embracing efforts, but since that date it tends to have broken down into various elements. Hence, there is not what could be called traditional above the line promotion, and there is very little advertising and very few big events. From another perspective, Keith Yates' (SRC) remarked that the positive outlook of the 1980s began to change in 1990, due to the abandonment of a general commitment to Glasgow. In his view, since the City of Culture year, Glasgow has begun to regress, to go down again. Likewise, Gordon Kennedy (GDA) expressed a similar idea:

Since then [1990], the population continued to decline a bit, and the service sector was sluggish because the recession had hit the service sector as well. And there was a feeling probably in the early 1990's that Glasgow had maybe lost its way, that the momentum had gone. That period lasted probably until about 1993. The last couple of years there have been signs that things are improving again. Winning City of Architecture and Design has certainly helped.

All in all, Glasgow's recent experiences reflect the profile of the entrepreneurial approach to renewal, as was explained in the previous chapter. In the attempt to move away from the industrial side of the economy to that of services through a change in the city's image, various procedures have been employed. Glasgow Action's reproduction of projects

previously carried out in Baltimore, the presence of the American model and the use of events point to what Philo and Kearns (1993) call 'sameness' in the practice of selling places, whereby the same ideas are repeatedly copied in different localities, even if they are presented as allegedly modern and innovative. Glasgow's Miles Better and similar campaigns illustrate one of the aforementioned common practices of selling places, in that they not only were a means to attract people to the city, but also a device which was used as a symbol of unity (Harvey, 1989), as an instrument of community unification (Harvey, 1994) with a redemptive sense of identity (Cox and Mair, 1988). Property development projects were also regarded as crucial components of the transformation of Glasgow's urban environment. In this sense, the office market was targeted to provide appropriate accommodation and environment for the new sectors of consumption and production activities and high-technology industries, in the hope of future demand (Tavsanoglu and Healey, 1992). Similarly, the use of culture and cultural facilities became a resource for economic gain, linked to the attraction of business services, tourism and the leisure industries.

2.3. Tracing The Impacts Of Economic Change

2.3.1. Physical impacts

There is a generalised positive opinion with regard to the physical regeneration of Glasgow, stemming from the strategies implemented during the 1980s. David Chalmers (SO) underlined the huge scale of activity mustered to clean up Glasgow in terms of eradicating pollution, getting rid of the slums, developing major municipal projects, such as the Scottish Exhibition and Conference Centre, the Garden Festival, Merchant City, Princes Square, and

all the other components which *have done much to make Glasgow an important and attractive place, and indeed it brought back some economic life to the city*. This same comment was repeatedly made about the physical improvement in terms of reviving the city centre (Alistair Grimes from WG), the recycling of old buildings from warehousing and other uses into housing within the Merchant City (Ian Hart from SE) or the recovery of the best Victorian buildings and Victorian Parks that any city in Britain possessed (John Bury and Bill Potts from GCC plus Robert Maund from the former SRC). As Kevin Kane (GDA) summarised:

Lots of physical renewal, lots of housing, lots of substantial central business district redevelopment and then a lot of cultural facilities and all the rest. So on the physical side I think Glasgow has done very well.

Furthermore, as Kevin Kane (GDA) remarked, Glasgow has not only gone from nowhere to being third largest tourist visitor destination in the UK after London and Edinburgh (also Robertson, 1998a), but has also sustained that position for many years. According to Robert Maund (SRC) the tourist industry in Glasgow and the West of Scotland is currently a very important economic activity *with people coming to Glasgow to see the wonderful Victorian city, to use its cultural facilities and because there is always something to do*. In this line, Robertson (1998a) remarks that the renewal of the city's Victorian tenemental stock helped greatly in altering the city's public image, giving credence to the claims made about Glasgow's renaissance. All this, in Claire Savage's (GDA) view, has increased the overseas visitors by around 105% in recent times.

Claire Savage (GDA) also stressed Glasgow as a highly regarded shopping centre and place of consumption, *more kind of designer based, you have got Armani, Versace, a lot*

better than Edinburgh, while John Bury and Bill Potts (GCC) pointed out, in this sense, that Glasgow has progressively improved its position as a shopping centre, and from being the third, it is now the second largest retail centre in the UK outside London (also Robertson, 1998a). In Bianchini *et al's* (1992) opinion, the enhancement of a city attractiveness has been achieved most comprehensively and most successfully in Glasgow. In their view, cultural and tourist attractions such as the Burrell Collection, the 1988 Garden Festival and the 1990 European City of Culture celebrations, together with more direct investment magnets such as the Scottish Exhibition and Conference Centre, Princes Square and St Enoch Centre, all form part of an overall package of attractions that help give Glasgow a dynamic, modern and cosmopolitan image. In Boyle's (1990) opinion, the renewal of self-confidence in the city should be regarded as one of the city's advantages at present. Furthermore, Urry (1990, p.156) stresses how *mysteriously but dramatically, Glasgow has become the kind of place that people now want to visit, to see and to be seen. It has become a preferred object of the gaze of many tourists.*

However, Glasgow physical renewal had also other dimensions, stemming from its property development projects, or what McCarthy and Pollock (1997) call recurrent development opportunities selected by strictly commercial criteria. In their view, the Merchant City section of Glasgow's city centre was an example of an area where such mechanisms were applied. Yet, Glasgow's offices over-supply and the vast amount of derelict land constitute the two different poles of this process. With regard to the first, McCarthy and Pollock (1997) remark that, in 1988, Glasgow had one of the largest office development programmes of any city outside central London. Also Boyle (1990) noted how at the beginning of the present decade, the emerging progression of new

Glasgow developers began with grant-aided residential conversions in the tertiary market and then evolved into particularly office development in most profitable locations. According to Kevin Kane (GDA) this was the consequence of the development of the competitive commercial office sector in the city centre to accommodate service sector growth. Latterly, however, the market stopped demanding those offices any more. As Turok (1992) remarks, despite this greatly increased supply of new office floorspace, there has not been a substantial inward movement of private offices to Glasgow. The largest amounts of new floorspace have been taken up by existing firms consolidating their activities within the city, by government departments relocating back-office work to the city, and more recently by call centres, as it is also mentioned below. Bill Colville (DT) described, in detail, the mismatch between the space required by offices and the current supply of Glaswegian buildings:

There is more office space available in the market place than is required. But if you look at the quality of the space that is available a lot of it is, in my view unlettable. The buildings themselves don't actually suit businesses anymore. A lot of the kind of former townhouse buildings are now being converted back into residential use. [...] The demand for offices, in my view, lies not so much through growth of the office sector itself, but through companies restructuring. Companies are actually doing business in a different way than they did ten years or even five years ago. I mean you will have heard of this call centre type of operation which basically means that whereas companies years ago used to have lots of people employed [...], what they are actually doing now is just dealing with it all over the telephone, getting the right answers, getting a commitment from the customer at that moment in time, whether they want to proceed or not, and basically they hit the button and all the paperwork gets churned out, probably either in another part of the building or maybe in a remote location.

So there is demand there, but it is actually coming from a different direction just now. You will find businesses who will still look for offices, these are larger offices but there are fewer of them around the country. So rather than maybe an insurance company having a major office building in 16 or 18 different towns and cities across the UK what you might find is that they have five centres across the UK and what they do is have bigger buildings in each of these five centres.

Likewise, Laurie Russell (SEP) stated that even if this is a recent trend, offices are moving out of the city centre, in part because it is cheaper to build an office in new

locations. Peter Russell (GCC) also pointed to a similar idea when he said that existing office accommodation is becoming obsolete and there is a need for investment and re-equipment given the nature of the technological changes that are occurring at the moment. According to the latter, not only the offices that were built as recently as the early 1980s will now need to be completely stripped out and recabled, but they may even be facing external as well as internal redevelopment. Consequently, Glasgow is facing a big problem at the moment. While there is an under supply in terms of prime office space, of the type of space which is demanded, there is an over-supply of old office space.

Furthermore, Keith Yates (SRC) emphasised the bad quality of some of the offices built by the private sector in the 1980. In his opinion,

it was of a cheap and cheerful type and is beginning to look fairly tatty. It doesn't look as though it is going to have a long life. You shouldn't be accepting building or development at any cost. You ought to be trying to ensure that there is a style in materials. I think in Glasgow, because people were so desperate to get investment back into the city, it was a case of anything goes during that period. A lot of it wasn't of a quality that it should be. The physical stuff was not as good as it could have been. There is still a sort of tattiness about Glasgow that isn't there in the new cities.

Indirectly, Kevin Kane (GDA) suggested something similar when he said:

This hasn't created the nicest business centre or the nicest architecture or the nicest street scape or the most interesting streets, but it has developed office space.

If very worrying, the unsuitability of the available office space for current demands, was eclipsed by the scope of the problem relating to dereliction, which is quite often associated with very severe site contamination issues. There was widespread agreement on the critical problems stemming from the legacy of the lost traditional industries: not

only did they leave behind vast tracks of derelict buildings and redundant land, but many of the sites are very polluted. According to Jim Mackinon and Graeme Purves (SO), 10 per cent of Glasgow's land area is composed of vacant land, much of which is close to the city centre. Also from the Scottish Office, David Chalmers pointed out the existence of pockets of chromium contamination which have to be dealt with sooner or later.

This problem has never been properly addressed. This was Ian Hart's (SE) criticism of his own agency, which, as he said, has had negative effects in this respect, given that unlike its predecessor, the Scottish Development Agency, Scottish Enterprise has failed to focus on dereliction and the recycling of the land. In this line, Johnstone (1995) underlined, how until recently, the lack of interest in Glasgow's derelict industrial areas has been a major feature of the city policies. In her view, something must be done to remedy this situation for *a do-nothing approach will mean the prospect of Glasgow still having to put right the dereliction created by the nineteenth century industry in the twenty-first century* (Johnstone, 1995, p.8).

This issue directly concerns the economic future of Glasgow, according to many interviewees. As Peter Russell (GCC) stressed, at a time when there is stiff competition from the Scottish new towns, which have got greenfield sites with brand new buildings and financial incentives for inward investors, the available sites in Glasgow are at an extreme disadvantage. Not only is there no agency backing and no particular dedicated funding to redevelop these sites, there is a lack of expertise to deal with matters of former industrial land. As a result the land remains derelict. The absence of a plan to solve the problem was also underlined by Kevin Kane (GDA):

Glasgow still has the highest level, in both absolute and proportionate terms, of derelict and vacant land in Scotland. We still have a substantial problem with that and there aren't the resources to deal with it. There is a big issue in that, because given that we come under market pressures we haven't been able to develop derelict land unless we have had something to occupy it. But if no-one thinks that that land is any good, because it is derelict, why would they want to develop it. That will have to change.

This issue was recently illustrated by Pacific Quay, which was the site of the old Princess Dock. Originally it was planned for residential development but everything changed after the Garden Festival took place. According to Bill Colville (DT), the idea was:

To have all of these fancy houses, penthouse flats, low rise buildings, the full range. But the Garden Festival happened, I think the developers at that time probably saw that there was problems ahead and decided not to do something. Nothing happened with the site and then eventually the site was actually brought back into public sector ownership and it was really when it came back into public sector ownership the debate started as to what should actually happen.

In Robert Maund's (SRC) much more critical view,

Laings the owners said, all right you can have it for the period of the Garden Festival and when the Festival is over we will have it back. In the meantime we need other sites which you must provide to keep our housing programme running. So not only were they given other sites, so-called offset sites, many of which needed derelict land reclamation, which was all done for them, but when they had developed those and the Festival was over, they came back and got another financially wonderful deal. By the time the Garden Festival was over, we were going into an economic decline. Laings said "oh, I am not sure that we want to do all this housing". They were in some financial difficulties and GDA bought the site off them for about £6 million and when you think of everything else they had had all of a sudden they got £6 million for the site and here we are in 1996, eight years on and nothing is left. It is just a great bed of weeds. Now that is disgraceful.

The latter idea was also expressed by Scott (1996) who recorded the following city official's comment: Laings must have had the sale of the century there. They must have made more money not building houses on it than building houses on it.

According to GDA's chief executive Stuart Gulliver, Pacific Quay not only is the best undeveloped site in the whole of Scotland, but it is also critical to Glasgow's

regeneration (Scott, 1996). However, the general agreement is that Pacific Quay has suffered from various missed opportunities. According to Scott (1996) City Council officials privately believe that Glasgow Development Agency should admit defeat. The GDA for their part say that the site came loaded with political and emotional baggage. They insist they have been working hard to secure something substantive, imaginative and workable for the city. Local councillor Archie Simpson thinks that development of the site will really never take place without a major injection of public funds and, given the present regime in the Scottish Office, this is not likely. Similarly, the local MP, Labour's Ian Davidson, blamed the lack of development on the former Government obsession with private sector solutions (Scott, 1996).

All in all, the physical side of Glasgow's recent strategies was generally perceived as being successful in overcoming the city's negative reputation, the downward spiral of decline, in which the city's negative image was a major disincentive to potential investors (Paddison, 1993). The selected criteria of property projects, however, have led to the fact that private investment has rarely reached beyond the city's core (Boyle, 1990). In the Merchant City developments have been dependent on public funds even if they have principally been aimed at the young middle classes and increasingly at high-income groups (Jones and Patrick, 1992; Healey *et al*, 1992a). Apart from that, the over-development of offices on the one hand, and the amount of derelict land which remained and still remain untouched on the other, illustrate the selectivity of investors whereby exclusive interest in some sections of the city cause physical dereliction in neighbouring areas. In short, these piecemeal initiatives lack the range of powers and resources to provide the more holistic approach intended to achieve all-round regeneration (Turok, 1992).

2.3.2. Changes in employment

2.3.2.1. Up to the eighties

According to Lever and Mather (1986), employment in Glasgow conurbation fell from 844,200 in 1952 to 685,538 in 1981. By 1984 it was estimated that total employment in the conurbation had fallen further to 640,000. As mentioned before, within the conurbation, manufacturing employment moved away from the older locations such as the centre, east end and riverside areas of Glasgow, to greenfield sites and industrial estates sited on the periphery of the city and beyond its boundaries, in the smaller towns and the new towns around the conurbation. If this trend is analysed in the more general context of the relative de-industrialisation of the British economy, Glasgow suffered the most negative effects within the three scales of manufacture decline: national, regional and in respect of the Clydeside conurbation (MacInnes, 1995).

Between 1961 and 1981 employment in manufacturing fell from 387,105 at the beginning of the period to 187,544 twenty years later, with faster rates of loss in the 1960s (-8000 per year) and in the late 1970s (-23,000 per year) than in the early 1970s. Service employment grew from 351,314 in 1961 to 406,767 in 1971 and to 431,464 in 1978. Shipbuilding, with the localised sourcing which still supported around 15 per cent of Scottish manufacturing into the 1960s, painfully subsided (Aitken, 1992). As shown in Table 2.3, in twenty years the conurbation changed its industrial character with 60 per

cent of its labour in industries of production, to a service centre with 60 per cent of its labour in service occupations (Lever and Mather, 1986).

Table 2.3. Employment change 1952-1981

	Glasgow	Outer Conurbation	Whole Conurbation
All Employment			
1952	563,500	280,700	844,200
1961	540,706	300,176	840,882
1971	462,545	326,969	789,514
1978	435,420	326,204	761,624
1981	398,685	286,853	685,538
Manufacturing			
1961	226,812	160,293	387,105
1971	151,257	155,058	306,315
1978	122,284	135,028	257,312
1981	97,872	89,672	187,544
Industries of production			
1961	278,039	204,043	482,082
1971	190,856	189,435	380,291
1978	161,904	166,051	327,955
1981	135,041	117,208	252,249
Services			
1961	259,226	92,088	351,314
1971	271,045	135,722	406,767
1978	273,022	158,422	431,464
1981	263,128	168,072	431,200

Source: Censuses of Employment

The city of Glasgow had 58 per cent of the manufacturing jobs in 1961, 49 per cent in 1971 and 52 per cent in 1981, whereas the percentage in terms of service employment were 74 per cent in 1961, 67 per cent in 1971 and 61 per cent in 1981 (Lever and Mather, 1986).

The composition of the workforce for the Clydeside conurbation, shows the overall decline of employment in the period 1961-71 (50,000 or 6.1 per cent), as can be seen in Table 2.4. As Lever and Mather (1986) remark, in absolute terms major job losses were

experienced in mechanical engineering (-28,000), mining (-11,000), shipbuilding (-19,000) and textiles (-13,000). Only in two industrial sectors, instrument and electrical engineering, was employment increased (by 7500). Apart from distribution, there were increases in all the service sectors, especially in professional services -predominantly health and education-, miscellaneous services -personal, leisure, and social work services-, and administration.

Figures in the period 1971-81 were even worse. Buxton (1985) remarks that during the 1970s Scotland lost more than 100,000 jobs in manufacturing industry. In Glasgow, the rate of job loss increased overall to -13.2 per cent, from 789,000 to 685,000. Every manufacturing sector lost employment, the biggest losses being in metal manufacture (mainly iron and steel), electrical engineering, textiles and vehicles which lost approximately a half. The only major growth in employment was to be found in financial, professional, and miscellaneous services.

While the main conclusion is the huge amount of job loss, McGregor and Mather (1986) point out that if in the 1960s the manufacturing job loss was concentrated within the old industrial base, by the 1970s decline had extended to all major sectors and also into services. In both time periods the expanding sectors were, because of the nature of the jobs involved, unlikely to be taking on workers released by the declining sectors. While the declines were greatest in the male, semi-skilled, manual groups, the increases took place in the clerical and professional non-manual groups, and favoured a much higher proportion of female workers (McGregor and Mather, 1986).

Table 2.4. Whole Glasgow conurbation. Employment change by sector

	1961	% change	1971	% change	1981
Agriculture	3,629	-32.3	2,456	-14.9	2,090
Mining	15,037	-74.1	3,890	- 6.9	3,622
Food, drink, tobacco	40,978	- 8.7	37,433	-21.3	29,451
Chemicals	12,387	-25.5	9,238	- 9.3	8,345
Metal manufacture	39,195	-18.5	31,948	-49.1	16,246
Mechanical engineering	86,467	-32.7	58,225	-43.2	33,068
Instrument engineering	6,158	23.3	7,592	-24.1	5,761
Electrical engineering	18,311	33.6	24,465	-50.2	12,180
Shipbuilding	38,416	-48.3	19,874	-35.8	12,750
Vehicles	28,035	- 6.3	26,256	-45.1	14,426
Other metal	14,559	-25.7	10,817	-37.8	6,731
Textiles	27,016	-46.1	14,553	-47.3	7,671
Leather	2,829	-28.0	2,039	-37.3	1,277
Clothing	22,292	-15.4	18,863	-37.3	11,743
Nonferrous minerals	9,871	-23.7	7,529	-46.8	4,004
Timber	10,486	- 8.1	9,639	-32.4	6,517
Paper, printing	23,062	- 7.8	21,256	-35.2	13,770
Other manufacture	7,143	-10.6	6,388	-44.2	3,563
Construction	67,632	-12.1	59,481	-11.9	52,389
Gas, electricity, water	12,308	-13.8	10,605	-18.0	8,694
Transport	58,928	6.4	62,687	-20.7	49,709
Distribution	113,976	-10.3	102,273	-16.0	84,929
Insurance	16,302	38.5	22,582	20.8	27,273
Professional services	91,674	9.6	100,516	22.7	123,322
Miscellaneous services	55,987	34.2	75,160	33.9	100,648
Public administration	24,447	78.1	43,549	4.1	45,319
TOTAL	840,882	-6.1	789,514	-13.2	685,538

Source: Censuses of Employment

Table 2.5. Industrial change in the city of Glasgow 1971-1978-1981

	1971	% change	1978	% change	1981
Agriculture, forestry, fisheries	644	-23.3	494	4.5	516
Quarrying, mining	1,616	22.8	1,985	21.7	2,415
Food, drink, tobacco	22,647	-9.4	20,508	-14.6	17,520
Chemicals	3,668	-10.7	3,277	-21.8	2,563
Metal manufacture	10,768	-43.8	6,052	-48.2	3,135
Mechanical engineering	23,289	-25.9	17,256	-22.8	13,317
Instrument engineering	2,811	-13.7	2,424	24.2	3,010
Electrical engineering	7,946	-9.1	7,230	-25.8	5,368
Shipbuilding	13,268	-5.4	12,555	-20.2	10,018
Vehicles	12,029	-8.4	11,022	-1.0	10,912
Other metal manufacture	5,440	-11.2	4,831	-33.6	3,210
Textiles	6,035	-22.0	4,712	-36.1	3,013
Leather	911	-19.8	731	0.3	733
Clothes, footwear	12,975	-19.2	10,484	-36.5	6,667
Bricks, glass, cement	3,387	-25.1	2,538	-14.0	2,183
Timber, furniture	6,933	-30.4	4,829	-11.4	4,277
Paper, printing	16,725	-31.3	11,497	-10.6	10,276
Other manufacture	2,425	-3.6	2,338	-28.6	1,671
Construction	31,938	3.0	32,905	-8.8	30,035
Gas, electricity, water	6,045	-21.8	4,730	-0.2	4,719
Transport, communication	45,166	-16.7	37,599	-12.0	33,101
Distribution	72,300	-17.2	59,835	-13.3	51,894
Insurance, banking	15,523	11.7	17,334	7.9	18,711
Professional services	65,608	12.1	73,563	-0.5	73,175
Miscellaneous services	51,041	14.7	58,569	6.6	62,448
Public administration	21,407	22.0	26,122	-8.9	23,799
TOTAL	462,545	-5.9	435,420	-8.4	398,685

Source: Censuses of Employment

Mather (1986) remark, in the outer area, the rapid decline of one sector went side by side with the growth of another, whereas in the city of Glasgow, although manufacturing experienced a sharper decline than services, both sectors declined.

According to McGregor and Mather (1986), while male and female employment figures declined in the decade 1971-81 within Glasgow city, in the outer conurbation female employment grew despite the decline in male employment. In general, the problem of long-term unemployment was less pronounced for the outer conurbation relative to the city of Glasgow and for females relative to males (McGregor and Mather, 1986).

The summary of changes during the period, according to McArthur and McGregor (1986), point to a continuing decline of the manufacturing and traditional service sectors, accompanied by modest growth of 'modern' services, with a notable rise of female participation in the labour market. Nevertheless, the predominant symptom of decline was the growth of unemployment, and particularly long-duration unemployment. This became particularly marked over the period 1979-85 (McArthur and McGregor, 1986).

During the 1970s, the public sector response to rising unemployment was a range of new programmes (McArthur and McGregor, 1986) which covered a large range of possibilities. While some of these programmes emphasised the role of training, some focused on the problem of the youth labour market. As an example of the latter, the Training Opportunities Scheme -TOPS- was implemented between the early 1970s and 1984. Other programmes targeted specifically at the category of long-term unemployed as the variously named "job creation programmes" whereas some supported self-

employment as an alternative to unemployment. Finally, some measures involved financial "subsidies" aimed at stimulating demand and reducing the supply of labour.

In MacInnes' (1995) view, the election of the Thatcher government in 1979 brought with it, among other things, an important change of emphasis in programmes targeted to reduce unemployment. Now they tended to shift resources for adult training from the unemployed to the employed, and from the depressed conurbations to the more buoyant areas of the labour market. At the same time, the "Youth Training Scheme" moved towards employer-based schemes and national subsidies to stimulate labour demand were abandoned.

According to Lever and Moore (1986) in the early eighties, some particular sectors such as micro-electronics, health care, knitwear, forestry products, and food processing were regarded as having growth potential in Scotland, although few of these were thought to have a particular focus on the Clydeside area. Only food processing, with the large market for products in the conurbation and with the establishment of the Food Park at Motherwell, showed a relevant concentration. Apart from that, the only large scale facility provided was the Cambuslang Business Investment Park.

Regarding the city, MacInnes (1995) remarks that Glasgow's major problem has been job creation. According to him, the collapsing industrial employment of the city has been a function of the inability to attract or create new plants, some of which would have expanded and created new jobs. As a result, there has been a continuing ageing of Glasgow's industrial structure. While in the whole Scotland, by 1984, a half of

manufacturing employment was in plants which had opened since 1950, within Glasgow only 30 per cent of the employment was in such plants (MacInnes, 1995).

2.3.2.2. Employment impacts of the services strategy

Looking back over the last fifteen years, the service sector through place marketing strategy has produced a very limited impact upon Glasgow's employment pattern. David Chalmers (SO) remarks that while on the one hand, there is no doubt that Glasgow is a nicer and in many respects, a thriving place, there are still large pockets of unemployment, the consequence of the continued erosion of the city's manufacturing base. In Fergus Cooper's (GCC) words:

The outcome briefly is that we have upgraded our image, we have attracted incoming industry in the service sector and property in the city centre has been upgraded. There are growth industries in the city now like banking, finance, telecommunications, call centres, head office functions and tourism. If you like, this has been an area of success. That said, the impact has been on the city centre and indeed the service sector. Heavy industry like engineering manufacturing is still haemorrhaging out jobs.

The new economic role pursued for Glasgow has not had a real impact on the city's employment problems, even though the shift from manufacturing to services has strongly influenced the job market. Apart from the transit from one economic sector to another, issues such as the rate and type of unemployed, the kind of skills required by new jobs and their associated incomes, the degree of security provided by these new employments and also the working daily length, all of them have been affected by the economic shift experienced by the city.

Both Steve Running (GDA) and the officers of GCC John Bury and Bill Potts emphasised the transformations within Glasgow economic sectors. While the figures they mentioned were not exactly the same, the three of them stressed the reversal of its previous position in relation to economic sectors undergone by the city. If in the past, the industrial base was 85% manufacturing and 15% servicing, now the situation is the other way round, with 78% servicing and 14% manufacturing (also Hayes, 1995). In spite of the change, the Council officers underlined that the city is still very important in terms of the amount of manufacturing jobs it can offer.

John Bury and Bill Potts (GCC) summarised quite precisely Glasgow's employment picture:

The employment position of Glasgow compared to what is happening round about has not improved significantly. Arguably it has worsened because there has still been a movement of people, of the more able, out of the city to other areas. Glasgow's position, in terms of the employment impacts, which resulted from these renewal initiatives are difficult to isolate out from wider economic trends. Nothing has come back through these initiatives to take the place of the heavy engineering activities that were in Glasgow. Service industries have increased, but they have not compensated for the losses that there have taken place in the traditional industries. Furthermore, many of the skills that are required in the service sector do not match the skills that are available in the unemployed workforce that is dotted around the city. Now you can rectify that, to some extent, through training initiatives and so on. But it is often a big gap in terms of high tech employers requirements and the skill levels that are available. The job uptake from the unemployed in Glasgow is very low in relation to the main growth centres which are located in the new towns.

In the opinion of Steve Running (GDA), the shift from manufacturing to services has been very successful, though. In his view, the traditional background of Glasgow, as an industrial city which, in a sense, was reluctant to become a service sector centre has been overcome. Very recently, however (The Herald, 1998), his boss, Stuart Gulliver, still stressed the importance of this problem, *the sort of attachment to traditional manufacturing jobs as being 'real jobs'*. According to Steve Running (GDA), regarding service jobs as if they were not actually real jobs, was a load of nonsense:

because the majority of jobs that we bring in to the city actually pay better and have much better conditions. I don't just mean conditions of employment, but working conditions as well. Much, much better jobs than you will find in a manufacturing environment. But there is still this reluctance. I suppose because of the traditions of the city to accept that you can actually have a manufacturing free city.

Gordon Kenney (also from GDA) pointed out the fact that Glasgow has been very successful in attracting financial service inward investment, particularly call centres. According to him, this new type of marketing telephone sales has in the last few years, probably created 4 or 5,000 new jobs. Nevertheless, the future of these new jobs was not clear in his opinion. In the same line, Robertson (1998a) remarks that the development of new telephone service delivery facilities has acted to undermine employment growth within personal financial services in particular, and financial services in general. In his opinion, services sectors such as banking, insurance and pensions are currently undergoing major changes as a result of developments in new technology, which could dramatically alter the nature of service sector employment in the near future. According to the finance union BIFU (The Herald, 1996a), insurance jobs are at immediate risk, with mergers accelerating and direct-selling operations undercutting work done in the same companies using traditional methods. In this view, Scotland is said to be particularly vulnerable (The Herald, 1996a). But Kevin Kane's (GDA) comments went even further:

There has been a shift in employment away from manufacturing to services. This hasn't necessarily had a major impact on unemployment because, on the whole, over the period, there has been huge shake-out of employment from manufacturing. There will also be a huge shake-out in the service sector which will affect a lot of what has happened in centre of Glasgow. It is great to talk about financial services, it sounds like everybody is going to be bankers and will be well paid. The reality is that financial services in Glasgow means a lot of women answering phones for insurance claims, for what's my bank statement, that's the reality. So they are going to get shaken out, there is no doubt about that.

Apart from call centres, both cultural industries and tourism were regarded as notable source of employment in the city. Myerscough's (1988) report on Glasgow estimated that almost 15,000 jobs were dependent on leisure industries and tourism in 1985. In 1991, Myerscough's study of the 'City of Culture' estimated that it had created 5,600 person years worth of jobs (MacInnes, 1995). Claire Savage (GDA) emphasised the difficulties in measuring something as 'intangible' as tourism:

In tourism terms you can produce fairly high numbers of employment because hotels are very labour intensive kind of businesses. But do you distinguish between quality employment and just employment? [...] There is a fairly strong black economy around the tourism industry. It is also for that reason very difficult to get information from people because they don't want to tell you how many rooms they are letting out because that will have tax implications. So it is all these kind of complications which make it very difficult to measure the performance of that industry. [...] It is a difficult one to pin and to measure performance. But we try, take a guess at it. But I think it will be a long time before it is clear.

According to her, tourism in any country has little impact on the actual local population. Even if there are a certain number of people that are employed as a result of tourism directly, most of the benefits are indirect. Furthermore, she remarked that the benefits from tourism trickle very slowly down and the very poor would never see anything of it. In short, the people that benefit from tourism in a local sense are the middle classes.

MacInnes (1995) underlined how in the 1980s the services sector grew in the UK by 17%, the fastest growth being in business services, composed of banking, insurance and finance services jobs. However, after comparing the 1981 and 1991 Census of Employment, he concluded that in Glasgow, employment in services as a whole had hardly grown at all: growth in business and finance was surpassed by falls in the rest of the private services sector (see Table 2.7). This means that despite the shift in Glasgow's city image, employment in the sector which covers retailing and hotels, restaurants, pubs

and leisure actually fell by 13%, compared to a national rise of 14%. Furthermore, Robertson (1998a) notes that although the service sector has expanded between 1981 and 1991, its performance in Glasgow has been less than that achieved by the wider conurbation, or for Scotland as a whole. Therefore, looking at the employment results, the city's reputation for being innovative in its urban regeneration strategies, is ill-founded (Booth, 1996).

Table 2.7. Employment trends in Glasgow 1981-1991 (in thousands of jobs)

	Total	Manufac- turing	Services	All SIC* 6 Shops, hotels, leisure	All SIC7: transport + comm.	All SIC8: business + finance	All SIC9: education + health	Part time males	Part time females
1981									
Glasgow City	376.3	86.6	256.7	69.7	32.1	39.1	115.7	8.7	62.3
Outer Conurbation	291.1	99.3	160.8	50.3	16.4	11.1	83.0	7.4	47.4
All Conurbation	667.4	185.9	417.4	120.0	48.6	50.2	198.7	16.0	109.6
1991									
Glasgow City	336.5	48.9	259.5	60.5	22.1	49.0	127.8	10.8	63.2
Outer Conurbation	290.1	72.6	192.8	61.4	18.7	18.7	94.0	10.0	59.8
All Conurbation	626.6	121.4	452.3	121.9	40.8	67.8	221.9	20.9	123.1
Absolute change between 1981 and 1991									
Glasgow City	-39.8	-37.8	2.8	-9.2	-10.0	9.9	12.1	2.2	1.0
Outer Conurbation	-1.0	-26.7	32.0	11.1	2.2	7.7	11.1	2.7	12.5
All Conurbation	-40.8	-64.5	34.9	1.9	-7.8	17.6	23.2	4.9	13.4
Relative change between 1981 and 1991									
Glasgow City	-10.6	-42.6	1.1	-13.2	-31.1	25.3	10.5	25.1	1.6
Outer Conurbation	-0.3	-26.9	19.9	22.0	13.5	69.2	13.3	36.4	26.3
All Conurbation	-6.1	-34.7	8.4	1.6	-16.0	35.0	11.7	30.3	12.3

* Standard Industrial Classification. Source: Censuses of Employment

In terms of unemployment, Alistair Grimes (WG) remarked that while having a sixth of Scotland workforce, Glasgow has a fifth of its unemployed, and a quarter of its long term unemployed. According to Webster's (1994) review of employment trends, unemployment in Glasgow increased from 19.2 per cent in 1981 to 21.5 per cent in 1991. Understating this fact, Ian Hart (SE) argued that even if the problems of the mass unemployment in the peripheral areas have not been solved, Glasgow has experienced no major social disruption as has occurred in Liverpool. Also in his view, Glasgow's unemployment figures are probably better than average in terms of comparable cities in

the UK, and similarly in Western Europe as well. Against this opinion, however, according to the comparison of data of employment change in major older industrial British cities carried out by Robertson (1998a), it is evident that most of these cities have outperformed Glasgow, even if none of them has been subject to such an effort to encourage service sector growth.

Male unemployment was regarded as another dimension of the same major problem. In Fergus Cooper's (GCC) view, over the past 15 years the city lost about 150,000 jobs in manufacturing, almost all male. In his opinion, the new call centres, banks, health care and leisure industries recruit, in the main, female labour which does not help the male situation. According to MacInnes (1995) in 1987 the largest group of workers, accounting for one in four employees were women in public services (see also Robertson, 1998a). Therefore, there is a hard core of male unemployment in the city which is very hard to alter. The gender shift and subsequent problems for male workers were also emphasised by both Gordon Kennedy and Kevin Kane (GDA). In the same sense, Robert Maund (SRC) pointed out that there are places where male unemployment is still 25%. In such communities, the last male in the family who had a full-time job was the grand-father. The father may have worked part-time while the grandson never worked at all (Robert Maund -SRC-).

In terms of the nature of new employment, according to Robert Maund (SRC), in Glasgow most of the new jobs are mainly insecure and part-time jobs. Table 2.7 shows that, in 1991, the figure for female part-time jobs was 63,200 against 10,800 for male jobs of the same type. There is, in this sense, a general agreement about Glasgow skills

mismatch (officers from GCC, Keith Yates and Robert Maund from the former SRC, Ian Hart from SE, Kevin Kane from GDA) since practically no job has been created for workers with skills linked to shipbuilding or heavy engineering activities. According to Robert Maund (SRC), the employment created in the city has not gone to

those who were thrown out of work, out of steelworking and so on. You know, they are not trained for the kind of work and time will take that out of the system.

In the same sense, Kevin Kane (GDA) pointed out:

you can't make a coal miner, a craft worker into a service worker. The skills are different and you can see the people that are trying to make this transition. It is very difficult. I am not saying they are incapable. I am just saying it is difficult.

At the same time, jobs created in Glasgow for the professional groups have frequently gone to workers from outside Glasgow. Officers from the Council Planning Department stressed that 40% of the jobs in Glasgow city are taken by people who do not live within the Glasgow city boundary. In the same line, Robertson (1998a) remarks that the interpretation of the conurbation and city employment figures requires caution, given that many of the city centre service jobs go to skilled workers who travel in from the wider metropolitan area, what in addition, reinforces the aforementioned skills mismatch.

Keith Yates (SRC) missed the emergence of the specialist skills associated with the arts and crafts movement, or with particular types of specialist industries, such as pharmaceuticals or certain types of light engineering. Gordon Kennedy (GDA) argued that the Glasgow Development Agency would have liked to create high-profile jobs, but this did not occur for, as Robertson (1998a) points out, the initial approach of attracting head quarter operations to the city, soon melted away to be replaced by a desire to

attract 'back office' functions (also Turok, 1992). This parallels the aforementioned version of the service sector growth associated with a mass of unskilled workers which Tickell and Peck (1992) name 'service underclass'. Yet, in David Chalmers' (SO) opinion:

If you can create 400 jobs, okay they may be jobs for women. They may be part-time jobs. They may not be the kind of jobs that require University degrees. Nevertheless they are jobs and that matters. It would be nice to have a research and development headquarters type of operation where once you had them settled there was a far better chance of them staying, than the kind of call centres or branch manufacturing units that are here today. Tomorrow they close down when economic conditions change.

On the other end, Steve Running (GDA) could only see the high level of attraction Glasgow has generated in relation to call centres. This, in his opinion, was due to the fact that people are very skilled, very cheap and very loyal.

However, as MacInnes (1995) points out, the real employment change between 1981 and 1991, shows the need to be cautious about the expected returns from the culture and consumption based developments pursued in Glasgow. A recent report published by the Glasgow City Council Town Clerk's Office (GCC, 1996), based on figures from the Central Statistical Office, showed an unemployment rate in January 1996 of 12.6%, slightly lower than one year before (13.9%), although long-term unemployment continued being very high (37.7%). Furthermore, a recent Glasgow Development Agency memorandum, covering the period from 1989 to 1994, emphasised the fact that the city's local employment in the service sector had declined, largely due to the downsizing in the retail and transport sectors. Even growth in the finance and business service sector, with its expanding demand for low skill employees, *which was seen as the palliative for the Glasgow economy [...], has been reversed and is currently declining far greater than the rate of Scotland or Great Britain as a whole* (GDA, 1996, p. 1). As

Robertson (1998b) underlines, Glasgow image may have changed, but the economic recovery has failed to materialise.

2.4. Back To Manufacturing

From the position of seeing the services sector as the only way to revitalise the economy of Glasgow, now the claim seems to be that there is a clear need to get to the city some new manufacturing investment. While Fergus Cooper (GCC) noted that Glasgow would have needed greater emphasis on redeveloping old industry sites in the city as opposed to *cutting up new grass*, in Alistair Grimes' (WG) words, there has been some new service areas, like call centres and telephone banking, but in terms of manufacturing, most of the new investment has gone to enterprise zones or the new towns. As seen before, the debate, which has all the more added impetus given the perceived success of the latter, focuses on whether there could have been other ways which could have led to a more balanced situation. According to Gordon Kennedy (GDA) Glasgow is at the moment, competing in a strange situation:

It is competing with the area around Glasgow. There are two new towns and three or four enterprise zones, with special status and special subsidies from government. All the special treatment round about Glasgow is simply drawing activity out, rather than creating new activity within.

In Peter Russell's (GCC) words, more success in the manufacturing side could have been achieved by a different balance of spending, concentrating on attracting industry, not only by the City Council but also by government agencies, such as the old Scottish

Development Agency, the Glasgow Development Agency and Locate in Scotland. In his view, the balance has gone too far towards services.

According to Bill Colville (DT) it is relatively easy to understand the focus on just one economic side, when taking into account the recent scope of the growing market regarding the service sector. In his view, opportunities and the job employment prospects were higher than they were on the manufacturing side. Consequently, they *took their eye off the ball* as far as industrial development was concerned. In David Chalmers' (SO) opinion, there was just one option for Glasgow and that was the services approach:

I think they would have attracted manufacturing industry if they could have. But they weren't able to do so and inevitably one takes what one can get. If it is jobs and you have an unemployment rate which is higher than the average for the country and someone comes along and says, look can you provide me with a factory because I want to set up a call centre...

Contrary to this view, David Webster (Glasgow City Council Housing -GCC-) provided a much sharper criticism to the way things were undertaken:

People like the Scottish Enterprise, the economic development people and the government agencies are constantly travelling across to the United States. But they are not a very cultured group. They can't speak French or German, Spanish, Italian so they are not able to absorb any worthwhile amount of analysis from continental Europe. The political environment in the United States is completely hostile to any State intervention in industrial property or infrastructure. Public transport projects, yes, they will do public transport projects, but as long as they are privately financed. But the idea of the State providing industrial estates is just out of the question. And of course in this country that is not so. If you talk to Americans they will never suggest, never ever suggest that any part of the solution to their problems is to promote industrial property in cities. Never ever say that, can't be done is their attitude.

Yet, it could have been hoped that Glasgow, with its background in manufacturing and its engineering capacity and its skills and capabilities, would have attained a greater level of industrial re-investment. Further, it would also have been expected to attract a greater

level of new investment in manufacturing than it did. However, the prevalent belief in the early eighties was fairly different.

2.4.1. Perceptions of manufacturing in the recent past

Gordon Kennedy (GDA) shared the aforementioned generalised opinion that during the 1980s there was a view that the one potential strength Glasgow had, was to attract the service sector. According to him, two issues were over estimated. One was the potential increase in jobs in services and the other was, a view in Glasgow that it really did not matter if manufacturing drifted out of the city. Following this view, as noted earlier, what was important was that the jobs were near Glasgow, for Glaswegians would always have the chance to get those jobs in surrounding areas. However, for people in manual occupations and manufacturing, the travel to work area is relatively constrained (see Webster, 1995). These people do not travel very far to work, even if they live in an area of high unemployment. Accordingly, the new industries just outside the city were not actually doing anything for the unemployed people in the city. As Kennedy (GDA) pointed out:

This is something I have changed my mind about completely. I used to believe that where industry was located did not matter. As long as people had access to that was all that was important. But that doesn't appear to now be the case. To do something about the unemployed in Castlemilk, or Easterhouse, or Drumchapel relying on the Enterprise Zones and new towns outside of Glasgow is not going to solve that problem. That is, unless they actually move the people physically.

Kevin Kane (GDA) shared most of the opinion of his colleague. He also suggested four explanations for the lack of suitable manufacturing sites in the city. Firstly, the industrial

space which was developed in Glasgow tended to be small scale (*GEAR stuff*), not large scale industrial sites because small businesses were regarded, at that time, as the future. Secondly, the aforesaid fact that Glasgow was circled by the big new towns, with very favourable tax regimes and consequently very tuned in to investment. This exerted a very negative influence on Glasgow, since it was not possible to directly compete with them. Thirdly, there was a widespread opinion that manufacturing did not matter. It was regarded as being in the past. And lastly, the District Council, was ideologically against getting involved with the private sector:

They did have a thing where they wouldn't sell to private sector. That is what we were used to. They were able to sell it to us, we gave them money and then we sold it to the private sector. So they sold it to the private sector, no they didn't. They sold it to the public sector and we then sold it on. There was a lot of that going on.

The last point was seen differently by John Bury and Bill Potts (GCC) who, aside from emphasising the general acceptance that the scope for job creation in the city, at that time, was very much service sector based, also remarked on the lack of the ability, on the part of the Council, to deliver industrial development. In their view, while the City Council had an industrial and economical development plan, this was backed up with a small budget. This budget could not fund the development of new sites, which involves a very substantial amount of money and is deemed to be very high risk, *because the money that anyone gets for going to the new sites cannot be compared at all favourably from going to an enterprise zone site or a new town* (John Bury and Bill Potts -GCC-).

Besides these reasons, Laurie Russell (SEP) emphasised the central government influence on what was happening. He shared the aforesaid view, according to which,

since 1979, the Government was running down manufacturing industry, resulting in huge job losses in the late 1970s and early 1980s and a lack of investment in manufacturing.

All these different elements resulted in there being more manufacturing employment as a proportion of the workforce, in the outer city than in the inner city and less people employed in Glasgow in manufacturing than in the rest of Strathclyde. Furthermore, significant numbers of indigenous Glasgow companies, when reaching a certain size and wanting to expand, tended to move out of the city to do it. According to GDA chief executive, Stuart Gulliver (The Herald, 1996b), the lack of new, good quality business locations has affected the competitiveness of the city, not only in terms of the attraction of inward investment but also in the retention of expanding local companies (see also Turok, 1992). Consequently, as Booth (1996) points out, the Council confronted the reality that there had been a lack of strategic direction of the city with respect to developing the necessary 'balanced economy' and the appropriate linkages between it and social housing and community development. Thus, as shown below, the need to prepare land to house industrial areas is regarded as a major point of the strategy for the future (GCC, 1991, 1994; GRA, 1995; GDA, 1994, 1996).

2.4.2. Perceptions of manufacturing at present

The aim nowadays is to retain and develop manufacturing capacity within Glasgow. Now, much of what both the Glasgow Development Agency and the City Council are doing is to

clear up the dereliction, trying to attract industry back into the city. As underlined by John Bury and Bill Potts (GCC),

after a lot of discussion with GDA, we both realise that we can't continue to regenerate the Glasgow economy solely on the service sector. We also need to provide industrial employment opportunities.

There are three reasons behind this decision, in Kevin Kane's (GDA) view, which partly mirror the academic debate on manufacturing restructuring of the previous chapter :

For a start industrial employment has gone through technological change. It has gone through most of it, it is still going through it. The application of technology and IT has led to great deskilling. This resulted in smaller workforces, not necessarily per plant, but smaller industrial workforces overall. But there is much higher productivity from these workforces, much higher wages in comparison on average to the manufacturing services. It is also seen to be a more tradable activity [than services]. Secondly, manufacturing seems to create real things. It is a high value activity, it is higher wages. Thirdly, manufacturing has much more of a gradient of skill levels and wage levels. There is also now a big gender difference. They will be male [the employed] and the large tail of low paid workers in the service sector are largely female. And the most important issue here is male unemployment.

Manufacturing is now regarded as a major tool to reduce unemployment, while reclaiming land for industry is considered to be the means to achieve such manufacturing investment. Consequently, the City Council surveyed firms within Glasgow about their requirements for future floor space. As was expected, many of them had different requirements from the factories and premises they currently occupy. David Webster (GCC) pointed out the scope of this change in relation to previous requirements, what again epitomises some of the aforesaid arguments on the industrial restructuring debate:

Manufacturing nowadays generally has no tolerance for multi-storey, but insists on single storey layouts in order to have efficient flow of work through the factory. Older industrial cities like Glasgow and Bilbao grew up at a time when manufacturing floorspace requirements were much less and multi-storey working was very common. What happens now is as manufacturing firms need new or modern premises, but they can't find them in the city. So they move outside.

It is therefore generally agreed that if Glasgow Development Agency and the City Council can provide appropriate opportunities, there is some chance that industrial firms can move to other locations within the city. Then what both institutions are doing is to actually identify a number of strategic sites. Furthermore, a new partnership, Glasgow Regeneration Alliance, has been created with this aim. More than 400 acres of land will be developed at Pacific Quay on the Clyde, the West of Scotland Science Park, Cambuslang Investment Park, the M8 Food-park, Robroyston, Cardonald and High Street in the city centre (The Herald, 1996b). While not all of them are completely green field, they are, at least, considerably better than the brown field places that had been offered before. There are now twelve major new sites and there is even a quite specialised division of these new sites, in order to accommodate different types of industry. According to Bill Colville (DT):

[There are] places like Cambuslang, Robroyston, where there is a big 70 acre site just to the north east of the city, Cardonald Park, which is on the south side and West of Scotland Science Park which lies to the north west. If it is a basic manufacturing type facility then they will go to somewhere like Cambuslang, which will be preserved for traditional manufacturing. If it is something like high tech manufacturing, bordering almost on service sector type industries, then that may be pointed towards Robroyston. West of Scotland Science Park will be in the medical, particularly, the science related project. Maybe places like Cardonald Park will be for the larger one off type projects which maybe don't comfortably fit in with the criteria set for all these other sites.

In Gordon Kennedy's (GDA) words, the best potential sites for industry in Glasgow also happen to be very near to the worst areas of the city in terms of unemployment. Prospects for these new sites have been surveyed by Glasgow City Council Planning and Development Department. According to John Bury and Bill Potts:

consultants have been commissioned at different points in time, to look at Glasgow's potential for manufacturing industry. In terms of sites like these, consultants will generally say, yes if you can provide the sites then the people will be interested. Not only people expanding within the city but from time to time people are looking to move into the city from elsewhere. At Cambuslang, one of these sites, it is currently being prepared

for an engineering company who has just moved onto site. There are two companies trading on the food park at Cambuslang with others interested. There is another food park being built up here at Port Dundas where already one company has got a property going up and others are interested.

According to GDA chief executive Stuart Gulliver (The Herald, 1996b), all the sites are strategically located, with good links into the motorway network. In the GCC Planning Department officers' view, these measures have the aim to create a *fully fledged private industrial property market* in Glasgow where people are prepared to speculatively build industrial property. Nevertheless, David Webster (GCC) claimed that this is not a matter for the market, but for the public sector. In his opinion, the market will not reclaim disused steelwork sites, former coalmines, contaminated former chemical works, municipal rubbish dumps and the like. The market will not do it because costs are very high. So unless the state takes action to reclaim and assemble brown field land in the city, to make it equivalent to green field sites, manufacturing will not locate there.

Yet, as Peter Russell (GCC) remarks, even if this new approach will enable Glasgow to improve, it would be much more effective if the incentives which were available in places like new towns and enterprise zones would in time come to an end and be replaced by a more favourable treatment to the city whereby everyone is *in the same boat* and they can compete on a level playing field.

Whether the new strategy will work remains to be seen. According to Gordon Kennedy (GDA), they do not see it as being the sole answer, but a means to achieve a more balanced approach. This has also risks, in his opinion, for a more balanced approach could end up being very unfocussed, spreading limited public resources very thinly. Even

so, they will try to balance approaches in the manufacturing field to mirror what they have done with services.

Further, a certain degree of confusion seemed to stem from these new approaches. This was illustrated by both, Claire Savage and Steve Running (GDA). They both remarked on the one hand, the importance manufacturing has in creating a more balanced city economy, but on the other, they kept saying that the service approach is the most appropriate for Glasgow to follow. According to the latter, while

it would be dead easy to say, oh well let's just concentrate on services. But if we just did that then we wouldn't have a balance on our economy. I don't think that is a sensible approach.

But at the same time:

We are the only city centre in Scotland. So whilst we don't have manufacturing sites, we have got the best offices. So it is a complementary approach. In the last five years Glasgow has been very successful at attracting new jobs because we have concentrated solely on offices, or office based activity. That is where our strengths lie. It has also been where there has been least competition with the rest of Scotland.

All in all, while introducing a manufacturing option seems the most consistent strategy for Glasgow, its implementation does not lack uncertainties. Even if there are clear indications that Glasgow's neglect of manufacturing investment requires to be ended, the Scottish Office, however, would have to signal its approval, for as Robertson (1998a) underlines, currently, this institution and its economic development agency Scottish Enterprise still remain committed to seeing the city solely as a focus of service sector investment (Robertson, 1998a). Yet, this persistent attitude might be counteracted in the medium term, if the future Scottish Parliament so decides.

2.5. Summary

Economic policies combined with industrial structural changes have been mutually reinforcing the decline of Glasgow. De-industrialisation on the one hand and a centralising of control by government and its agencies, whereby economic development was exclusively focused on a few key locations on the other, have operated to the detriment of the city.

As discussed above, the Scottish Office's powers with regard to the Scottish economy increased over the post-war period, to the extent that this institution has taken and still takes strategic decisions in determining economic activity. Yet, the rationale behind its interest in new towns and certain development areas and subsequent economic development policies never changed, but on the contrary, was reinforced by the Conservative government and its rhetoric on market principles. According to this rhetoric, the option was to let the market operate even if there was evidence that markets were failing. In Kevin Kane's (GDA) opinion:

When the Tories came in there has been a general rejection of planning, physical planning, all types of planning. The Scottish Office approach to Glasgow continues to be, despite evidence to the contrary, that the market should have its way and were Glasgow to lose another 400,000 people they don't have a view about that because that must be what the market wants

Moore and Booth (1986) remark that claims on the power of the market tend to suggest that the activities of Locate in Scotland simply reflect the demand for industrial location and that to target areas like the inner conurbation would be futile until they are commercially attractive to the inward investor and to new industries. It is also argued

that territorial policies cannot, by their very nature, reverse what is a general phenomena of de-industrialisation (Rhodes, 1986). However, while this was the view as it concerned Glasgow, the new towns, the enterprise zones and other selected development areas benefited greatly from central government intervention through the provision of inducements to companies to locate outside the city. Yet, the economic agencies did nothing to divert some of the overseas industrial inward investment locating in Scotland, to the city area. Particularly the Scottish Office showed clear double standards, whereby on the one hand they insisted that it was the market which should operate in Glasgow without any help from the public sector, while in respect of enterprise zones and the new towns, for the past 25 years, they provided tax incentives to attract companies there. In other words, they have indirectly prevented the location of any inward investment in Glasgow. In Bill Colville's (DT) opinion, investors look at Glasgow in generic terms, so Glasgow for them could be anything from Inverclyde out to the West, and right through to Lanarkshire. However, Peter Russell (GCC) underlines, in this respect, the negative effect which Locate in Scotland has on Glasgow:

Locate in Scotland could act more favourably towards Glasgow in terms of attracting inward investors. More could be done for indigenous business development in Glasgow, we could have better training. What we ask for in Locate in Scotland is that their clients, firms seeking sites in Scotland, are informed that Glasgow is in business. In many cases we say don't need any preferential treatment, but merely to say there is an alternative, so that Glasgow goes on the list, so that we have the opportunity to be able to display what Glasgow can offer. So again Scottish Enterprise Locate in Scotland to say Glasgow hasn't got what the companies need. Well let the companies decide that, maybe 9 times out of 10 that is absolutely right, but there is the chance in the 10th that Glasgow becomes a live prospect for them and then it is up to Glasgow to put the best case.

If these are the guidelines coming from Scottish Office and Scottish Enterprise, accordingly, the local agency does not have much more room for manoeuvre. Glasgow Development Agency is handicapped mainly by the regulations of Scottish Enterprise, as

has been illustrated by Pacific Quay. It is they that have insisted that the area needs to be developed at market rates. Even if Glasgow Development Agency owned the site, which expressly would ease its development, Scottish Enterprise would not let them do it because of the rules on needing to gain a market price. They, therefore, will not provide the certain degree of subsidy which is needed.

Peter Russell (GCC) thinks that Glasgow Development Agency do what they can, but some other voices were much more critical. While Fergus Cooper (GCC) said that Glasgow Development Agency are in the game of PR hype because they have to justify themselves, according to Robert Maund's (SRC):

It is very difficult to see what they [GDA] have actually achieved. A lot of glossy brochures, publicity, but when you look at it on the ground...

His ex-colleague Keith Yates' opinion was not better:

Glasgow Development Agency at the moment are more interested in marketing than they are in some other things. I sense there is a lot of gimmicks about the Glasgow Development Agency which I am not sure is to best effect.

Yet, while broader macro-economic and political forces have been dominant, the city's own very obvious failings in that there has been no co-ordinated attempt to tie physical regeneration of housing to an economic regeneration policy (Robertson, 1998a) cannot be ignored.

Furthermore, the Conservative government imposed the partnership model, under the rhetoric of pursuing more effectiveness. As seen above, this was the means used by the government to further the re-organisation of the state apparatus. Such restructuring in

Cochrane's (1991) words, was characterised by a new stress on the need to develop 'mission' statements, and business plans, based on SWOT analysis (strengths, weaknesses, opportunities and threats/competition). Thus, *the new teams were advised to aim for flagship projects, rather than integrated programmes like those which elected local government is expected to develop* (p. 294).

Apart from this background, the development of the service sector via property development and place marketing projects in Glasgow is also linked to what Fainstein and Fainstein (1985) call the congealing of growth visions around vague notions of high technology, command and control, advanced producer services and bourgeois consumption services which was prevalent in many Western cities since the 1970s. As seen before, and according to Robertson (1996), this strategy received central and local government support. The concern that Glasgow had an image problem which was affecting its chances of securing investments and tourists provided a major reason in this respect, as pointed out by Boyle and Hughes (1994) who also remark that at another level, the centrality of marketing projects reflected the limited ability of the local Council to intervene in influencing local factors of production (see also Bianchini *et al*, 1992).

However, reviving the city's fortunes via a service sector inspired recovery has proved to be unsuccessful. While the city centre has undergone a partial transformation, this narrowly focused approach was never capable, nor envisioned as a means of revitalising the entire city (Robertson, 1998a). Little success has been achieved concerning the attraction of high-level office functions and corporate headquarters despite the effort carried out concerning the office market (Young, 1992; Turok, 1992). As Young (1992)

points out, creating new high-tech office space was one thing but finding the tenants to fill it was another. Yet, there is no doubt that the strategy has produced gains in respect of both tourists and shoppers (Young, 1992). As Holcomb (1993) underlines, it is also undeniable that the image of Glasgow, both within and outside the city, has been radically reconstructed. There is also agreement on the success of these policies in terms of Glasgow's central area physical renaissance. However, the physical improvement of Glasgow has not been general. The city's current over-supply of offices runs parallel to large tracts of untouched derelict industrial land.

Consequently, the strategy implemented in the city seems to refer only to a very constrained and poor idea of what constitutes urban regeneration which on the contrary, requires clear priorities and sustained commitment to these priorities. While Robert Maund (SRC) criticised both *short term thinking and placing the judgements on anecdotal evidence and on public relations and glossy brochures*, his ex-colleague Keith Yates went further:

[...] anything like that has got to be sustained and to sustain it you have got to set higher and higher standards to keep it moving forward. I don't think those higher standards have been set for Glasgow. Therefore it is in a bit of a rut at the moment. [...] We gave too great a concentration on the glossy city centre issues. It was less about the total city. There was less about where do we want to be in ten to twenty years time.

According to David Webster (GCC), even what has been proclaimed as great successes like city centre, arts or tourism have not been outstanding. In Jim Mackinnon and Graeme Purves' (SO) opinion, there has been an over emphasis on 'glamour' projects against 'bread and butter' economic development projects. In their view, there has been more cosmetic work than investment in real sustainable projects (also Young, 1992). This has lead,

according to them, to the fact that the city is often characterised as 'the cappuccino city' when this image has nothing to do with the real Glasgow. John Bury and Bill Potts (GCC) also took the view that the high profile approach which has been carried out in Glasgow produced a certain perception of overspending of money on museums and galleries which have been successful in their own right *but have catered for a very, very different purpose or very, very different need from the kind of employment opportunities that we are now talking about delivering.*

In fact, what is clear is that the formula used to revitalise the urban area has not been very fortunate, as far as employment is concerned. As stated by Bill Colville (DT):

Every walk of life is just factors that influence kind of employment activity and employment activity is the key to everybody's well-being. The more employment there is, the more people are employed. The more money they have hopefully got to spend. Therefore, it keeps on going. But where you actually starve or you don't have employment so it puts things out, that is where you have a problem.

There are deep seated problems surrounding Glasgow's unemployment which led one to think that the recognition of services was, in some ways, a false recognition which should have been balanced with a focus on manufacturing. As Kevin Kane (GDA) points out:

You need a balanced approach. The future is not all going to be services or all going to be industry, it is not all going to be housing or all going to be business, it is not all going to be growth or all going to be redistribution. You can't really turn your back on a culture which goes from craft skills through to business skills where people are familiar with what is happening in particular industries or how you do business in particular industries. [...] Glasgow built up huge expertise in its higher education sector based on its industrial strengths. Most of Glasgow academic strengths rest on the economic power it had 100 years ago. Glasgow still has a centre of academic expertise in naval architecture, why, because it developed that expertise when there were shipyards here. There aren't many now but it is still there and it is trading internationally.

According to Keith Yates (SRC), Glasgow probably will survive with conferences, with companies using it as a service centre, but it has not really developed new types of

industry, and this means that there is a gap on economic renewal. In Gordon Kennedy's (GDA) words, city policies are now going back to basics. Glasgow Regeneration Alliance, the new partnership body which has started to articulate the link between economic investment and poor housing areas, has created recent momentum to develop new industrial estates within the city's boundaries. The strategy proposed by this new partnership illustrates that there has been too much concentration on the service sector at the expense of manufacturing. Therefore, *we are now trying with the City Council to retain within the city and develop manufacturing jobs* (Gordon Kennedy, GDA), Similarly, Fergus Cooper (GCC) pointed out that attracting manufacturing to the city would be the best way bring down unemployment. The problem is, as Robertson (1998a) remarks, that the priorities are numerous with no clear prioritisation, a pre-requisite for any strategic exercise. In Alistair Grimes' (WG) words:

I think what is new about the regeneration alliance is that it is an attempt to try and get the funding bodies in the city to sit down and agree on what they want to do and how they want to do it. I think that this is something that needs to be applauded. They have integrated their strategies to say okay, are the strategies, in total, picking up all the problems, or are we all concentrating on business birth rate and nobody is looking at unemployment, that kind of issue. The other extent is the way in which the resources are then being allocated in relation to the size and seriousness of the problems. I have my scepticism about the way in which it is going through the processes. [The documents they produced look] still very much a shopping list of things that you want to do, rather than a priority list of what you think are the most important things.

The new approach, however, will not mean the end of unemployment problems for, as Peter Russell (GCC) stressed, what is needed is a change in the nature of public policy towards this issue. Even if Glasgow is at the moment being creative in assisting and developing projects which seek to employ more people, these are what he calls, intermediate labour market measures. The actual problem is posed in terms of beating unemployment as opposed to making unemployment less bad. In his opinion, the

difference between improving the situation which is what could be done, given the resources, as opposed to curing the ill is enormous and *anybody who does not admit this is living in 'cloud cuckoo land'*.

Furthermore, there is the problem of the kind of employment created by inward investment attraction. As Laurie Russell (SEP) underlined,

those companies that come in are still owned by American owners or Far Eastern owners, Taiwan or wherever and the activities that they carry out here are relatively low skilled and relatively low paid. So a lot of what is seen as manufacturing at the moment in the new industries like the high tech computer industries are not generating the kind of skill levels that we had in the older manufacturing.

These questions, however, still belong to the future. Glasgow is still under the influence of industrial restructuring and the huge amount of problems caused by the growth of centralised power and the subsequent exclusion of the city as a location for the manufacturing inward investment which comes to Scotland as a result of the cheap production environment. Further, there is a need to underline the failure of the fostering of services via place marketing strategy in Glasgow to alleviate the employment problems stemming from the collapse of its former economic bases.

2.6. Conclusions

Going back to more theoretical issues, Glasgow belongs to the group of older industrial regions most negatively affected by processes of industrial restructuring. Glasgow had to face, as many of these old manufacturing areas, massive unemployment and extensive traces of industrial dereliction. Using Jessop's (1997) terms, macro-necessity laws

compelled Glasgow to choose a new option to revitalise its economic basis. A focus on the development of the service sector, supposedly based on the expansion of high-technology industries, via place marketing projects, was the response to the crisis. Mirroring other urban areas, sections of Glasgow were fully immersed in the entrepreneurial discourse.

Cultural policies, city pride, unique events, promotion of tourism, development projects and generalised image improvement under the form of the *Glasgow's Miles Better* campaign, the opening of the Burrell Collection, the revitalisation of the Merchant City, the inauguration of the Scottish Exhibition and Conference Centre plus the Garden Festival and the European City of Culture, all constituted components of the same entrepreneurial approach, over which governmental agencies and local government showed large coincidence.

In the same line, the reorganisation of the state apparatus and the emergence of non-governmental institutions and partnerships played a major role in this context, while partly providing what Jessop (1996) calls new combinations in the attempt to enhance competitiveness. Glasgow Action, the American modelled quasi-private body, provides a major example in this concern.

However, a proper understanding of this option requires further exploration of particular micro-diversity nuances in Glasgow. First, the increasing growth of centralised power emanating from the Scottish Office and its exclusive interest in new towns prevented the location of any manufacturing inward investment in the city. This institutional enduring

attitude provides the backdrop of Glasgow's recent evolution in which the rise of governmental agencies paralleled the limited powers of the local Council in terms of economic development. Even so, Glasgow's corporation failed to recognise the importance of linking housing policies with a more comprehensive attempt to regenerate the city's economic basis. In doing so, the City Council epitomises what could be regarded as a contradiction for, while following the entrepreneurial discourse and, accordingly, aiming for services and image, the council's main focus was always housing, the supreme example of managerialist policies.

In a certain sense, the implementation of place marketing devices has worked quite effectively in Glasgow. Former negative images, particularly in the central area, have been replaced by what Hubbard (1996) calls a much fresher face. While the number of visitors to the city has largely increased, the image of Glasgow, both within and outside the city, has quite dramatically changed.

However this narrow approach has not physically revitalised the whole city, and what is much more important, by no means it has challenged Glasgow's unemployment problems. Arguably, in this field, the outcome of the entrepreneurial discourse has reinforced, instead counteracting, the city's decline. In fact the result of the strategy has been so poor in terms of new jobs that more realistic recent measures tend to focus back on manufacturing as the only solution to alleviate unemployment problems. Yet, as noted earlier, this new framework will still be mediated by the multiple divisions which stemming from macro-necessity trends, dominate the labour market nowadays.

CHAPTER THREE
BILBAO CASE STUDY

3.0. Introduction

The Bilbao case study analyses the way in which this area of northern Spain is facing the legacy of de-industrialisation. As in the case of Glasgow, the chapter examines the specific manner in which the effect of broad evolutionary trends or what Jessop *et al* (1996) call macro-necessity, have impinged upon Bilbao and its hinterland. Although it represents a late example of the more general process of de-industrialisation, the challenges which the city should face are common to many other old industrial districts. However the Bilbao case study discloses the extent to which urban politics determine specific micro-diversity practices.

In general terms, mirroring what happened in Glasgow, the Fordist crisis shattered Bilbao's economy. De-industrialisation left very high unemployment rates, huge derelict industrial areas and generalised dejection. This has recently given rise to a set of projects based on trying to engender a new economy of services, based around property-led development, image building and cultural resources.

The micro-diversity aspect of Bilbao points to a peculiar and complex set of public institutions (Basque government, provincial government and municipalities) to which new agencies have recently been added. The result has been a constant flow of plans, programmes and projects which reflect different interests stemming from the various government tiers and their agencies, expressing an overall lack of sense of direction which in turn seriously jeopardises any regeneration attempt.

This chapter, therefore, explores how general constraining trends take a specific shape in Bilbao under the influence of a very peculiar local government structure. The first section provides a summary of Bilbao's ascent during the second half of the nineteenth century and describes the link between the development of this area and the British demand for minerals associated with the first stage of industrialisation. It then explains how with a very long break in between, Bilbao reached its industrial peak during the decade of the 1960s.

The second section explains the multiple aspects of Bilbao's economic crisis, starting from the scope of the difficulties, in terms of unemployment and loss of industrial jobs. This is followed by a description of the first set of initiatives to counteract this economic decline. These accrued from the different government tiers and, as it turned out, deceptively seemed to give the impression of a recovery which never in reality took place, during the late 1980s. The picture of the impact of de-industrialisation on Bilbao is then discussed with a sub-section focused on the overwhelming presence of contamination and industrial dereliction, including the features of the specific working culture which heavy industry generated in Bilbao. This gives way to a portrait of the dramatic dimensions which the crisis reached on the left bank of the Nervión river, the

most deteriorated of all areas within metropolitan Bilbao. Lastly, this section concludes with a discussion on further problems faced by Bilbao both within the Basque Country and in relation to a wider context. Then, section three, providing a quick picture of the constant problems stemming from the distinctive features of the Basque government structure and political divisions, supplies the backdrop to the challenges which Bilbao is encountering at present.

Recent attempts to regenerate metropolitan Bilbao constitutes the fourth and largest section. As noted earlier, the multiplicity of government tiers and the recent addition of the new agencies has generated numerous initiatives which quite often overlap, since they do not derive from a common effort. Starting with the Strategic Plan which was born with what seemed a holistic vision of Bilbao's revitalisation, the range of different territorial policies is then described. This gives way to the emergence of the Guggenheim project which appeared in an unplanned manner. Then, the response to more recent claims that Bilbao's real problems were not being properly addressed, resulted in attention being focused on the left bank area, under the form of a new plan of revitalisation. This completes the whole regeneration picture for the area. Finally, the last part of the section reviews once again the scope of disparity and competition between the various institutions in charge of different initiatives, despite the rhetoric on the need for an agreed solution. From this point of view, the viability of the new plan for the left bank is also questioned, even if it seems to constitute a more coherent revitalisation attempt.

The fifth section depicts a general impression about the impact which these strategies have had on Bilbao in terms of image as well as of economic and social prospects, as much as a summary of the numerous issues previously discussed. Finally, the last section looks at the extent to which the Bilbao case study fits into the general theoretical framework, while also indicating the set of features which belong more specifically to the local sphere.

This chapter, as with the previous one on Glasgow, has been derived from specific reading and statistical data, although the main source has been 19 in-depth semi-structured interviews with local individuals involved to different degrees, in the development of the strategies. Quite often, as it happened with the chapter on Glasgow, entire quotations have been included in spite of their length, given the rich material they provide. The list of interviewees comprises respondents from both the different tiers of public administration and the newly created agencies. Apart from that, the director of the private consulting firm I3 Territorial Projects, an economist from one of the most relevant trade unions and two academics from the Basque University were also interviewed, as it can be seen in Appendix 3.

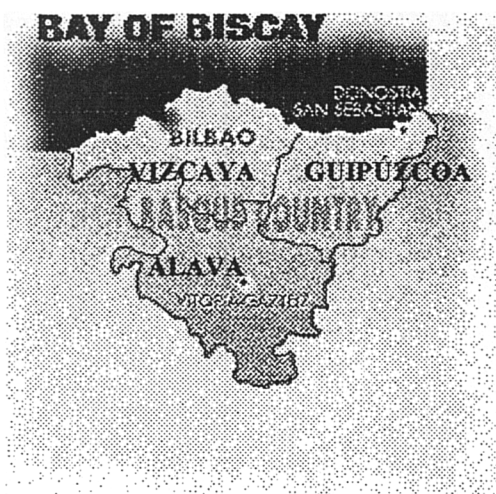
3.1. Historical Background

3.1.1. Early industrialisation

The Northern part of Spain showed little evidence of urban development during the pre-industrial period. Contrary to what happened on the Mediterranean shore, by the middle of last century, the Northern coast had only a few towns which acted as centres for the densely populated rural areas (Precedo and Rodríguez, 1989) and this structure remained unchanged until the second half of the 19th century.

Within the Northern area, Bilbao is the capital of Vizcaya, one of the three provinces which constitute the Basque Country or Basque region (see Map 3.1.). Bilbao's most important physical feature was its location on an estuary. This was the prime reason for the birth of the city and the key explanation as to its subsequent development. The city is located 14 kilometres from the sea, in one of the river Nervión's meanders. The course of the river, from the city to its mouth is narrow and winding, with hardly any flat land on

Map 3.1. The Basque Country



its banks. Yet, in spite of this difficult relief, maritime communications were always the best link for Bilbao with the rest of the world, perhaps because all surface routes given the mountainous terrain, were always very difficult (Guardia *et al*, 1994).

The main natural resources of the area were the iron seams, which lay in compact masses near the surface and could therefore be easily extracted by simple mining operations (Flinn, 1955). Shipbuilding was also a major economic activity since the 18th century, although it is not until the end of the 19th century that it became a dominant aspect of the industrialisation of the area.

The onset of what has been called 'the first industrialisation' of Bilbao was, therefore, based on mining, metallurgy and shipbuilding. What is less known, however, is the close link between this initial industrialisation process and the British demand for iron ore during the second half of the nineteenth century.

As British steel manufacturers, in the early 1870s, did not want to lose their competitive edge within the international market for railway material and new railway developments, in competition with the North Americans, they had to secure a long-term, cheaply priced sources of non-phosphoric iron ore (González Portilla, 1975), the raw material required for making steel at the time. As a result of the proven inability of the indigenous hematite mines to increase production in response to the growing new demand, it soon became apparent that the only solution to this problem lay in the importation of this non-phosphoric ore. Throughout the 1860s, there had been small imports of iron ore into Great Britain, chiefly from Spain. These had come, in the main, to ironworks of south Wales, where the exhaustion of local supplies had first begun to make itself felt. The north-east of England too, had made its first trials with Spanish hematite ore in 1861 (Flinn, 1955).

According to González Portilla (1981), the British government considered it desirable that any overseas iron mines should be situated near to seaports. As a consequence, although the orefields of central Sweden were nearer to the British east coast, it lay further inland and was, therefore, ruled out. That meant the major European deposits of iron ore which answered these specific locational requirements lay in northern Spain, where a number of good ports: Bilbao, Santander, Castro-Urdiales and San Sebastián promised easy facilities for export. Soon, the iron mining district around Bilbao attracted the attention of British investors on account of its proximity to the United Kingdom market and the richness, purity, and accessibility of its ores.

In 1871, four British companies were registered to mine the Spanish ore. These were quickly followed by eight more in 1872. By the end of 1875, some twenty-two British companies had been floated to undertake the task of meeting the British demand for hematite ore (Flinn, 1955). By 1882, 4 million tons of ore were being exported, of which 3 million tons went directly to the United Kingdom.

From 1879 the arrival of Welsh coke, balancing return cargoes of iron ore, threw open the door of prosperity for the Vizcayan industry. Industrial steel production was now possible, rather than just exporting the ore. In 1879 the San Francisco works at El Desierto (Sestao) was opened and the industrialisation of the region took off. The new installation immediately became the most productive in Spain. In 1880, a year after its opening, it had won for Vizcaya leadership in Spanish pig iron production; and in 1884, only four years later, the cast iron poured at the San Francisco works constituted 45.4 per cent of the total national production (Cipolla, 1973).

But the El Desierto factory was only the first step, since its success encouraged its promoters to establish another even more powerful enterprise. Thus in 1882 the firm Ibarra y Cía, was transformed into a limited company, the Sociedad de Altos Hornos y Fábricas de Hierro y Acero of Bilbao, under the ownership of its former proprietors and various prominent capitalists and credit companies. The firm proposed to embark on what knowledgeable contemporaries considered 'a revolution in Spanish *metarllurgy*', namely the production of steel by modern processes. The same year saw the birth of the metallurgical and construction company La Vizcaya. These two companies together with La Iberia, a company established in 1888 for the manufacture of tinplate, were to combine in 1902 to found the Sociedad Anónima Altos Hornos de Vizcaya, which until recently was the major industrial power of the region.

Paralleling this process was the creation of the country's first shipbuilding industries, Astilleros del Nervión and the Sociedad Española de Construcción Naval, born in 1888 and 1909 respectively. In addition, the Cía Euskalduna de Construcción y Reparación de Buques, working in the same field, was set up in 1900 as an auxiliary to the Naviera Sota y Aznar, a shipping firm which specialised in the traffic between Bilbao and the U.K.

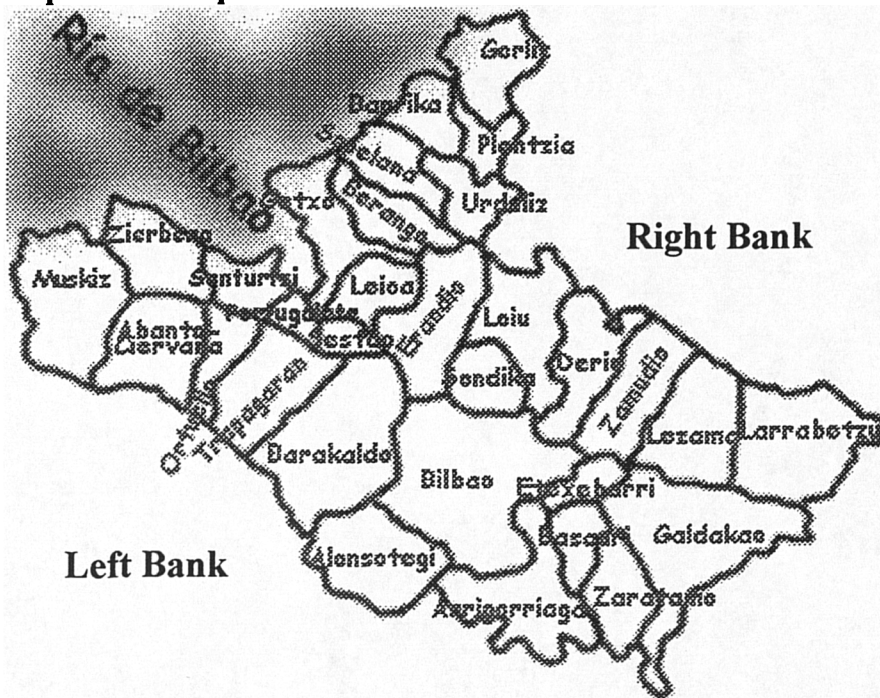
As González Portilla (1975) underlines, the vast export trade in iron ore fostered a great accumulation and investment of capital. By 1900, Bilbao was one of the most dynamic Spanish cities, both in economic and demographic terms. It had the greatest population growth, the largest railway system and the largest number of registered ships. A new bourgeoisie, formed by a few Basque families were appearing as the nucleus of what

later became one of the most important financial sector within Spain (González Portilla, 1981).

In response to this rapid growth, during the last decades of the 19th century, new emblematic buildings were erected in the city such as the New Theatre, a new hospital, the Municipal Palace and the Provincial Palace. While in 1905, the maternity services building was enlarged and a new market was constructed, a number of new bridges were also built to connect the two river banks. Furthermore, the first football stadium and the first and only green park of Bilbao were also established. All this development and growth underlined the metropolitan status of Bilbao, a status it had acquired since the beginning of industrialisation (Guardia *et al*, 1994). The river at that time was used as an internal port, linking the mines by perpendicular freight railway lines, whereas passenger railway lines were set up paralleling the course of the river. According to García Merino (1975), since the last decades of the 19th century, the left bank of the river was the prime location for heavy industry, with very large iron, steel and shipbuilding plants.

This prosperous picture had, however, another side. Vizcayan economic development during the last third of the 19th century demanded many more workers than the Basque population could provide. Thus, the economic growth was paralleled by a huge population increase, through immigration. Between 1877 and 1910 the Vizcayan population grew from 189,954 inhabitants to 349,923 (Corcuera, 1979). According to González Portilla (1981), between 1857 and 1900, 84.5% of the Vizcayan demographic increase (127,521 inhabitants out of 150,782) took place within the metropolitan area of Bilbao.

Map 3.2. Metropolitan Bilbao



Immigration of young people accounted for 73% of this increase, and accordingly, the fertility rate within the industrial areas grew rapidly, soon being well above both, the Vizcayan and the Spanish average.

Since the late part of the 18th century, Bilbao's poorer population had resided in overcrowded dwellings. The lack of suitable space, given the number of inhabitants, had quite often been recorded at the time (Guardia *et al*, 1994). With Bilbao's fast demographic growth during the last third of the 19th century, the already serious problems of health and salubrity became even worse (González Portilla, 1981; Guardia *et al*, 1994). Together with this lack of good quality accommodation, the high rents charged for available housing also had a major impact upon population's health.

These problems not only remained over the next century but progressively got worse. Slums and shacks proliferated within working class neighbourhoods associated with industrial and mining areas. Sometimes up to three families had to live in just one room. Within the Bilbao metropolitan area, in 1922, while in Barakaldo 70% of dwellings were shared with tenants, Sestao displayed even worse problems. As quoted by González Portilla (1981), according to a contemporary architect, there was an extreme case of a landlady, who despite having only three beds, took advantage of the different factories shifts, and had ten workers staying in her dwelling as tenants.

Social problems and diseases characteristic of the first stage of the industrial revolution, such as alcoholism and respiratory illness, developed quickly, assisted by low wages, long working times, poor food and the aforementioned unhealthy overcrowded residential conditions. While mortality rates were much higher within industrial areas when compared to either rural or maritime environments, child mortality also grew as a consequence of women and children having to work at the time (González Portilla, 1981).

Between 1866 and 1899 Bilbao registered 636 new companies. The investment of new capital continued until 1901, reaching a peak in the enormously successful year of 1899, which became the best in Vizcaya's history, breaking all records when 108 new companies were registered (Cipolla, 1973).

Most of the large companies, however, bore foreign names (The Orconera Iron Ore Co. Ltd, the Cie Franco-Belge des Mines de Somorrostro, The Luchana Mining Co., the

Parcocha Iron Ore and Railway Co. Ltd.) (Flinn, 1955). According to Cipolla (1973), between 1871 and 1914, 64 British companies were formed for the exploitation of Spanish iron ore. While they invested in transport and organised a rational exploitation of the reserves, they also took a very considerable share of the profits.

It was not until the turn of century when the export of iron ore from Bilbao started to decline. Exports from that port, which in the quinquennium 1880-1884 had accounted for 85 per cent of the total exports of iron ore from Spain, only accounted for 35 per cent some thirty years later. The British steel industry which had always been the market leader, gradually started reducing its dependence upon Spanish supplies of non-phosphoric ore. Thus, the importance of Spanish ore waned, and the export of ore from Spain, with a much lower volume already before 1914, fell off rapidly after 1918.

At the outbreak of the First World War, Spain was still a mainly agricultural country. After Catalonia, with cotton as its leading sector, the seaboard provinces of the Basque country, Vizcaya and Guipúzcoa constituted the second industrial island in the midst of the dominant agricultural economy. Despite the Basque production of steel ships and rolling stock for railways, the external trade of Spain was, in 1913, still based upon the sale of land and subsoil products, and on the purchase of manufactured goods from abroad.

The gradual economic readjustment of the countries which had taken part in the war had the effect of closing down the opportunities which had been available to Spanish production. The ending of the war saw the advent of remarkable protectionism, through

the creation of a high tariff wall. As Cipolla (1976; p. 482), quoting Perpiñá Grau (1936; p. 47) points out, since the end of last century Spanish economic policy had tended towards self-sufficiency: *"Protection of foodstuffs and raw materials so that the maximum may be produced in Spain; protection of these same goods so that the maximum should be consumed in Spain; protection of industries so that they should not have competition within Spain and so that their consumption should be totally Spanish"*.

Over the first half of this century, the history of Bilbao was marked by many significant events, including the Spanish Civil War, which as a consequence of help from the Axis powers, and the debilitating inhibitions of all Western democracies, was won by Franco. Jingoism triumphed and, in economic terms, a drastic reduction in foreign trade became the dominant factor for the whole economy. As Carr (1982) pointed out, until the late 1950s Spain pursued reconstruction with the tools of a war economy based on fascist models. These were the years of autarky: a self-sufficient, self-capitalising economy, protected by tariffs created and regulated by state intervention. The country was excluded from the world trading community; apart from wartime contacts with the Axis, and post-war relations with Perón's Argentina and Salazar's Portugal, Spain was virtually isolated. It was excluded from membership of the United Nations and of other international organisations.

In 1951 the failure of a decade of economic isolationism had become apparent. It was clear that only by ending Spain's exclusion and reviving large scale imports of capital goods, could outdated production equipment be renewed. Therefore, some incipient liberalising policies were implemented, resulting in a measure of industrial growth;

industry was able to free itself a little from its dependence upon agriculture which had effectively fettered it in the preceding decade. At the same time, reaching gross production figures as good as those achieved in the pre-war period was a consequence of the gradual disappearance of some of the worst bottlenecks in the supply of raw materials, transport and energy.

The new spirit of reform brought a later decree in 1963, which permitted the creation, enlargement or transference of industries within the national boundaries, abandoning, therefore, one of the principles dearest to the victors of the Civil War, namely the need to limit the development of the more economically advanced areas such as the Basque Country and Catalonia, while at the same time stimulating the growth of the most backward. Depriving the former was also justified on the grounds of controlling their nationalist aspirations.

3.1.2. The second industrialisation

The blueprint for economic growth which emerged with the *Stabilisation Plan* of 1959 worked successfully until the energy crisis of 1973. From 1961, an unrestrained inrush of foreign goods made it possible to renew industrial equipment and to adopt the new technology of which the country had been deprived for so many years. These factors, in turn, lead to the true industrialisation of Spain. As Carr (1982) points out, the economic take-off involved the vast transfer of human resources from the country-side to the cities, mainly to the old industrialised areas of Catalonia and the Basque Provinces. According

to data from the Banco de Bilbao (Uriarte y Uriarte, 1972), the contribution of the Basque Country to the Spanish national wealth was 9.71 per cent in 1965 and 10.55 per cent in 1970. In industrial terms these percentages were 17.69 per cent and 15 per cent, whereas their share of population was only 7.55 per cent. In 1973 the highest levels of per capita income were found to be in the three Basque provinces of Vizcaya, Álava and Guipúzcoa, together with Madrid and Barcelona. These five provinces contained 28.7 per cent of the population, but produced 40.0 per cent of the nation's wealth (Harrison, 1978).

In terms of iron production Spain was the fourth largest producer within Western Europe, the fifth within the whole Europe and the eighteenth within the world (Hidalgo de Cisneros, 1972). The Vizcayan share to the Spanish production was most significant as is shown in Table 3.1.

Table 3.1. Iron production in Vizcaya and Spain 1966-1970.
Thousands of tons

	Spain	Vizcaya	Vizcaya's share %
1966	5070	1492.0	29.43
1967	5090	1385.0	27.21
1968	6190	1559.7	25.19
1969	6250	1487.3	23.79
1970	6950	1498.2	21.55

Source: Memoria Comercial 1970 de la Cámara de Comercio de Bilbao. Quoted by Hidalgo de Cisneros (1972)

The Basque growth, as mentioned before, was underpinned by access to a very cheap, abundant and poorly qualified labour force who came to the country from the rest of

Spain. In 1977 it was stated that one out of four inhabitants of the Basque Country had arrived from another Spanish area (COCINB, 1977). This was particularly focused on the province of Vizcaya, where more than 60% of the population increase between 1950 and 1975 was due to immigration. Within the total Spanish sector of metallic transformation, the province of Vizcaya produced 22 per cent of transport material manufacture and 11 per cent of electrical materials in 1965. These figures illustrate the level of industrialisation reached by this province, most of which was due to the production associated with metropolitan Bilbao's factories (COCINB, 1979; Uriarte y Uriarte, 1972). Accordingly, there was a permanent increase in the number of industrial jobs in Vizcaya, until the mid 1970s (see Table 3.2.) together with a very low unemployment rate (3.2% in 1975) (COCINB, 1977).

**Table 3.2. Industrial employment in Vizcaya and the Basque Country
(Navarra included)**

	1955	1964	1975
Vizcaya	131,934	178,694	193,966
Basque Country	266,800	377,467	435,291

Source: Renta Nacional de España 1955-75. Banco de Bilbao. Quoted by COCINB (1977)

The population of Bilbao metropolitan area doubled between 1950 and 1970 (from 405,000 inhabitants to 816,000). Old and new industrial towns (Basauri, Galdakao, Etxebarri, Barakaldo, Sestao, Portugalete and Santurce) received huge numbers of working class immigrants and thus displayed the highest rates of population growth. As noted earlier, the left bank of the river Nervión was the location of industry, mines and working class housing areas, whereas the right bank became primarily home for the wealthiest families (see Map 3.2.).

According to García Merino (1975), before 1940 most vacant industrial areas within the left bank of the river, had already disappeared. The Bilbao district experienced the type of industrial development which required large land areas, so that industrial locations within the left bank of the river Nervión became over-developed very quickly. After 1940, new industrial plants rapidly ran out the scarce free spaces and the area became completely saturated (García Merino, 1975). Industry, then, moved onto some right bank locations and started to occupy some of the residential sections of Bilbao city. In fact, Bilbao was the location of some of the first large industrial plants like Santa Ana de Bolueta o Euskalduna shipbuilding. However, the city never reached the same industrial character of other towns within the district, such as Barakaldo or Sestao. The industrial areas within the city were mainly located either, near the river such as Zorroza and Zorrozaurre, or the railway facilities.

In 1943, the metropolitan *Plan General de Ordenación Comarcal de Bilbao* allegedly attempted to reorganise the industrial space within the urban conurbation. This plan, however, did not establish any limit for large plants in terms of size or inconvenience. There was also a high degree of tolerance for small factories, which could locate practically everywhere, even within the existing residential areas. As a result, by the middle 1960s the whole area was practically saturated with either new plants or by the enlargement of those that already existed, as in the case of General Eléctrica, Babcock Wilcox and Altos Hornos de Vizcaya.

Martin and Galaraga (1972, p. 77) described Bilbao metropolitan landscape in the following terms: "*the shortage of industrial land, the unhealthy image of the area, the confusing landscape, mixture of industry and dwellings, the lack of a real water system operating under metropolitan basis, the number of airports within the small Basque area, all these facts underline the lack of real planning within the district*". According to García Merino (1975) it was not possible to find a similar level of industrial concentration within any other Spanish centre, while in Castillo and Rivas' (1988) words, Bilbao's environmental deterioration was not comparable with any other place in Europe. The '*museum of horror*' walk along the left bank of the river Nervión offered an alarming landscape of roads, railway tracks, factories and residential areas (Castillo and Rivas, 1988). In the words of Juanjo Otamendi (Officer of the Provincial Government Territorial Projects Department -PG-):

You can see awful marginalised areas that are the product of appalling environmental degradation, both physical and urban. This decay has been the result of a terrible fight for land. I would call it territorial abuse.

However, by the mid 1970s, the process of economic development was nearing its end. In 1975, the final year of the Franco regime, very low increases in the Spanish GDP were recorded, and the so-called Spanish economic miracle was gone for ever. With the death of Franco, political change was legitimised, and in July 1975 King Juan Carlos was chosen as Franco's successor. As a result, democratic government was re-established in Spain.

3.2. The Crisis

The breaking of the Fordist mode of regulation and subsequent economic changes in the mid 1970s, led most Western countries to start adopting adjustment measures in response to the impending economic crisis. At that time, however, the Spanish government's economic analysis, ignored the imminent consequences that stemmed from the further internationalisation of production, by considering that the whole production of indigenous steel was insufficient to fulfil total Spanish demand. This figure was estimated at approximately 20 millions of tons, still far below the Spanish production figures at that time. Hence, a new iron and steel industry was built in the Mediterranean area (Altos Hornos del Mediterráneo), which unfortunately had to be dismantled a few years later. In the Bilbao metropolitan district, a new furnace was created in Sestao. The enlargement of the shipbuilding within the area and of some other metallic basic manufacture plants also took place.

The scale of the new industrial investment taking place within Spain at this time, when the rest of Europe was adopting restructuring measures, highlights how out of touch the Spanish government was with the world economic crisis. Simply, there was no plan to challenge the crisis because no crisis was expected. Likewise, at the Basque level, the thinking that lay behind their analysis of regional problems during the first years of the 1970s, continued to underline the privileged position of the Basque Country, in relation to its economic potentiality and its quality of life within Spain as a whole. There was no attempt whatsoever to consider economic restructuring. Some voices were raised at the

time, warning that focusing excessive attention on just one type of industry, namely heavy industry, based on a huge workforce, together with the lack of products diversification, would bring major problems to the Basque Country (COCINB, 1979). But these views were generally ignored. Later, however, economic analyses argued that the sectors with low technological level such as those prevailing in the Basque industry, were being transferred towards new industrialising countries (Doria *et al*, 1990). As noted earlier, it was thought that these countries accounted for the Basque Country's loss of its former industrial leading role.

3.2.1. The scope

As a result, when the crisis arrived in Spain, happening slightly later than in the rest of Europe (late 1970s and early 1980s), the industrial dismantling had a much higher cost than it could have, had the situation been predicted. This neglect, illustrated by nearly all contemporary economic analyses, was particularly damaging in the context of the Basque Country. Thus, even if Spain as a whole, suffered as a consequence of this temporal gap, its effects displayed more radicalism within the Basque Country given the importance of primary industry.

It was not until the first years of the 1980s, that there was a general agreement about the need to face the crisis. By that time, however, the economy was seriously deteriorated. The heavy engineering sector collapsed as a whole: steel production, iron, shipbuilding and all the associated sub-sectors were seriously damaged. A huge number of industrial

jobs were destroyed, creating chaos within the Basque Country's pyramidal job structure. This process also occurred in a very short period of time. Between 1979 and 1985, 94,766 (or 24 per cent) of all industrial jobs were lost in the Basque Country (CC.OO., 1989a). Within industry, between 1982 and 1986, the loss of jobs was 42.1% in shipbuilding, 24.4% in mechanical engineering, 23.2% in iron and steel industry, 20.8% in other electrical material, 16.1% in foundry, and 13.9% in metal manufacture.

Table 3.3. Employment change in the Basque Country 1979-1985

	1979	1981	1983	1985
Agriculture	56,072	51,173	41,288	38,642
Industry + Construction	392,313	339,530	315,649	297,547
Services	307,744	300,806	308,990	307,852
TOTAL	756,129	691,509	665,927	644,041

Source: Banco de Bilbao. Renta Nacional de España y su distribución provincial. Quoted by CC.OO. (1989a)

In relative terms, the overall change in the number of Basque jobs from the onset of the second industrialisation until 1983 can be seen in Table 3.4., together with the same indicator for Spain, Catalonia, the Valencian region, Asturias and Madrid. Between 1973 and 1983, the Basque Country and Catalonia were the two regions most severely affected by the loss of industrial employment, their figures being well over the Spanish average. But whereas the increase of services jobs was higher in Catalonia than in Spain, the opposite is evident in relation to the Basque Country.

**Table 3.4. Percentage of overall and industrial employment change
1955-60/ 1960-73/ 1973-83**

	1955-60		1960-73		1973-83	
	Total	Industrial	Total	Industrial	Total	Industrial
Spain	2.78	7.14	9.55	24.07	-11.79	-19.05
Basque Country	10.62	13.43	27.24	39.36	-15.96	-27.8
Catalonia	7.34	8.70	33.42	38.70	-10.79	-24.17
Valencian Region	1.48	4.20	17.94	61.27	-4.99	-10.75
Asturias	2.36	4.26	-3.11	-13.27	-13.24	-15.15
Madrid	16.12	22.18	46.56	32.36	-0.87	-13.92

Source: Renta Nacional de España. Banco de Bilbao. Quoted in Castillo and Rivas (1988)

Paralleling the process of job losses, the unemployment rate shows the seriousness of the situation for Spain in general and the Basque Country in particular (Table 3.5.).

Table 3.5. Change in the unemployment rate

	1950	1973	1983	1986
Spain	1.62	2.7	17.3	21.5
Basque Country	0.16	1.0	20.0	24.6
Catalonia	0.82	1.5	19.3	21.6
Valencian Region	1.12	2.5	17.0	19.8
Asturias	0.21	2.4	13.5	18.9
Madrid	5.98	3.4	17.6	20.5

Source: Castillo and Rivas (1988)

Both provinces, Guipúzcoa and Vizcaya, but mainly the latter, as mentioned before, had an economy exclusively based on metallurgy and within that, basic manufacture, furnace and steel production, metallic transformation, mechanical engineering and shipbuilding. Vizcaya in particular, was a good example of those areas characterised by their dependence on just one economic sector, or economic activity. As Velasco *et al* (1990, p. 72) points out "*deceptively, these areas seem to show a diversified economy but in reality the other sectors' aim is just to fulfil the requirements of the main one, on which they depend entirely*". That was the reason why the most severe economic devastation

was found within this province. As Iñaki Uribarri (Economist of Comisiones Obreras Union -CC.OO.-) underlined:

When the main element was destroyed, the whole provincial economic structure collapsed. Problems, therefore, were not only related to the number of job losses in the metal manufacture sector, but also to the subsequent job losses which could not be maintained without this.

Diego Moyano (Councillor of Urban Planning in Barakaldo -BC-) also emphasised the role of the ancillary industry:

The small workshops which worked for the big factories suffered the impact of the crisis even more. The prosperity of the whole area declined. People felt devastated. There was no way out of the crisis. There was no solution.

This idea was also shared by Javier Maqueda (Chief Executive of CEDEMI), who used the analogy of the domino effect to illustrate the point. José Antonio Calvo (Officer of SPRI), also made the same comment:

Altos Hornos (the steel factory) was not only Altos Hornos. A lot of people depended on it. When it closed down, people working for small workshops and firms whose production fulfilled the demand of Altos Hornos were lost. Their situation was worse than that of Altos Hornos workers. The latter received redundancy benefits but not the former. It was very sad.

The province of Vizcaya lost 16% of its industrial jobs within four years (CC.OO, 1989a), with the left bank of river Nervión being the most extreme example in this respect. Furthermore the large scale of the Vizcayan manufacturing plants whereby 0.94% of the factories employed 31.55% of the industrial labour in 1981 (Castillo and Rivas, 1988), acted to reinforce the crisis. José Antonio Calvo (SPRI), Pedro Hernández (Minister of

Economic Development of the Provincial Government -PG-), and José Félix Chomón (Chief Executive of IBAE) remarked the scope of this latter point. In their opinion:

The time of manufacturing, as we knew it, was over. The kind of firm which we were familiar with will not come back again. New enterprises do not need so many workers. What we can now expect is a much smaller firm, much more technological, something quite different from what we knew. Within this area, we have seen the change from Altos Hornos, which had more than 14,000 workers to another version of the same industrial activity, the *miniaceria*, with 350 workers. While the new factory produces a bit less than the former did, the difference in terms of workers is astonishing. There has been a dramatic change which we have to face. We cannot expect a new factory which requires 4,000 workers (José Félix Chomón -IBAE-).

Altos Hornos had 12,000 workers in 1979-80. Now the new *miniaceria* employs no more than 300 workers. In addition to the crisis of the steel production factories, which had been the foundation of Vizcaya, shipbuilding firms are experiencing the same decline. There were seventeen shipbuilding enterprises along the river, but today there are only two left (Pedro Hernández -PG-).

Paralleling this process, the flow of emigrants into the Basque Country since the end of the civil war, reversed (Castillo, 1987). The economic crisis radically changed demographic indicators within Bilbao metropolitan area. Whereas the migration rate had been 8.3 per thousand between 1971 and 1975, ten years later, between 1981 and 1985, it was estimated at -6.8 per thousand. The 4.1 per thousand fertility rate became one of the lowest of Europe, during the same period of time. The combination of both factors meant that the metropolitan area lost 30,000 inhabitants.

However, these indicators did not have an even distribution within the district. The residential municipalities, mainly on the right bank (Getxo, Leioa) still continued to grow, displaying unemployment rates below the metropolitan average (Guardia *et al*, 1994). On the contrary, migration, unemployment, and all the crises negative effects were felt much more intensely within the industrial municipalities, mainly on the left bank of the river. The main factories plants of the district, namely Altos Hornos and

Euskalduna shipbuilding disappeared and the whole area experienced a thorough physical and economic change. The unemployment in some points of the left bank area rose to 30%.

3.2.2. The response

During the second half of the 1980s, the three tiers of public administration operating in the Basque Country started confronting the crisis. Spanish central government implemented specific programmes within the region, focusing upon the rationalisation of the largest manufacturing plants. The newly created Basque regional administration also played a major role in trying to counteract the general collapse of the economy, by mainly concentrating its efforts on medium and small scale firms. Then each of the Basque provincial governments (diputaciones) also contributed to this task. Apart from the activity shared with the regional administration, the Basque diputaciones developed their own programmes, either via direct subsidies to firms or via tax discounts for enterprises. Their main targets were the promotion of training, management and design within these firms. The Vizcayan provincial administration (Diputación Foral de Vizcaya) developed, among others, the Economic Plan (Plan de Actuación Económica- PAE-) between 1984 and 1987.

Uribarri (1993), while agreeing on the effectiveness of these public measures, in terms of relieving the conditions for workers affected by manufacture closures, emphasised how the measures which attempted to generate industrial activity were an entire failure.

"Neither the central government, who was responsible for most of the basic industry, nor the Basque administration, who attempted to rationalise medium and small Basque sectoral firms, have been able to regenerate the industrial fabric" (Uribarri, 1993, p.3).

Furthermore, in Iñaki Uribarri's (CC.OO.) opinion,

The real aim [of public measures] was to help manufacturing plants to die, once their future viability was considered to be limited. This was especially the case in relation to steel and shipbuilding production. Likewise, the programme's emphasis on giving an impetus to small firms to merge in order to become more competitive, was judged to be unsuccessful. Given Basque entrepreneurs traditionally lacked associative style (the Mondragón group being something of an exception), the programme's targets were not achieved. It was not considered possible to create solid industrial groups through such mergers. Hence, in this context, the main result of the programmes was the less problematic closure of the weakest plants.

Velasco *et al* (1990) criticised the lack of institutional co-ordination and hence, the ineffectiveness in carrying out these rationalisation measures. According to CC.OO. (1989), a major problem involved in the implementation of Basque rationalisation measures, was the lack of clear aims, perhaps because the crisis was unexpected and nobody was prepared to face the huge scale of problems it brought.

There was another major criticism, namely that while implementing the policies was totally dependent upon the private sector, there was no hint of a clear strategy for regional development. Rationalisation programmes were directed to encounter the difficult situation which Basque firms had to face, and as such, the Basque government adopted a subsidiary position. In Velasco's (1993) words there was no real public strategy capable of overcoming the indiscriminate distribution of funds carried out by the regional and provincial administrations. The actual implementation of measures was

totally left in the hands of the entrepreneurs affected by the crisis, presuming that they would pursue what was best for the region (CC.OO., 1989b). In Uribarri's (1993) opinion, while there was outright support for the private sector and a trust that it would create new industries and associated employment, the Basque capital abandoned this uncertain industrial sphere and looked much more to speculative activity from which they could get much more substantial profits (CC.OO., 1989b). As a result, the public administration merely subsidised the process of freeing capital to the benefit of the entrepreneurs affected by this economic crisis and little else.

Between 1984 and 1987, Basque industrial unemployment increased markedly. Apart from electricity and water, all sectors lost employment, with the highest figures being recorded in both the basic metallic sector and transport material with a 22% reduction (Table 3.6.). Employment opportunities decreased mainly for non-skilled workers, while the few new jobs were mainly for young qualified workers, with a high level of education (Castillo, 1989).

**Table 3.6. Industrial employment change
in the Basque Country 1984-1987**

	Employment change %
Gas, electricity, water	2.3
Basic metallic	-21.5
Non metallic industry	-6.1
Chemicals	-11.3
Metallic construction	-6.3
Metallic products	-8.1
Machinery	-10.5
Electrical engineering	-5.1
Transport material	-21.5
Food	-3.1
Clothes, footwear	-14.6
Timber, furniture	-16.3
Paper, printing	-10.9
Rubber, plastic	-6.6
TOTAL INDUSTRY	-11.1

Source: Eustat. Industrial data. Quoted by Doria *et al* (1990)

3.2.3. An illusion of recovery

However, after the second half of the 1980s, positive rates of economic growth were recorded in the Basque Country, even if there was no decrease in unemployment until 1987. It was believed that the engine of growth in the Basque economy during the years between 1986 and 1989, was through increasing productivity within the industrial sector, once rationalisation measures had been implemented. In terms of employment generation, 32,700 jobs were created between 1986 and 1989, representing a new growth of 1.5% per year. There was even a 2% increase of the service sector share of the Basque GDP between 1984 and 1987, although, as Doria *et al* (1990) remark, this was mainly the result of growth in public administration, together with education and non-

commercial health. The unemployment rate decreased to 16.9% in 1989, but the female rate of unemployment was still 28.2% while youth unemployment stood at 42.6% in 1989 (Doria *et al*, 1990).

Mirroring the aforementioned wider trends emanating from the restructuring of the workforce, a new pattern of employment emerged in the Basque Country. Only 24.1% of those workers who had been employed after 1985, had found a job in 1989 within the industrial sector; 17.3% of employed workers had ever had a permanent job, and temporary jobs were increasingly becoming the norm for a bigger number of Basque workers, and mainly for women and youngsters (DTSS, 1990).

According to DTSS (1990), different areas within the Basque Country experienced different situations. Most jobs were created in Vitoria, San Sebastián and the Alto Deba, whereas other districts, like the Bilbao metropolitan area, experienced the opposite, with very high unemployment figures. The left bank of the river Nervión (Portugalete, Santurce and Sestao) was a clear example of the latter, displaying an unemployment rate of 24.3%, which was even higher in Barakaldo (26.7%) and slightly lower in the city of Bilbao (22.5%). In short, the old industrial areas had lost their capacity to be the economic motor of the Basque Region.

Furthermore, the temporary improvement did not mean that industrial decline was over. The economic indicators which were published during the late 1980s illustrated the mirage of economic recovery which had never really occurred. By the end of 1990 the so-called expansive period was at an end. The Basque growth rate decreased, paralleling

the declining rhythm of the wider Spanish economy. In the event, the same kind of problems re-emerged, underlining the deceptive character of the previous recovery (Uribarri, 1993).

Table 3.7. Employment and unemployment change in the Basque Country (last term of each year). Thousands

	Employment					Unemployment
	Primary	Industry	Construction	Services	Total employment	
1986	28,7	255,0	48,2	373,3	705,2	186,0
1987	32,0	245,4	52,5	383,1	713,0	189,7
1988	28,1	248,0	53,9	372,7	702,7	185,3
1989	22,7	267,8	58,5	389,9	738,9	150,4
1990	24,2	253,8	61,7	410,1	749,8	142,2
1991	25,6	255,3	62,2	414,3	757,4	160,6
1992	22,2	235,3	57,3	406,8	721,6	197,2

Source: Eustat. Quoted by Velasco (1993)

At the end of 1992, the Basque industrial sector still accounted for 41% of the Basque employment, despite the 34% decrease between 1975 and 1992. The services sector accounted for a 40% increase (Uribarri, 1993), although this did not mean that there was a solid tertiary sector. As Velasco (1994) pointed out, the modest process of tertiarisation during the 1980s, could also be seen as the flip side of industrial decline. The Basque Country was still producing goods similar to what it had produced before the onset of the economic crisis. Even if at that point in time, some traces of diversification could be found within the electronic sector and the auxiliary aeronautics industry, the Basque Country showed a great inability to develop proper policies for product innovation (Velasco, 1993).

The Basque unemployment rate, in 1993, reached unprecedented levels, standing at almost 25% (Velasco, 1994) and industrial employment experienced a fall of 11%. The data also revealed that there were 21,200 families living in the Basque Country, in which no family member had a job (Velasco, 1994). As quoted by Velasco (1993), the Basque Country was considered by the European Parliament in 1991, to be one of the four European industrial declining regions whose situation could deteriorate even further in the future.

In Vizcaya, the unemployment rate rose to 23.3% in 1992, whereas industrial employment saw the lowest activity level in its entire history, with just 107,600 jobs, representing only 58% of the 1975's figure. The specialised Vizcayan economy had not develop the 'metallic' productive sequence towards more sophisticated forms of metal transformation; nor did it take any advantage of the accumulation of capital it had built up during the former years, in order to diversify the productive structures.

María Soledad Esteban (Lecturer in Applied Economics at the University of the Basque Country -UBC-) underlined:

We were at the onset of a very dramatic situation: the unemployment level, the destruction of the industrial tissue and our poor capacity to generate new industry and new services. At the moment, institutions, firms, social movements, voluntary organisations, all of us know that we have to do something that has not been done so far.

3.2.4. Other dimensions of decline

Apart from high unemployment rates, de-industrialisation also left Bilbao with huge swaths of derelict industrial land, creating negative threatening images and a generalised demoralisation. As expected, economic decline was accompanied by physical decline plus a much wider range of problems which José Félix Chomón (IBAE) summarised in the following way:

We know what the problems are: the industrial crisis, the lack of economic development within the area, the environmental question, urban disasters and demographic uncertainty. In terms of potential new jobs, our people are not very well prepared; they do not match the requirements of new firms. These are the problems we are facing at the moment.

As mentioned before, the lack of effective land-use planning limits during the industrialisation period had produced the most extreme version of a physical deteriorated landscape. Now, while the crisis brought with it generalised dereliction, the scope of contamination issues, which so far had been regarded as a necessary by-product of industrialisation, emerged. According to Roberto Velasco (Professor of Economics at the University of the Basque Country -UBC-):

Environmental regulations have been non-existent for more than a century. We now know that both soil and subsoil are seriously contaminated. It is not only that there are tons of that toxic powder called *lindane*, but contamination also exists in the areas where the steelworks used to be. We will have to clean the whole territory.

In this regard, however, the most expressive comment came from José Félix Chomón (IBAE):

We do not only have contaminated industrial land, we also have contaminated water and contaminated air. There are lots of problems related to a very deteriorated environment, full of rubbish dumps. There are also problems related to the former mining beds. Sometimes when you walk around, you do not know whether you are in Bilbao, Mars or Jupiter.

Apart from pollution, industrial dereliction was the other side of physical deterioration. If its visual impact was atrocious, according to José Félix Chomón (IBAE), given the lack of available space to set up new businesses, the industrial remains were also preventing any economic revitalisation of the area:

We have a tremendous scarcity of industrial land. If a firm comes up asking for a place, we have nothing to offer.

Jesús Mari Erquicia (Officer of the Basque Government Territorial Affairs Department - BG-) made a similar comment:

There is a lots of industrial scrap. The Basque Government provides some financial aid to the land owners when they decide to pull down abandoned buildings. One of our main problems is that investors think that there is no available land to set up a new enterprise within the territory. They think of the territory as something occupied, even if it is simply the domain of dereliction. A large part of the metropolitan area is under-used. We have to demolish old buildings to get the land transformed into industrial estates. We have to overcome the negative impact produced by this industrial dereliction, otherwise, we will not regenerate the area.

While José Antonio Calvo (SPRI) spoke about the depression which invaded him when he looked at the landscape, Javier Maqueda (CEDEMI) provided the following example:

I would not speak about industrial dereliction, but about Hiroshima. When you walk around it seems that a bomb has just exploded.

There were, however, some other associated problems which not always appear so explicitly, despite their clear contribution to the generalised feeling of decay. In the past, Basques were most proud of having industry as the distinctive feature of their country, against the commercial image of the Valencian Region, or the administrative focus of Madrid. Due to this pride, within Spain, Bilbao's people are sometimes regarded as a bit pretentious. In María Soledad Esteban's (UBC) view, such arrogant attitude was acting against Bilbao's recovery:

[...] I also think that there is a false culture, a false idea, about the problems that the area of Bilbao is facing. This false idea takes place in the ideological domain. On the one hand, nobody believes that Bilbao will change, that we will overcome the crisis. There is a quite powerful pessimistic atmosphere. I mean, the idea that politicians speak all the time, but nobody does anything. People think that the situation is getting worse. However, on the other hand, there is this stupid *bilbainist* feeling from the past which says: "We are the best". This ambivalent ideology is somehow dangerous, because while we have to adopt very drastic measures to surmount the crisis, this is difficult if we do not accept that we are really in a very bad situation.

The powerful industrial past symbolised by the large size of Bilbao's factories had also generated a specific working culture. This added a further element to the impact of the crisis for, in the new context, the old trade unionised industrial culture, was perceived as a disincentive to future potential investment. As mentioned before, areas of old industrialisation, like metropolitan Bilbao, had a very important tradition of trade unionism as a consequence of the large size of their industrial plants. High levels of unionisation had resulted in the creation of forceful defensive working structures, which responded very actively against economic restructuring. In fact, Roberto Velasco (UBC) referred to the social distress of other former industrial areas, when he spoke on Bilbao's working class' strong reaction to industrial closures:

Social conflicts caused by industrial crisis parallel what happened in all industrial regions in Europe. These conflicts can be compared to the miners' strike in Britain [1984-1985].

In addition, the fact that unemployment had been until very recently, an unknown phenomenon within the Basque Country, made workers react very violently to plants closures. Eduardo Portero (Adviser to the Bilbao Councillor of Urban Planning -BCC-) illustrated this point, using the example of the Euskalduna closure:

When Euskalduna, the shipbuilding firm, closed down, lots and lots of workers were made redundant. The factory employed between 3,000 and 4,000 workers. When it was closed down, the Deusto bridge was the site of daily fights between redundant workers and the police. Everybody knew about the negative consequences of that closure.

Apart from that, Bilbao's prevalent pattern of large factories produced a particular kind of dependent worker. José Antonio Calvo (SPRI), Juanjo Otamendi (PG), José Félix Chomón (IBAE), María Soledad Esteban (UBC) and José Miguel Artaza (Chief Officer of SPRI-LUR), all agreed on this point. According to José Félix Chomón (IBAE):

We have been the victims of our industrial structure. I mean, these huge factories produced a specific type of worker. They have created a sort of employee culture. While people from the other two Basque provinces are more dynamic, our entrepreneurial culture is non-existent.

While Juanjo Otamendi (PG) noted the 'project of an entire life' which Altos Hornos provided its workers, the same point was stressed by José Miguel Artaza (SPRI-LUR), who saw big differences between Vizcaya and Guipúzcoa in this respect:

People from Vizcaya have a different idiosyncrasy. They became used to working in a huge factory. They started working for the firm at fourteen and left the factory when they retired. These people never developed any entrepreneurial sense. On the other hand, you do not find this in Guipúzcoa. Even people who work for a big enterprise

there, want to set up their own business as soon as possible. This is the reason why you find so many small businesses in Guipúzcoa, lots of small workshops owned by two, three, four or five workers.

José Antonio Calvo (SPRI) made note of the same issue, stressing the difference in the size of factories between the two provinces:

Within Guipúzcoa, there are places where the unemployment rate is amazingly low. The reason for this is the powerful tradition of small businesses and small workshops in Guipúzcoa. If people there become redundant, they would start a new business right away.

María Soledad Esteban (UBC) also shared this opinion:

Some years ago, I was involved in an employment programme. The Bilbao area seemed to be a totally different world from Guipúzcoa. You could find within the latter, people who had thought a lot about new employment strategies. While they were complaining that they did not receive enough support, the people from Bilbao were totally inactive. Even if it was free, we had to “sell” the programme in Bilbao because they did not want to get involved. Fortunately, this style is beginning to change at the moment.

However, in relation to this point, Juanjo Otamendi's (PG) made the most expressive statement:

Everybody shares the idea that the former economic pattern was over. We all know that we have to look for new “parents”. People miss their father. We feel orphaned. The father of our huge family, “Altos Hornos”, was gone forever, and we all feel like orphans and unprotected children. We all have to seek a solution.

3.2.5. The 'Left Bank'

As noted earlier, the various versions of decline, while constituting common features all along metropolitan Bilbao, reached their most dramatic dimensions on the left bank of

the Nervión River. As seen below (Tables 3.8. and 3.9.), both population losses and unemployment have been much more intense within the most industrial municipalities, mainly located on the left bank of the river. While José Antonio Calvo (SPRI) said that there was no more difficult target than the revitalisation of the left bank, José Miguel Artaza (SPRI-LUR) stressed that there was no other more deteriorated area. In his opinion:

The physical impact of industry on some areas such as Barakaldo or Sestao has been terrible. The scope of contamination problems in these municipalities is quite unbelievable. The river in some of these areas is totally decayed.

Frequently compared with the more positive situation of the right bank, when underlining the problems which Bilbao is facing, the left bank raised the most negative expressions.

**Table 3.8. Population change 1981-1986-1991.
Left bank, metropolitan Bilbao and Basque Country**

	1981	1986	1991
Left bank municipalities	268,218	259,974	249,789
Metropolitan Bilbao	955,204	941,763	931,054
Basque Country	2,141,809	2,125,922	2,109,000

Source: Prieto and Ureta (1994)

**Table 3.9. Unemployment rate 1981-1986-1991.
Left bank, metropolitan Bilbao and Basque Country**

	1981	1986	1991
Left bank municipalities	23,8	28.3	24.0
Metropolitan Bilbao	18.4	25.7	21.4
Basque Country	16.2	22.9	19.2

Source: MECSA, 1995 and Prieto and Ureta (1994)

According to both José Antonio Calvo (SPRI) and Roberto Velasco (UBC), the area has the highest population density of the whole Basque Country. Statistics, according to José Félix Chomón (IBAE), show the lowest levels of higher education, well below the Basque Country's average. Roberto Velasco (UBC) emphasised that the unemployment rates are much higher than the already very worrying Vizcayan figures. Eduardo Portero (BCC) remarked that nobody wants to live in such a deteriorated area but on the contrary, they want to escape from there as soon as possible. He also stressed the working-class character of the left bank, as it was the area where socialism was born in Vizcaya. Not surprisingly, as María Soledad Esteban (UBC) said, the left bank is the place where organisations of unemployed workers are most active. Lastly, if the lack of entrepreneurial culture was a noticeable feature of Bilbao area as a whole, this problem was even more acute on the left bank. In José Antonio Calvo's (SPRI) opinion:

We have detected a lack of entrepreneurial spirit on the left bank. This has nothing to do with what happens in some other Basque areas. Of course, you also have to bear in mind that the left bank of the river is a much more problematic area, even in terms of the land available to set up a new business.

In facing so many problems, there was a general agreement on the need to implement specific policies for revitalising the left bank. The area was considered the real victim of initially, industrial prosperity, and then rapid economic collapse. In José Miguel Artaza's (SPRI-LUR) words:

Something must be done to regenerate the left bank. It is this area which has been obliged to bear all the negative consequences of the industrialisation process.

Juanjo Otamendi (PG) remarked something similar:

In the past, when we did not have economic problems, the left bank was a very productive area. What has it received as a reward? Urban degradation, environmental deterioration, the most acute impact of the crisis, very unhealthy residential areas, and so on. I think the exchange has been very unfair. It has given a lot and it has received nothing positive in return.

Javier Maqueda (CEDEMI) summarised the need for quick action in the following terms:

In this area we have youth unemployment rates close to 50%. In my opinion, this is like a bomb. We have drug addicts, juvenile delinquency, violence and so on. Furthermore, in many cases, the redundancy benefits of former industrial workers which provided the support for entire families, have ceased.

This latter idea was shared by Pablo Otaola (Chief Executive of Bilbao Ría 2000 - R2000-), who also used the word 'bomb' to describe the scope of the left bank's problems. According to him, if those problems are not rapidly faced, another kind of terrorism could emerge.

3.2.6. Bilbao in a wider context

Apart from the numerous internal problems, what has been named as a recent marginalisation of the Basque Country constitutes a further problem for Bilbao. According to Juanjo Otamendi (PG), the region is being progressively excluded from the European earmarked areas which are being most favoured by new investment, namely, the European core. Iñaki Uribarri (CC.OO.) also referred to the decreasing importance of the Basque Country in terms of Spanish investment:

While the Basque Country used to be a very attractive area in terms of Spanish investment, nowadays its place within the ranking is constantly decreasing. Madrid, Catalonia, Valencia and Navarra are regarded as much more attractive areas.

In this sense, Castillo (1987) notes that against more prosperous areas of the Spanish economy and also far from the main European axes, the Basques, together with the Spanish northern economy, have been displaced in terms of prospects for future development. In this view, regions suffering from industrial decline are being replaced by other areas with a more diversified productive structure, adequately linked to a wide range of services. Accordingly, the Basque Country is being pushed towards the periphery by growth in the Mediterranean and European core regions. Therefore, the old triangle of Spanish growth, formed by Barcelona, Bilbao and Madrid is being replaced by the one constituted by the Valencian Region, Catalonia, Zaragoza and Madrid. Using Census data, Precedo and Rodríguez (1989) illustrate how the north of Spain between 1977 and 1986 had the most regressive demographic dynamic among the largest urban areas of Spain, whereas the tourists axes (Costa del Sol, Balearic and Canary islands) were experiencing a huge demographic increase.

In the same vein, Roberto Velasco (UBC) regretted the fact that many Basque entrepreneurs had left the Basque Country, moving their investment to other more productive Spanish regions:

Some firms have been enlarged, but in Rioja, not here. If you go to the industrial areas named Cantabria I and Cantabria II in Rioja, you will find lots of Basque surnames everywhere. Entrepreneurs have not enlarged their firms here, but there.

But even within the Basque Country, the province of Álava is increasing its relevance in terms of inward investment attraction, to the detriment of Bilbao. In this regard, there was general agreement that the good quality and cheapness of Álava's industrial land is a main reason for competition. While José Miguel Artaza (SPRI-LUR) remarked on this when he said that Vitoria, the capital of this province, is the most promising city within the Basque Country, José Félix Chomón (IBAE) also noted that Vitoria is nowadays a more attractive centre for industrial investment than metropolitan Bilbao:

When you visit Vitoria you can see a big extension of land which is not contaminated at all, which is also cheap and flat. It has nothing to do with land conditions of metropolitan Bilbao, where you have to pull millions of cubic metres of land to get a little levelled area.

The same comparison was commented by José Antonio Calvo (SPRI) who spoke about the density of metropolitan Bilbao as a major difficulty to set up any new activity. In the same line, the price of industrial land in Álava was perceived as the reason for investors' predilection by Juanjo Otamendi (PG), Diego Moyano (BC) and José Félix Chomón (IBAE). According to the latter:

While in Vitoria the price of industrial land prepared for development is 4000 pesetas [16 pounds¹] per square metre, in metropolitan Bilbao this rises to 25,000 [100 pounds]. After government subsidies, it still costs 12,000 pesetas [48 pounds] per square metre, so this makes 12,000 against 4000 [48 pounds against 16] in Vitoria. This makes it very difficult to compete with Álava.

Both Jesús Mari Erquicia (BG) and Roberto Velasco (UBC) added a further advantage of Vitoria over Bilbao, namely the fact that the Basque government is located there. This

¹ Taking a rate of exchange of 250 pesetas per one pound.

fact has attracted to the city a lot of economic and human resources. According to the latter:

Vitoria is a very nice and well-managed city and has a lot of public facilities. This, added to the price of industrial land, makes many firms look for a site there. Daewoo is an example in this respect, as in the past was Mercedes Benz.

Similarly, Llorens and Larraya (1990) underline that given its status as capital of the Basque Country, and subsequent location of the headquarters of the regional government, Vitoria is becoming an important service centre which not only has recently expanded its public sector employment, but it is also showing an increasing capacity to attract population. In this view, the core of the Basque economy has definitely moved from the metropolitan area of Bilbao, towards some other districts, namely the triangle formed by the areas of La Llanada, Alto Deba and Duranguesado.

3.3. Political Problems

It could be argued that all themes are mediated by political issues, which are usually the subject of specific political analysis. This would imply that there is no need to mention these questions explicitly. However, the problems that the Basque Country is facing in this regard, apart from going beyond any possible parallel situation, constitute the main core of Bilbao's micro-diversity features. According to most interviewees, if economic decline and physical deterioration both demanded urgent action, problems stemming from the lack of political consensus were clearly a major obstacle to Bilbao's revitalisation. There was almost general unanimity concerning this point. The very

complex Basque government structure means that divergent political parties can be in charge of different government tiers which, in theory, must work together. In practice, this has meant more competition than co-ordination among them. Furthermore, difficulties for the exercise of government after the last set of elections had to be solved through the implementation of a tripartite pact whereby the various departments within the same government tier are directed by individuals belonging to the three most significant political parties within the Basque Country. According to José Félix Chomón (IBAE):

Our main problem is political disparity. This disparity sometimes leads to the blockade of essential projects, when someone understands that those projects will favour that political party, not his or hers.

María Soledad Esteban (UBC) had the same opinion:

Within the Basque Country, we always have seen intense competition among political parties. In practice, this means a terrible lack of institutional co-ordination. Nobody wants to share his/her responsibilities. You can very frequently see the Mayors fighting each other. When there is a proposal for a new project, depending on its character, either all Mayors want it in their area or the opposite, none of them will allow the project within their municipal boundaries. More specifically, in relation to the problem of the Bilbao area, the lack of institutional co-ordination goes even further. Nobody knows what the roles of the provincial government, the Basque government and the municipalities are. When there is a new project coming from the Department of Urban Planning of the Basque Government, the correspondent section of the Provincial Government takes it as an interference, but this does not mean that the latter will implement the project either.

The main problem is this sort of *territorialised* vision which prevents institutions from thinking about the Basque Country as a whole. It seems that there is no capacity to think about the top priority projects for the Basque Country, but for Álava, Guipúzcoa and Vizcaya, and the same applies for lower governmental levels. This has traditionally been the Basque Nationalist Party's style, but also the other parties'.

In the opinion of Pedro Hernández (PG):

The fact that in any institutional action, any political project, consensus has to be the main factor makes things quite complicated. But it is clear that without consensus no project will take place.

To illustrate the politicians' lack of a real interest in solving problems against their will to be protagonist, Javier Maqueda (CEDEMI) made use of the common Spanish expression “to appear in the photograph”:

Most of the time the main problem is the photograph. With the Basque Government, the Provincial Government and the municipalities, each in the hands of three different political parties, the problem is how they can all appear in the photograph.

The lack of a common effort to revitalise metropolitan Bilbao, for Juanjo Otamendi (PG) was entirely related to the Basque Nationalist Party's behaviour in relation to the left bank population's political preferences:

I would not like to be misunderstood, but this kind of nationalism [practised by the Basque Nationalist Party], whose source is ethnicity and folklore, cannot be expressed in a context in which all people are immigrants, where the ancestral language is not used because nobody speaks it. These people have their own language and their own cultural features. In such a context you cannot claim that the Basque identity is the most important thing.

Diego Moyano (BC) pointed to the same issue:

I am not going to hide the fact that there are important political tensions. This is quite logical since the Basque Nationalist Party does not have a majority on the left bank.

However, according to Eduardo Portero (BCC), the Socialist Party was also responsible for the lack of responses to alleviate Bilbao's problems:

The Socialist Party has always had huge support in this area, particularly on the left bank. In spite of such support, the Socialist Party has run away from the problems. In my opinion this is something unforgivable.

According to both Roberto Velasco (UBC) and Eduardo Leira (Director of I3 Territorial Projects Consulting Firm -I3-), neither Socialists nor Nationalists have shown a real interest in regenerating Bilbao. In the former's opinion:

The Basque Nationalist Party has put lots of obstacles in the way of new initiatives to improve the area. But you could not say anything different about the Socialist Party.

Eduardo Leira's (I3) view was quite similar:

Internal battles among sections of the different governmental levels, which mirror the power spaces of both the Basque Nationalist Party and the Socialist Party, seriously threaten any regeneration project.

In fact, if rivalry among political parties is nothing new, the sharing of political power seems to be a major problem when trying to implement new projects, a point made by Eduardo Portero (BCC):

When there is a single political party in charge, everything seems to be easier. However, when there are different government tiers with different political compositions, problems are much more difficult to manage. For example the department of territorial projects within Bilbao's council, is in the Popular Party's hands. Within the provincial government, the department in charge of the same subject is directed by the Socialist Party. Then, within the Basque government, Eusko Alkartasuna party controls the equivalent department.

In summary, as Roberto Velasco (UBC) stated:

There is a particular tension in Basque politics. There is also a big divide between nationalists and non-nationalists. There are still many people who vote for Herri Batasuna. Basque society is totally divided. Contrary to what happened in Catalonia

in relation to the Olympics, we are unable to undertake a common project. When we saw how people from Catalonia fought together to get the Olympics, we thought "how wonderful!". Here, everybody believes that we would not have been able to do that.

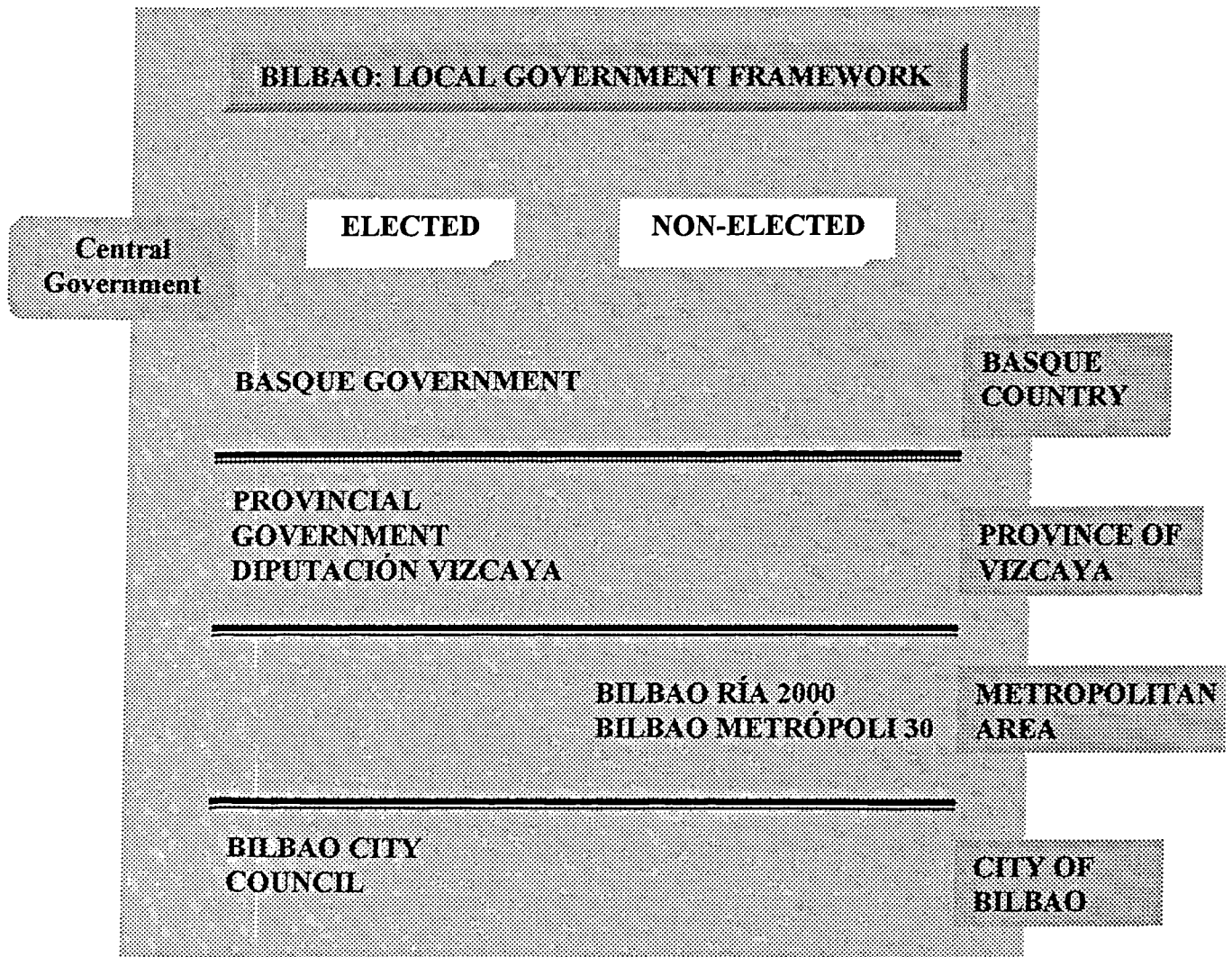
Furthermore, according to some interviewees, political violence is making things even worse. While Pablo Otaola (R2000) thought that, in Bilbao, the situation will improve when the violence eventually ends, Javier Maqueda (CEDEMI) and Pedro Hernández (PG) coincided that violence is deterring potential investment. In the latter's words:

Violence in this country is a very heavy burden that does not allow us to prosper. When you talk to someone who wants to invest in the Basque Country, you know that he/she will always ask: "What about violence?". This has occurred to me in Poland, in Italy, in England, in the United States. ETA's violence is preventing the country's economic development.

All in all, Roberto Velasco (UBC) summarised the challenges which Bilbao is facing at present as follows:

Common sense tells us what the weaknesses are here: environmental deterioration, economic decline, industrial dereliction, urban chaos and social and political fragmentation. These are the problems we have to face as they are preventing a more spontaneous regeneration.

Diagram 3.1



3.4. Regeneration Strategies

The industrial collapse and their various associated forms of decline constitute the backdrop to recent regeneration strategies for Bilbao. Then, in this case, as seen above, the task of overcoming such a collection of problems faces the added handicap of specific and complex political problems, partly stemming from the fragmented local government structure. Far from producing a unitary effort, as it would be expected, the

range of measures bears a constant mark of political disparity, although all concerned share the view that the whole Basque Country had to look for a solution for Bilbao.

3.4.1. Various approaches

Multiple projects share the Bilbao stage at the moment. While the Strategic Plan was created with the aim of filling the gap between territorial and sectoral policies, a new set of different territorial policies also play their part, as Bilbao Metr poli 30 and Bilbao R a 2000, the two newly created agencies do. Then the Guggenheim museum emerged from a different route, since it never was specifically planned. As will be shown below, while it seems clear that most of these initiatives represent renewal exercises which place stress on image and place marketing procedures, a more recent Inter-institutional Plan for the Revitalisation of the Left Bank attempts to move away from that particular focus. It is this which may constitute a more serious attempt at regeneration.

3.4.1.1. The Strategic Plan for the Revitalisation of Metropolitan Bilbao

Starting in 1992, strategic planning was adopted for Bilbao, as a major tool for directing economic regeneration. In Rodr guez's (1996) words, the decision was the result of a series of debates, initiated in 1989 by the Basque government on prospects for revitalisation. Representatives from various economic sectors and institutions such as the Chamber of Commerce, the Provincial Government, the Port Authority, large banking

institutions, consulting firms, economic experts and planners were brought together for the first time to analyse urban decline and growth perspectives. As a result of these debates, Arthur Andersen Consulting was commissioned to draw up a strategic plan for the revitalisation of Metropolitan Bilbao. As in the case of Glasgow, the Strategic Plan arose from the Harvard SWOT model (strengths, weaknesses, opportunities and threats/competition) which, according to Cochrane (1991), as noted earlier, places stress on the need to develop business plans and associated flagship projects.

In the opinion of both Eduardo Portero (BCC) and Diego Moyano (BC), the new plan stemmed from a general acknowledgement that new policies based upon new criteria were required, since metropolitan Bilbao had to be re-designed as an area which looked to the future. In the same sense, echoing the aforementioned claim that former industrial areas should adapt to new economic contexts, the latter stated that people from Bilbao had to make a bid to modernise the metropolis and to revitalise its economic base. According to this view, Bilbao was confronting the challenge of reshaping a metropolis into a modern and competitive area, fully braced to face the new century (BM30).

At the end of 1991 the association for the revitalisation of metropolitan Bilbao, *Bilbao Metrópoli 30*, was constituted. According to Rodríguez (1996), the objective of this lobbying institution was to foster the development of the Strategic Plan, linking public and private actions in a common effort for revitalising metropolitan Bilbao. In 1994, *Bilbao Metrópoli 30* had more than 100 members including local and regional institutions, the Chamber of Commerce, the universities, large firms and private organisations.

The Strategic Plan looked at other countries to find useful examples of practice which could be applied in Bilbao. As had happened in Glasgow, Baltimore was taken to be one model. According to Javier Font (Bilbao Metr poli 30's Officer in charge of the Strategic Plan -M30-):

On designing metropolitan Bilbao's recovery we were inspired by the examples of Pittsburgh and Baltimore, in the United States. For forty years, both cities have been undergoing the transition from a manufacturing-based economy to what we could call a post-industrial economy. I like referring to this process as the arrival of the metropolis of knowledge, the advanced metropolis. Baltimore completely renovated the area around its harbour, while Pittsburgh concentrated on recovering its downtown. The latter city constructed an area called the Golden Triangle which closely resembles Abandoibarra [in Bilbao]. We also studied the experience of Glasgow, mainly in regard to the use of their cultural assets. Newcastle was also another of our case studies. However, Pittsburgh was our model par excellence. We found very many similarities between Bilbao and Pittsburgh. Both had had a tradition of heavy engineering and both are trying to diversify their economic base. We have really followed the experience of Pittsburgh.

The Strategic Plan identified various critical subjects or policy areas, but the whole document was inspired by the philosophy of building a new economy which, like international models, was based on services. Eduardo Portero (BCC) seemed to be convinced by this idea when he said:

The revitalisation of metropolitan Bilbao is based on the shift from manufacturing to the future area of services. The time of industrial business is over. The new city of services is coming. We are trying to build a new Bilbao as a business centre. We want this to be an area of services by the year 2000.

In the same line, Javier Font (M30) remarked that Bilbao was trying the great leap forward. According to him, despite Bilbao's traditional industrial culture, the area should now be converted into something different, like software or information technology culture.

Bilbao was, from this point of view, reflecting the widespread attempt to become a world corporate headquarters centre with a new central business district. Since the prevalent imagery stresses high technology science-based industries, financial services and other new producer services, as Healey (1990) remarks, the target is transforming urban space to make it more appropriate for the hoped-for-activity-mix which will provide a base for a new self-sustaining economic future for older industrial areas. In this sense, Javier Font (M30) mentioned, as a major achievement, the fact that the European Software Institute (ESI) headquarters, an independent organisation which comprises seventeen major European software manufacturing and user companies, had located in metropolitan Bilbao. According to him, given that there was going to be competition with eight European cities including Bonn, Geneva and Glasgow, Bilbao was compelled to make an attractive bid, which included tax abatements, to attract the ESI.

Likewise, he illustrated what Bilbao Metrópoli 30, in implementing the Strategic Plan is trying to do, using the example of the Abandoibarra project:

Abandoibarra is the biggest opportunity within metropolitan Bilbao. We have to attempt to transform the area into an “arts boulevard”, a centre of culture, entertainment, tertiary activities and advanced services. We have to make it as profitable as possible. The Guggenheim Museum has to prompt the development of cultural industries, such as art galleries, CD-ROM and luxury art books publishers, this kind of things.

This new approach has meant the appearance of various physical flagship projects within the area, in the hands of internationally acclaimed architects. Norman Foster designed the underground stations for the city while Santiago Calatrava designed both the Uribitarte foot bridge over the river Nervión and the future airport enlargement. Cesar Pelli and Frank Gehry have been the designers of Abandoibarra and the Guggenheim museum

respectively. In this view, therefore, *spatial transformation becomes a key element to change the area's profile of economic activity, to change its image and to improve the assets of these old areas in which the former use of the space was totally obsolete* (BM30, 1992, p. 3). As mentioned earlier, this goal epitomises the extent to which re-designing new economic infrastructure in declined manufacturing districts becomes a primary end.

Some voices, however, have questioned the Strategic Plan because of its focus on services as the foundation of Bilbao's new economy. As María Soledad Esteban (UBC) pointed out:

The Strategic Plan was imbued with the idea of services as the key to revitalising the economy. The documents spoke of both services and manufacturing, but the aim was to replace the latter with the former. That was constantly in the newspapers. Occasionally you could even see some ridiculous projects. I particularly remember one of those projects about the new Zorrozaurre isle, transformed into Bilbao's Manhattan. How ridiculous!

The effectiveness of the Strategic Plan has been regarded with generalised scepticism, since its implementation has continuously been threatened by the traditional and visible Spanish divorce between policies which emphasise territorial approaches, and those which target the problems in a sectoral manner, without paying attention to their physical dimension. In this sense, as María Soledad Esteban (UBC) stated, despite its flaws, the Strategic Plan at least proposed an overall regeneration scheme which attempted to combat fragmented land use policies. Javier Font (M30) also pointed to this merit, as Bilbao Metr poli 30 was the only institution concerned by the latter problem.

I think one of the main assets of Bilbao Metr poli 30 is to have a holistic vision of Bilbao's revitalisation process. Bilbao required a global perception of its regeneration and we are trying to fill this gap.

In summary, while its content occasionally prompted disapproval, its comprehensive approach was regarded as positive, as a means to surmount Bilbao's segregated policies. Yet, in the words of Rodríguez (1996), the Strategic Plan has not succeeded in establishing itself as the uncontested instrument for urban revitalisation. Even if assuming the rhetoric on public-private partnerships, Bilbao Metrópoli 30, the agency in charge of developing the plan is relatively isolated from other initiatives and institutions. Then, without any statutory powers and with limited executive capacities, there has been a clear absence of effective mechanisms to secure the plan's implementation. As Rodríguez (1996) points out, the plan lacks any legal means of neutralising decisions that conflict with its own proposals and often stands as a passive spectator of resolutions that directly affect the metropolitan area. A clear example in this respect, is provided by the location of the Guggenheim Museum in Abandoibarra. Despite the fact that the development of cultural facilities and services is one of its specified critical fields, the plan played no part whatsoever in the decision to locate the museum in Bilbao. Other decisions, like the expansion of the port and airport facilities, the construction of the high-speed train system or even Bilbao's waterfront redevelopment, lay beyond the influence of the Strategic Plan. Decisions are being taken without any regard for its role (Rodríguez, 1996). In short, not only is the role of the Strategic Plan undoubtedly in question, but it remains disconnected from other planning initiatives, even where respective proposals are convergent.

3.4.1.2. Territorial policies

According to Rodríguez (1996), the approval in May 1990 of the 4/1990 Act for Territorial Planning of the Basque Country provided a new planning framework with the development of three new territorial planning instruments: a) Directrices de Ordenación Territorial (Territorial Guidelines), b) Planes Territoriales Sectoriales (Sector Territorial Plans) and c) Planes Territoriales Parciales (Land-Use Territorial Plans). Apart from that, all municipalities have jurisdiction over municipal statutory plans within their boundaries.

3.4.1.2.1. The Land-Use Territorial Plan

Although the Land-Use Territorial Plan of metropolitan Bilbao area is still in preparation, there was a preliminary study (approved 14 October 1997) which saw the future of Bilbao as exclusively dependent on its physical renewal. Again, echoing Healey's (1990) remark on the dominant discourse which emphasises the transformation of urban space for the awaited new economic activity, the plan's main proposal is the construction of a road along the metropolitan area which, according to the authors, will ensure economic revitalisation. While this plan goes beyond the fragmented initiatives of municipal statutory plans, Rodríguez (1996) criticises its exclusive attention to land-use specifications, transport systems and physical infrastructures; the lack of any direct socio-economic dimension; the unresolved administrative hierarchy between sectoral and

spatially-sensitive policies; its isolation both from municipal plans and other metropolitan revitalisation proposals; and the lack of a formal implementation mechanism.

As stressed by Rodríguez (1996), the planning tradition in Spain treats areas more like physical supports and passive containers of various functions and activities than the dynamic socio-economic and political constructions they are. However, some of the interviewees believed that territorial planning tools were the best procedure for overcoming the crisis, ignoring the need for a more comprehensive approach. If this was the case for politicians or administration officers involved in territorial projects, such as Jesús Mari Erquicia (BG), Diego Moyano (BC), Juanjo Otamendi (PG), Pablo Otaola (R2000), Eduardo Portero (BCC) and Eduardo Leira (I3), more surprising was to hear exactly the same message coming from Pedro Hernández (PG), since he is responsible for economic development issues (although as former Minister of Territorial Affairs). In his opinion:

This [the preparatory study of the Land-Use Territorial Plan of metropolitan Bilbao] is the key for future development. This document sets up the basis for the recovery of the Bilbao metropolitan area. This is the crucial tool for building the future. As accesses to both the city and the metropolitan area are completely congested, the new road, the so-called river motorway, will be the essential element of Bilbao. If we could surmount the gap between both banks of the river, through the construction of this axis all along, we would be able to recover the abandoned old industrial areas. Inward investment will come only if we physically regenerate the old manufacturing tissue.

In his words, the argument runs as follows:

The area will attract investment if we change its physical image. Once investment has arrived, it will produce wealth and this, in turn, will create new employment. Then people will have a better life, which is my main target. I am absolutely sure that our future, the future of our territory, depends on this strategy. If people do not understand that our future relies on this plan, they have understood nothing. I know

that this is not my political responsibility at the moment, but I constantly repeat it. If a politician does not understand this, he/she is not able to understand anything. Those who do not see that even if we talk about physical renewal we are speaking of economics, are completely blind. When you build up new infrastructure, these elements attract new economic activity. We do not want to do it because of aesthetic reasons, but because economic regeneration will spontaneously come next. This is my principal goal. Even more, I have no other goal. I do not come from architecture, but I believe in the capacity of roads infrastructure to transform the territory. I usually say that even if these things seem to be urban planning, they are in reality, economics.

Infrastructure enhancement was also Diego Moyano's (BC) main objective:

We are going to adapt infrastructure for the future modern metropolis. Our challenge is to transform the old area formed by a city and many other municipalities into a sort of urban continuum. Consequently we have to improve our communications infrastructure. This will grant new space for services, our main economic activity in the future, as well as green areas.

If similarly, Eduardo Portero (BCC) thought that infrastructure will facilitate the future use of the river area as a meeting point, Eduardo Leira (I3) went even further when also emphasising the important role of infrastructure. He saw roads as pioneers, the *colonising* elements of new territories.

Clearly the Land-Use Territorial Plan embodies all the rhetoric involved in property-led regeneration practices. As Healey (1990, p. 99) explains, *the objective is to achieve local economic growth by providing the physical structures and locales appropriate for the new kinds of economic activity which will replace the old manufacturing industries*. In Rodríguez's (1996) opinion, however, while the promotion of economic and urban growth is the ultimate aim of the different territorial initiatives, growth remains, for the most part, an unqualified statement. Economic recovery is treated as an almost automatic outcome of physical renewal and critical decisions about land use designation, large infrastructure developments, the construction of massive office and commercial space, or

the creation of emblematic spaces are made on the basis of a very partial view of economic restructuring and growth processes.

3.4.1.2.2. A new territorial mechanism: Bilbao Ría 2000

Apart from the plans stemming from the 4/1990 Act for Territorial Planning of the Basque Country, in December 1992 central government and the Basque administrations agreed to create another territorial tool, Bilbao Ría 2000. As the Basque version of a British Urban Development Corporation (UDC) (Rodríguez, 1996), it brought together, under one roof, all the authorities (central government, Basque government, provincial government, Bilbao City Council and Barakaldo City Council) involved in the recovery of the Bilbao area. Central and Basque Country administrations each hold a 50% ownership, even although Bilbao Ría 2000 has formally been created as a private firm. It operates in practice as a quasi-public agency, its purpose being to put into practice a series of urban renewal operations within the metropolitan area of Bilbao.

More specifically, Bilbao Ría 2000 facilitates strategic operations by freeing land for new uses and supervising its subsequent redevelopment, thus enabling the private sector to make new investments in areas with first-class facilities and potential (BR2000). According to Rodríguez (1996), although Bilbao Ría 2000 operations are determined through standard planning procedures, the agency retains considerable implementation powers. These include disposal of land and other property, as well as the management of

public funds for redevelopment. In Pablo Otaola's (R2000) words, the agency could be regarded as something new in Spain, but not in other countries:

After some time you realise that our agency is exactly the same as that which has been created everywhere. It could be more public or more private. Sometimes it is in the hands of the state, sometimes in the council's. It could be an agency or a partnership or a consortium. Sometimes they redevelop a waterfront, other times railway infrastructure or industrial areas. Even if there are five or six elements that could continuously change, these agencies are all the same.

According to many interviewees (Jesús Mari Erquicia -BG-, María Soledad Esteban -UBC-, Pedro Hernández -PG- and Diego Moyano -BC-, the creation of Bilbao Ría 2000 was a great achievement. María Soledad Esteban (UBC) emphasised that the agreement between the central government, the Basque government, the provincial government and the council to create this new agency, was regarded as the first step to change the former situation. Diego Moyano (BC) also stressed the effectiveness of Bilbao Ría 2000, to co-ordinate institutions while Pedro Hernández (PG) was even more enthusiastic:

Bilbao Ría 2000 is a great *invention*, as it is the meeting point of all political parties and institutions committed to Bilbao's development. We are all very happy and quite easily reach consensus. Even when governments changed within the Basque Country, all parties agreed that the agency would continue.

According to Rodríguez (1996), even if co-ordination was one of its main strengths, its overwhelming concern was with economic profits. It was this aspect, above all else, which made Bilbao Ría 2000 the subject of criticism. In her opinion, the agency attempts to achieve maximum efficiency in the use of resources and maximum financial self-sufficiency, so as to minimise the need for public investment. Nonetheless, since the high risk/low profitability character of the early phases of urban renewal precludes private sector involvement, Bilbao Ría 2000 is required to undertake land reclamation and basic

infrastructure construction in the hope of obtaining equivalent returns from future land sales to private developers. In that sense, the agency resembles a private firm, except for the fact that it is public resources (land and money) that take all the risk of speculative redevelopment in order to facilitate further private profits (Rodríguez, 1996). Roberto Velasco (UBC) shared this opinion:

People's needs and demands are far from being Bilbao Ría 2000's main concern, since the agency has primarily to look for resources and funding to implement its projects.

However, much more significant were Pablo Otaola's the Chief Executive of Bilbao Ría 2000 very words, when he described the agency's *modus operandi* as follows:

What we do here is selling, and so far we do it very successfully. We tell the developer: "Look, I will give you land, I will help you make that land as profitable as possible, I will help you get planning permission and you will not have to worry at all. In turn, you are going to pay me a lot for that land". They all are immediately interested because they will not have to fight against the council to get planning permission.

In Barakaldo we have acted as real property sellers. We have said: "How much do we need? Two thousand housing units?" If we had had more money we would have reduced the amount of profitable housing units. We could say that we have been property sellers there. However it is also true that 500 out of the 2,000 housing units will be subsidised and this substantially reduces the rate of profit. Actually, we are seen as speculators by some people because of our financing procedures.

In short, Bilbao Ría 2000 exemplifies another version of what Jessop (1996) calls new combinations in the attempt to enhance competitiveness. Following the entrepreneurial style pattern, Bilbao Ría 2000 includes characteristics traditionally viewed as distinctive to the private sector, even if in reality it is formed by public sector institutions.

3.4.1.2.2.1. Bilbao Ría 2000 projects

Initially, Bilbao Ría 2000 was created to develop two areas within the city of Bilbao: Amézola and Abandoibarra, although it is finally dealing with four projects: Amézola, Variante Sur and Abandoibarra within Bilbao municipality and URBAN-Galindo, which is partly financed by the European Commission's URBAN programme, in Barakaldo.

The Amézola project involved the reconversion of an underused railway station from industrial and freight transport uses to urban transport. Besides, nearly 10 hectares were transformed into residential and green areas. With regard to the Variante Sur project, the target is to transfer the left bank metropolitan railroad line that now divides Abandoibarra area to the Amézola freight line. The benefits obtained from sales in Amézola and Abandoibarra were expected to cover most of the costs, ensuring a high degree of self-financing (Rodríguez, 1996). Again, Pablo Otaola himself (R2000) illustrated this point,

In Amézola we planned a green area, a medium-size green area. It could have been bigger, but this is the way it is. The same applies to the high-rise housing buildings; they could have been lower but...

The URBAN-Galindo project involves nine operations, half of whose cost will be financed by Brussels, from their URBAN programme. According to Diego Moyano (BC), the project is not only targeted at recovering old industrial land but it also has a social component. In his words:

Some of the nine operations attempt to alleviate unemployment and training problems in Barakaldo. Together with training programmes, the project will promote infrastructure works such as the new road along the river.

More specifically,

two areas of economic activity will be created, one of them allocated for an entertainment theme park. I mean, this will be a business area focused upon leisure activities with an important educational component. It will create 300 new jobs. The second area will house an entrepreneurial park.

However, the social component of URBAN-Galindo was less than clear for Pablo Otaola (R2000), when he was interviewed in 1995:

We are going to start working on Barakaldo. The project has to do with social programmes and economic promotion and I feel quite reluctant to get involved. I honestly cannot work with someone who has to deal with social programmes. I would go mad, I do not know how to do these different things at the same time. It is too complicated. Since I know nothing about these social affairs, I do not feel like getting involved. Logically there should be someone else in charge of this project. There are other people who know how to do that, as British agencies do. We [Bilbao Ría 2000 staff] are architects, civil engineers and economists. There is no sociologist or psychologist in our team. There is no expert here to deal with social problems, which are the real problems in Barakaldo.

In spite of these objections, two years later, in 1997, Bilbao Ría 2000 had started implementing the URBAN-Galindo project. According to Pablo Otaola (R2000), the Barakaldo project had had a great impact on the agency team:

Bilbao Ría 2000 started working within the world of *glamour*, but Barakaldo has made us see the real world. Even so, in Barakaldo, I still feel quite on the side of *glamour*. We are planning beautiful things without getting our teeth into the real problems Barakaldo is currently facing.

3.4.1.2.2.2. Abandoibarra

Abandoibarra is doubtless Bilbao Ría 2000's spearhead project. According to one of the advertising leaflets (BR2000): *Three hundred thousand square metres in Bilbao city's centre, next to the river, will provide space for services, businesses, commercial retail, hotels, leisure and residential areas. One hundred thousand square metres will be assigned as recreational areas on the banks of the cleaned-up river. New pathways and an extensive promenade along the river bank will round off the new Abandoibarra area. Thanks to its privileged setting, the importance of the cultural facilities in the surrounding area - these include the new Guggenheim Museum as well as the Euskalduna Conference and Concert Hall - and the future business activity to be housed there, Abandoibarra is set to become the symbol of recovery for the city and the flagship project of the new Bilbao.*

Abandoibarra is also a high-design product, as illustrated by the fact that two internationally distinguished architects took part in developing the proposals for this area, as noted earlier. Whereas the broad design guidelines for the zone were created by Cesar Pelli, the recently inaugurated Guggenheim Museum is the magnum opus of Frank Gehry. Allegedly Abandoibarra is also the main piece in achieving a new image for the city, which consequently will become an engaging location for advanced services, especially banking and insurance, high technology and specialised commerce (González, 1993). As Javier Font (M30) underlined:

We have to attract decision-making centres here, using our tax incentives as bait. We have to attract foreign investment. We know that headquarters of powerful multinational companies will not come here, but middle range enterprises might. For instance, those new firms from emerging countries like Korea or Malaysia which are currently setting up in Europe, could locate their southern European headquarters here. Abandoibarra is in good standing to house these kinds of firms.

Zulaika (1997) remarks, however, that promoting the needs of a new post-industrial economy is only an excuse to invoke the big names of international architecture. In his words, Abandoibarra constitutes a good example of architecture as spectacle, a process which usually involves massive public investment in opulent buildings and flagship projects, always designed by star architects.

The apparent uniqueness of this area made some interviewees use stirring language when referring to it. While Javier Font (M30) named Abandoibarra Bilbao's "star" project, Pedro Hernández (PG) said that Abandoibarra was the "engine" of Bilbao's revitalisation process, while Pablo Otaola (R2000), for his part, labelled it as Bilbao's "jewel". In the same sense, Eduardo Portero (BCC) remarked that Abandoibarra is the emblematic project of Bilbao which will relaunch the city towards the international market. Pedro Hernández (PG) went even further:

Abandoibarra is our identity card, the mirror and the label of Bilbao's and Vizcaya's future. It is really great. Both the Guggenheim Museum on the one hand, and the Euskalduna Conference and Concert Hall on the other, plus offices, housing, everything... It is going to be wonderful.

From a much more ironic side, Rodríguez (1996) also named Abandoibarra the "jewel in the crown" of the city's urban regeneration, an archetype of the new post-industrial, innovative, competitive and post-modern Bilbao. According to her, Abandoibarra is a classic waterfront scheme which involves the creation of a mixed land-use area for advanced

services, high-income housing, commercial zones and cultural and entertainment infrastructures in the heart of the city.

In spite of a huge advertising campaign, the proposal for Abandoibarra area is currently being questioned, even if the Guggenheim museum is already opened and the Euskalduna Conference and Concert Hall will be finished in 1998. According to Jesús Mari Erquicia (BG), opposition to the project is based upon two aspects, design and land uses. In his words, one strand of disagreement comes from the alteration of Pelli's original guidelines. These have been changed in order to make the project more profitable. On the other hand, there is opposition to the commercial centre which is not accepted in such a central urban area. While the opposition has been led by Bilbao's retailers, this has stimulated a discussion about the whole project:

I do not know what is going to happen. While the museum will be opened in October and the Euskalduna Conference and Concert Hall is in progress, the whole design is being widely contested. They are thinking of reducing the commercial area.

When Pablo Otaola (R2000) was interviewed in 1995, he remarked how much he would have liked a lower density project, although the agency had to choose high-rise buildings in order to get a bigger green area. Later, in 1997, he had changed his mind:

People reject the commercial centre, but this is not all. At the moment, opposition to this project includes architects, retailers, citizens, quite a lot of people. Some of them reject the whole project. I defend it, even if I understand that the commercial centre can be problematic. Some people complain about the high density. They think that the green area must be bigger than it is. I used to share this idea, but I changed my mind after seeing a huge number of similar projects all over the world. I used to look at these things from an environmentalist perspective which made me feel quite uneasy. At present, however, I think that everything is more complicated. Nobody thinks about Abandoibarra from a global point of view. In my opinion, building a bigger green area here does not make any sense.

Against the latter point of view, Eduardo Portero (BCC) thought that people like a green area in Abandoibarra because Bilbao is a very tough city with hardly any parks. In a similar sense, Roberto Velasco (UBC) pointed out:

We, the people of Bilbao, are threatened at the moment. Just because Bilbao Ría 2000 needs the money to invest in some other projects, we are threatened by the construction of a dense screen of buildings. We currently can see the opposite river bank, which is really nice given that our view has always been limited by the mountains. The city cannot be punished in this way. If they do that, it will be an unforgivable mistake.

There were also some doubts concerning the number of offices to be located in Abandoibarra given the current oversupply of office space. In Javier Font's (M30) opinion, while residential units within the area will be very easily sold, offices will have to be strongly marketed. Something similar was expressed by Jesús Mari Erquicia (BG), whereas Eduardo Portero (BCC) remarked:

Bilbao is full of offices. I mean, if you walk around you will see the huge amount of offices for rent. Maybe what they want is to concentrate all Bilbao offices in this area.

Beyond the conflicts due to the disagreement with some characteristics of the proposal, the authoritarian character of the agency should also be taken into consideration. In Rodríguez's (1996) opinion, Abandoibarra accurately illustrates how Bilbao Ría 2000 has raised questions about the privatisation of planning, its lack of political accountability and its exclusive focus on economic feasibility. Eduardo Portero (BCC) stated that far from participating in the Abandoibarra decision-making process, Bilbao citizens, at the beginning, did not even know where Abandoibarra was. In a similar sense, Roberto Velasco (UBC) stressed that citizens' opposition was due to the fact that all decisions had been made behind closed doors. This is seen to be one of the common features of

such property-led exercises which, according to Leitner and Garner (1992), subvert the democratic process.

Furthermore, Pablo Otaola (R2000) himself saw a link between the opposition they are currently facing and the fact that:

I did not want to show the project I mean, to explain to citizens what we wanted to do there. I wanted to show it once it was finished. I did not want to make it public. Consequently, by the time I decided to do it, I realised that nobody knew exactly what our project was. What people know about the project are the demagogic criticisms which have appeared in the papers.

The fact that Bilbao Ría 2000 does not seem to believe in citizens' participation was also clear when Pablo Otaola, its Chief Executive, spoke about a former information campaign, concerning a previous project, not Abandoibarra:

That was a double campaign. Theoretically, we were going to explain to the people of Bilbao what we were going to do in the area. In practice, however, what we wanted was to check the state of the buildings close to the project, in order to avoid conflicts when we started the work. I remember how much people complained when the underground was being built. Many people said that their homes were being affected by the work. I did not want that to happen again. So, I would say that that was a defensive campaign more than anything else.

3.4.1.3. The Guggenheim Museum

José Antonio Ardanza, *lehendakari* or Chief Minister of the Basque Government, stated during the Guggenheim Museum opening ceremony, that in cleaning up its image, Bilbao is also converting old derelict factories into progress and future. According to him, this process is taking place in the same area where the Basque Country first experienced the

industrial revolution. This in turn, had prompted a long period of wealth and prosperity. Thus, if the collapse of manufacturing brought about dramatic decline, Basques are now reviving and looking again at the future (El Mundo, 1997; El Correo 1997a). The message was spread all over the world: the Guggenheim Museum, as the emblematic symbol of the regeneration of Bilbao, will make it possible. Bilbao will overcome the crisis. Bilbao will establish a new economic foundation.

Behind the Guggenheim Museum, in the words of the Chief Minister of the Provincial Government Josu Bergara, there are four implicit targets: 1) to overcome the economic crisis, 2) to set up a first-class cultural area, 3) to regenerate the Bilbao area, and 4) to undertake the modernisation of metropolitan Bilbao as the socio-economic core of the Basque Country (El Mundo, 1997). Therefore, the Guggenheim Museum goes beyond its cultural role, to become the stimulus for Bilbao's urban and economic regeneration. In fact, both the newspaper El País (1997a) and the economic newspaper Cinco Días (1997a) recently emphasised that the arguments to attract the Guggenheim Museum involved the need for the economic revitalisation of Bilbao area. More specifically, as quoted by Zulaika (1997, p. 291), it was thought that apart from the country's international projection, the museum acted as a sort "*of device for strategic development in the global society*", amplifying the Basques' opportunities in economics and finance. "*We needed a big project in order to diversify our economy*", declared the Chief Minister of the Provincial Government Josu Bergara, (Bergara, 1997).

The modern art collection of the Guggenheim Foundation is supposed to be Bilbao's first step in the new millennium, when the river banks will be lined with services and cultural

activities (Cinco Días, 1997b). In fact, the sentence, “*this is not an expense, but a long-term investment*” is continuously repeated by Basque politicians, even if, as stated by El Correo (1997b), it would not be logical to grant the museum full responsibility for Bilbao's economic recovery. As in the case of Glasgow, the use of culture and cultural facilities in Bilbao becomes a resource for economic gain (Philo and Kearns, 1993).

However, while revitalisation and prosperity are messages frequently repeated, the process whereby the Guggenheim Museum was eventually located in Bilbao is full of ambiguities. Far from being specifically planned, the Guggenheim Museum has been the result of various coincidences. To start with, it was not envisaged either by territorial policies or by the Strategic Plan. As Javier Font (M30) explained, such plans and policies had only foreseen the general usefulness of setting up a museum of contemporary art in Bilbao area.

According to Zulaika (1997), who recently published a detailed study on the subject, the financial problems of the New York museum encouraged Thomas Krens, an economist and the ambitious director of the Guggenheim Foundation, to adopt a system of franchises to revitalise the Foundation failing finance, even although such a formula had never been applied before to the domain of cultural activities. The plan was, therefore, that a new franchised museum would be built in Europe which was entitled to use the Guggenheim name and identity. In the United States, the idea was called McGuggenheim because of the similarities with the MacDonal chain of restaurants (Zulaika, 1997). In Alonso's (1997) words, Krens adapted multi-national enterprise to museums.

Krens travelled a lot with his project. According to Zulaika (1997), there were rumours that Boston, Venice, Salzburg, Vienna, Osaka, Graz, Tokyo and Moscow had all rejected Krens' idea. In Spain, Madrid, Seville, Salamanca and Santander apparently did the same. Eventually Krens rewarded the representatives from the Basque administration with a successful result, even if at the beginning he considered Bilbao as a very peripheral location. Gaining support for the project from the different tiers of Basque local government was important in that it could enhance the availability of funds which the Basques could offer, stemming from their particular system of local taxes. It was this that made Krens choose Bilbao as his preferred location for the new museum (Cinco Días, 1997c).

Nevertheless, the conditions that Krens imposed on his Basque partners went far beyond any reasonable agreement (Fernández Galiano, 1997; Zulaika, 1997). The agreement both parties signed in 1992, which will last at least for 75 years, produced major opposition (El País, 1997b). The document acknowledged that the Basque administration had to invest more than 20,000 million pesetas (80 million pounds) in a new museum to be built by an architect with an international reputation. In addition, the Vizcayan provincial government had to pay 2,000 million pesetas (8 million pounds) to the Guggenheim Foundation just to use its name. Furthermore all the museum business operation expenses, and its ordinary budget expenditure, would also have to be paid by the provincial government. The Guggenheim Foundation would also be given half of the profits stemming from indirect sales. Apart from having in its hands all the economic aspects, the decisions concerning the art collection (exhibitions, purchases or promotional campaigns) would be responsibility of the Foundation (Zulaika, 1997).

Krens even decided on the urban location (Abandoibarra) where the museum would be built, even if the Basques had plans to rehabilitate a historical building for this purpose. Critics saw the agreement as an unconditional surrender by the Basque government to the unlimited power of the Guggenheim Foundation (Cinco Días, 1997d). Intellectuals and people from the world of culture, also criticised the project as *pharaonic* (El País, 1997b). Given the 'despotic' nature of these impositions, El Correo (1997b) acknowledged the need to modify some of the agreement clauses in the near future. According to this newspaper, the secrecy present when the Basque administrations negotiated the agreement must be abandoned, while the degree of Basque responsibility for the museum management in the future should be expanded.

In Fernández Galiano's (1997) opinion, the agreement between the Guggenheim and the Basque administrations is deeply uneven. The administrations, in his view, have left their political culture in the hands of an adventurer, by giving him unlimited institutional support and funding solely to build a US franchised museum. Furthermore, according to him, the Basque administrations are committed to finance any budgetary deficit, which will mean a huge amount of money annually for the museum (Fernández Galiano, 1997).

In the same sense, Zulaika (1997) quotes *Flash Art*, a prestigious Italian art journal, which in 1992 stated that the Guggenheim museum was a fraud for the Basque people. Speaking about the recent expansive strategy of the Guggenheim Foundation which is based on the exploitation of feeble countries, the journal even said that Spain and the Basque Country in particular, had been added to the list of the Guggenheim's victims. *Flash Art* considered it very difficult to believe that the Basque Country had knowingly

got involved in the construction of the most expensive contemporary museum in the world, given the numerous economic and political problems that the country has to face. In the journal's opinion, the Guggenheim was the kind of museum which not even the United States could afford.

Consequently, the political direction on cultural issues held by the Basque government was heavily criticised. In 1992, Basque newspapers claimed that the Guggenheim had taken over 80% of the public budget for cultural activities. In fact, it has been estimated that the maintenance costs will annually reach between 1000 and 2000 million pesetas (4-8 million pounds). Writers, artists, actors, journalists and people from the world of cinema, founded the association Kultur Kezka, to express their worries about the political practices in respect of culture which were being pursued by the Basque government. At the same time, the Guggenheim's architect, Frank Gehry, remarked that the Bilbao administrations had been the best customers he had ever had (Zulaika, 1997, p. 241).

Zulaika (1997, p. 143) ironically summarises the ultimate sense of the agreement between the Basque administrations and Krens. According to him, while both the provincial government of Vizcaya and the Basque government will give for many years a huge amount of money to the Guggenheim Foundation, the Basques in turn, are going to receive *future, image, prestige and millennium*, in what constitute a paramount example of the aforementioned role of new urban images and 'city myths' (Goodwin, 1993).

With regard to the internationally acclaimed edifice, it must be said that the enthusiasm for the architecture of the museum, as a unique building of glass, stone and titanium, is

practically unanimous. There have been, however, some critical voices such as that of the prestigious Basque sculptor Jorge Oteiza, who labelled the Guggenheim the “BasqueDisney circus” (Zulaika, 1997, p. 278). According to Fernández Galiano (1997), the museum is less a building than a big sculpture which resembles the ephemeral architecture of theatre and cinema sets. In the words of the art critic Calvo Serraller (1997), given the poorness of the current collection, the Guggenheim can be called a “museum” only from a “virtual” point of view. According to him, if a museum is to be valued with regard to its permanent collection, the Guggenheim Bilbao is not a museum. Furthermore, in his view, proper museums must be clearly distinguished from buildings in which they are housed. The building has but a decorative purpose for international promotion (Calvo Serraller, 1997). In fact, illustrating this latter point, as Zulaika (1997) stressed, at the beginning of 1997 nobody from the Basque administrations knew anything about the museum's future collection because everything was in Krens' hands. In the same sense, Fernández Galiano (1997) underlined the uncertainty of the artistic project, given the unclear agreement between the Basques and the Guggenheim Foundation concerning the art collection. In his opinion, the museum's main work of art is the building itself. In *El Correo's* (1997b) view, in the future, overriding the unfair agreement, the Basque administrations should be capable of taking decisions concerning both the permanent collection and the purchase of new works of art. Furthermore, in the newspaper's opinion, the price paid for what has already been bought should be made public in the same way as the budget to acquire new pieces.

One month after it was opened, the Guggenheim museum attracted 100,000 visitors (*El País*, 1997c), while in January 1998, its second month, it recorded a further 260,000.

According to El País (1998) the Guggenheim has exceeded all records of visitors to Spanish museums with more than 10,000 per day. In the newspaper's view the Guggenheim director's only worry was how to keep this appeal in the medium-term.

3.4.1.4. The latest view

In February 1997 a new plan appeared on the Bilbao scene. At that point, there seemed to be a fairly general consensus about the ineffectiveness of the various initiatives focused on Bilbao area, and particularly on the left bank, which despite being the most deteriorated area in all senses, had not received proper attention. However, the reasons for the emergence of this new plan ran much deeper, for it questions many of the concepts which so far have driven Bilbao's regeneration strategies.

3.4.1.4.1. Back to manufacturing

The general theoretical debate which sets manufacturing against the service sector has had its equivalent with regard to the recovery of Bilbao. As mentioned before, Sayer and Walker (1992) remark that the term 'services' does not denote adequately the series of complex economic changes which are currently taking place. However, since the concept seems primarily to be associated with the new demand for attributes which have placed new jobs beyond the abilities of the workers who lost their manufacturing employment (Massey, 1994) many do not regard it as a proper solution for Bilbao's problems. On the contrary, as

illustrated below, not only manufacturing jobs are regarded as superior to service jobs in several ways, but industry is also considered to play a strategic role in generating wealth (MacInnes, 1995; also *The Economist*, 1994). In Juanjo Otamendi's (PG) view, after a first stage in which the most important revitalisation target seemed to be 'the city of services', a second consideration is currently taking place:

We must not abandon our tradition as if it were a shabby suit. Some parts of that suit do not fit anymore but others are still useful. If in the recent past, there were too many voices saying that we had to open new paths, we recognise nowadays that our heritage is also important. Our human capital is unbelievable in fields like engineering and technology, leaving aside the level of our manual workers. You can still see the weight of these people's formation, the way they understand the manufacturing processes. This is something you cannot throw away as if it were garbage, saying "What we need is services". Modern art is okay, but it should be correctly put in its context. You cannot lose your culture so easily. You cannot move from steel to micro-chips at no cost. People are conscious now that there are many things we can salvage from the past.

A similar point of view was expressed by María Soledad Esteban (UBC) when she also spoke about the recent dilemma between manufacturing and services:

As opposed to the former bias towards services, I think we are now facing problems from a much more realistic perspective. We had a very powerful industrial past, so taking it as the foundation, we have to introduce new manufacturing sectors and diversify our industrial bases.

The influence of the powerful industrial past was also emphasised by José Miguel Artaza (SPRI-LUR):

Bilbao has a very powerful industrial tradition. This tradition has to change because we have not Altos Hornos, we have not La Naval any more and we all know that this kind of huge factories will not come back. Bilbao has to modernise, but why cannot it be an industrial area? I think it can still be based on industry, but a different type of industry.

Furthermore, in his opinion, there is no reason to imitate the US model for urban regeneration in Bilbao:

When I heard about the much vaunted Pittsburgh example, I was always surprised. It seemed that they did wonderful things there. But the economic situation of Pittsburgh is very different from which we have on the left bank. This is not Pittsburgh and we have to face our problems differently.

José Antonio Calvo (SPRI) also stressed the same point:

There was a point in time when the Basque Country seemed to long for services. These services seemed to be much nicer and cleaner than manufacturing. However, we are nowadays realising that the base of the Basque economy has to be manufacturing, even if the service sector is also promoted. We know that the importance of the service sector is increasing, but we also see that prosperous services are always linked to manufacturing activities. It could not be any other way. We must not pass from one view to the opposite; from being an industrial area, we were going to build gardens and green spaces. Then, what do people live on?

As a further effect, the emphasis on services was causing an oversupply of land for offices, a point which was noted by both Jesús Mari Erquicia (BG) and Juanjo Otamendi (PG). According to the latter, all territorial projects were full of land-use specifications for offices:

When they were planning new internal communications, new space appeared whose destination was ... offices; when they were making plans to regenerate an area, the new space was for ... offices. I often wondered whether the Basque country could house so many offices.

Furthermore, Pedro Hernández (PG) remarked that manufacturing is the key to generating added value:

Otherwise the only way out is to set up lots of restaurants and cafés. If you want consulting firms and added-value producing services you need to base them on manufacturing.

The fact that manufacturing ought to be the key revitalisation process was also emphasised by both Jesús Mari Erquicia (BG) and Jose Félix Chomón (IBAE).

According to the latter:

A very productive industrial centre could pave the way to a city of services, but it does not work the other way round. A city of services does not create wealth, it only moves it.

In Javier Font's (M30) opinion, however, the opposition between manufacturing and services has to do, above all, with terminology. Accounting for the ambiguity of the latter term, he remarked how, while for some people software is manufacturing, for others, it is clearly services. Nevertheless, he seemed to belong to the group of people who, according to Massey (1988), view the services economy with enthusiasm, for he repeatedly stressed that what they want in Bilbao is advanced services:

If we wait until manufacturing is back again to bring in advanced services, we could be waiting for nothing. Although I know that there are risks in creating a fictitious offer of advanced services without any link to the industrial tissue, the attempt to base our economic development exclusively on manufacturing is like committing suicide. This would be like pretending to live on agriculture. That time is over. What is the percentage of industrial workers in Glasgow, for instance? Around 14%.

Then, former industrial workers, according to him, will have to accept the kind of jobs which are seen as prevalent in the economy of services by more sceptical people (Massey, 1988), that is to say, the hotel and catering industry and the casualised work of the tourism sector. In fact, with regard to potential new employment in Bilbao, his view was as follows:

New employment will not be for former industrial workers since in the future, steel and shipbuilding production will take place in Latin American, Asian or East European countries, where employment costs are lower than here. After studying other international experiences such as Pittsburgh's we have seen that former industrial workers should be employed in personal services, even if these workers somehow despise that kind of job. In recent times we saw local industrial workers, when they went to the Mediterranean coast for holidays, saying: "I would never work in a restaurant". However, this is the type of jobs they should accept nowadays as they do not fit the personnel requirements of the high added-value employment we want to attract to this area.

Furthermore, he suggested that the new emphasis on manufacturing for the left bank area was the product of a certain rhetoric:

Left bank people do not want to lose their industrial culture. Maybe this is the reason why politicians have insisted on manufacturing. Despite this, however, there is general institutional agreement on promoting advanced services. Otherwise, manufacturing will not become competitive enough to attract new investment.

The most expressive counterview to the latter opinion was provided by Roberto Velasco (UBC) who said that he could not help laughing when he listened to what was being said about the attraction of services to the area:

They do not speak about commercial services, public administration services or education services. They speak of the attraction of high added-value services. Given the manufacturing crisis, this idea is simply senseless. The prosperity which metropolitan Bilbao raised in the past was due to manufacturing. We should not forget that manufacturing is still the economic sector with the highest added value, its productivity generally being also higher than that of services. Fortunately, at the moment, I think that the marketing of services is declining. Now it is being said that the area should be the site of clean and modern manufacturing firms. This is what should be done. Then, services will appear in addition to all that.

The head of the association of Bilbao's civil engineers, Agustín Iturriaga (*Estrategia Empresarial*, 1997), expressed a similar idea when he said that the key to solving unemployment problems is manufacturing for it represents the real engine of the

economy. In his opinion, if the country does not pay more attention to manufacturing, there will be no chance of achieving a healthy service sector.

Javier Maqueda (CEDEMI) pointed in the same issue, by subtly criticising the recent stress on image:

Was it necessary to build the Guggenheim? I think it was. Did Bilbao need the Euskalduna Conference and Concert Hall? I think it did. However, I also think that the regeneration of the industrial tissue was far more urgent than all these things. There was a demand on the street, particularly on the left bank, which said: "This is enough. Stop it". I mean you cannot use everybody's taxes for pharaonic buildings when you forget at the same time what is most important. If we have a lot of advanced services firms, but no new manufacturing activity, who are the former going to work for?

Therefore, the current view, as expressed by María Soledad Esteban (UBC) and José Félix Chomón (IBAE), is both to change and diversify the industrial tissue. Then, if one sector declined, the others would better resist the impact and take up possible redundancies. Reducing unemployment is the overall target, with different approaches being outlined at present, based on the attraction of manufacturing inward investment and the encouragement of a new entrepreneurial spirit in the area.

3.4.1.4.2. The Interinstitutional Plan to revitalise the left bank

On 17 February 1997 the central government, the Basque government, the provincial government and the municipalities from the banks of the Nervión river signed an institutional agreement to revitalise the area. A month later, CEDEMI (Centro de Desarrollo Empresarial de la Margen Izquierda), the left bank business innovation centre

was constituted, partly funded by the European URBAN programme, which foresaw the creation of this agency in the municipality of Barakaldo. The CEDEMI board was formed by the mayors of the left bank municipalities, the Basque government and the provincial government. The two latter institutions provide funding to promote new entrepreneurs. This together with the attraction of new manufacturing investment plus training programmes for left bank residents are regarded as the means to solving the critical unemployment problems within the area.

Behind the institutional agreement, as stated by José Félix Chomón (IBAE), was the consensus between the Socialist Party and the Basque Nationalist Party. According to both José Miguel Artaza (SPRI-LUR) and José Antonio Calvo (SPRI), the agreement was essential after years of failing to properly address the problems of the left bank. In Javier Maqueda's (CEDEMI) opinion, so far problems had been addressed from top to bottom:

What did Bilbao need? A conference palace, the Guggenheim and so on. Then people at the bottom thought: "All these things are okay, but we need new jobs, otherwise we will not have anything to eat".

Consequently, the new plan has nothing to do with the strategy implemented so far, as Javier Maqueda (CEDEMI) remarked. Furthermore he used the example of social polarisation in New York as something to be avoided in Bilbao:

The Guggenheim museum, the MOMA museum, both are impressive, but they also have in New York very problematic neighbourhoods such as the Bronx. This must not happen in Vizcaya. We must not permit these differences. We have to concentrate on reducing the unemployment rate. Otherwise where are the redundant workers' children going to work? For the Guggenheim, when only twenty new jobs are being created?

Various measures focused on manufacturing, are already in progress, as a result of the public funding provided by the Basque government, the provincial government and the central government. Now, the supply of clean land suitable to set up new business was regarded to be an essential goal for the area regeneration. As José Félix Chomón (IBAE) stated:

We have a tremendous scarcity of industrial land. If a firm comes up asking for a place, we have nothing to offer. Consequently, this is currently our main target. We do not want to lose a single chance to attract a firm to the area. We have to clean and prepare some sites, because we need to be able to match up to any possible demand. We have to be capable of providing new industrial areas.

While the cost of industrial land is subsidised, with a subsequent reduction below half the current price -from 15,000 pesetas (60 pounds) to 7,200 (29 pounds) per square metre-, taxes have also been substantially cut. New firms will also be given direct subsidies according to the number of future jobs created.

In regard of the firms' location, in Javier Maqueda's (CEDEMI) words, the procedure runs as follows:

CEDEMI has a data base on both industrial land and plant available all along the left bank. When a firm asks for a possible location, we look for the two or three suitable places. If the firm rejects all these possibilities, we will look for something else within the area. If the new alternative is also rejected we will ask the Basque government to provide us with any other possible locations within the Basque Country. We want new investment to choose the left bank, but when this is not possible, at least we try to keep it within the Basque Country.

According to both Diego Moyano (BC) and Javier Maqueda (CEDEMI), by July 1997, eight manufacturing enterprises had committed to locating on the left bank. In the latter's

words, by the end of 2000, more than 5000 new jobs will have been provided by the 100 new small and middle-size firms, which will have been created:

We are already speaking of real, new projects. We are not speaking of promises. We have already got the names of people involved in new investment within the area. If these new firms prompt the appearance of small workshops which work for them, then new employment will be created.

In respect of training, another target of the plan, CEDEMI emphasises the re-emergence of old jobs, such as welding and the like. Javier Maqueda (CEDEMI) stressed this point:

We think that there are too many managers who in the end, do not find a job. Our universities produce a lot of graduates, but we recently experienced the case of a new firm which located in the area and demanded welders. Well, there were only five people studying that trade. The firm had to look for welders in Guipúzcoa. If we want to reduce unemployment figures here, there is no point in bringing in outsiders for the new jobs. Does this make any sense? Our target, therefore, is to address this kind of problem.

At the beginning of 1997, IBAE (Asociación para el Desarrollo del Bajo Ibaizábal), a new development agency, was also created on the left bank, as a result of the municipalities' association. The target of this new agency seemed to be exactly the same as CEDEMI's, that is to say, manufacturing revitalisation and the training of left bank people. Its chief executive, José Félix Chomón, as CEDEMI's did, emphasised the importance of restoring old trades in order to fulfil firms' demand. Using, as Javier Maqueda (CEDEMI), the example of the demand for welders, José Félix Chomón (IBAE) stressed the importance of traditional trades. According to him:

While there are too many administrative officers and clerks, nobody knows how to make a plank mould. We want to set up a centre where qualified technicians such as welders and coppersmiths are internationally standardised. We want this area to become a reference with regard to trades related to steel processes.

However, he could not deny the overlapping of targets between the two agencies:

We see overlap, although we have to make it clear that we appeared first. Our goals are economic promotion, environmental progress and people's training. Environmental work could become our main focus since this target is not being addressed by CEDEMI, but we are having discussions with CEDEMI at present, in order to divide our working fields in the near future. In terms of funding, however, we only receive a subsidy from the provincial government, despite our desire to be financed by the association partners in the future.

All in all, the route laid out by these strategies goes from the Strategic Plan to territorial projects and from the Guggenheim museum to the Inter-institutional Left Bank Revitalisation Plan. As mentioned before, disparity is their main feature, something which seemed difficult to avoid since these strategies tend to reflect the multiplicity of interests stemming from the various local government tiers in the hands of different political parties. Despite fundamental differences between policies of image on the one hand, represented by both territorial policies and flagship projects, and major essential tools in terms of future employment such as the plan for the left bank on the other, the significance of the latter seems to be minimised by the always prevalent political fragmentation. By virtue of the latter, two different agencies with practically the same targets are operating in the same area.

3.4.2. Failure to devise a real strategy

The potential impact of the different regeneration measures being implemented in Bilbao at present will be much accurately judged in the medium term. This section focuses, however, on the lack of a common effort underlying the diverse initiatives, when there is

not open disparity among the various government tiers and departments. Disparity can be seen with regard to the different targets pursued by different strategies, but also with respect to the implementation processes. Although this idea was rarely explicitly expressed by the interviewees, a comparison of their opinions made it quite visible.

In María Soledad Esteban's (UBC) view, it is clear that Bilbao's revitalisation processes focus separately on physical renewal and socio-economic recovery. According to her, this divide has to disappear:

This is something we have learnt. It is clear that a simultaneous process is required. In an area like this, we will never achieve physical regeneration if we do not secure economic revitalisation. You cannot envisage the correct strategy as the addition of parallel processes. They have to be simultaneous. Yet, the divorce is palpable. You can even see it when you look at the various administration departments in charge of the regeneration process. There is no co-ordination at all. The Department of Industry of the Basque government and the Department of Economic Promotion of the provincial government seem to be responsible for the economic projects. Then, there are those who look at the physical aspects, such as infrastructure, transport, urban planning and so on.

I remember when someone from Newcastle Development Corporation came over. He could not understand the gap between physical renewal and economic recovery. When he realised what was happening here, he suggested that we should look at the process as if it were a coin. Even if it has two sides, the coin is still one.

In general, confirming what Esteban (UBC) stated, interviewees who belonged to the economic development side disregarded territorial projects and vice versa. Neither Eduardo Portero (BCC) nor Pablo Otaola (R2000) could say a word about the Left Bank Revitalisation Plan, even if *Bilbao Ría 2000*, the latter's agency, as mentioned earlier, was working within the same area. In his words:

The new left bank plan? I have no idea, I cannot say anything. I think it is totally different from what we do. We do not participate in this kind of issue. We have nothing to do with it. There is no global strategy covering both areas, but I do not know whether this is good or bad. I suppose it is good because there are more people

working this way. I do not know either whether the Left Bank Revitalisation Plan converges on any point with Bilbao Metr poli 30's Strategic Plan.

While the gap between the economic and physical domains was very obvious, there were even signs of the lack of co-ordination within the same realm. When he was asked to comment the Left Bank Revitalisation Plan, Pedro Hern ndez (PG), who is the highest responsible for economic development in Vizcaya, what necessarily includes the left bank metropolitan area of Bilbao, he gave the following answer:

I only can lie because I do not think CEDEMI is going to do anything. They are not working for the left bank's interest. They do not mind what is happening there at all. I have not seen any money, any real proposal on the table. People like to speak about false promises.

Disparity could also be seen in the way some interviewees spoke about the other institutions' role. In this sense, the following comments show how Javier Font (M30) was very enthusiastic when he explained the Left Bank Revitalisation Plan because he thought that Bilbao Metr poli 30, his agency, had also taken part in it:

I think this is a quite interesting initiative. It fits perfectly in the Strategic Plan. I would even say that the new plan develops some of the Strategic Plan's projects. In my opinion, the new plan has been born just because of the need to co-ordinate some operations. Bilbao Metr poli 30 has been deeply involved in the new plan, and we have largely collaborated with the new local development agency. In my view, our task is complementary. While we focus on planning, analysis and assessment of new actions, they are involved in the implementations of local development projects.

However, far from such enthusiasm, Jos  F lix Chom n (IBAE), the Chief Executive of the local development left bank agency, had a quite different opinion of Bilbao Metr poli 30's plan:

We started working because we realised that there was no plan [for the left bank]. Bilbao Metr poli 30's plan is focused on Bilbao and looks at our area as a sort of extension of the city, trying to apply the same kind of procedures. This means that the problems of our area are not addressed by the Strategic Plan.

And something similar could be said with regard to Javier Maqueda (CEDEMI):

While, according to Bilbao Metr poli 30, Abandoibarra is supposed to be a cultural and services area with the museum and the Euskalduna Conference and Concert Hall, the Inter-Institutional Plan For Left Bank Revitalisation targets both the attraction of manufacturing investment and the improvement of people's training in order to encourage the emergence of new entrepreneurs. The two plans are, therefore, totally different. While the former looks at the cultural and aesthetic side, ignoring industrial regeneration, the latter focuses on the manufacturing stimulus, the decrease of unemployment being its ultimate goal. The strategies have nothing to do with each other.

For Jos  F lix Chom n (IBAE), despite the fluent institutional communication which the Bilbao revitalisation process would require, institutions do not talk to each other. Furthermore, Mar a Soledad Esteban (UBC) could not see any institution leading the effort to regenerate Bilbao since the fight for power and protagonism counteracts any possible endeavour. In her opinion, what Bilbao would require is something like Glasgow's development agencies, since these are institutions which have achieved co-ordinated working for a common purpose. However, even if subject to controversy, as Mar a Soledad Esteban (UBC) stressed, the territorial bias and collateral image building projects have prevailed with regard to most of Bilbao's regeneration practices:

How would you say the process has been in Bilbao? They started calling acclaimed architects and ordering models. I think this is a symptom. Instead of beginning like that, one must think about the needs of the area. Then when you are clear in this respect, you can order a model, but not before. There is a big difference between Britain and Spain in this sense. British urban planning is much more global and holistic than Spanish. While in Spain the physical aspects always predominate, in Britain, urban planners are not only architects, but sociologists and economists. When you are fully aware of the dominance of physical planning in this country you will better understand the way things take place here.

María Soledad Esteban's (UBC) last comments parallel Healey's (1990) explanations about the differences between conventional economic assumptions and regeneration strategies based on the encouragement of property development. According to her, while the former imply that the key to encouraging investment in the physical fabric of urban areas is to increase, before anything else, overall levels of demand, the latter, as seen in relation to Bilbao, focus on the hope that demand will come forward.

All these comments point to the absence of a real strategy, something which was explicitly underlined by Iñaki Uribarri (CC.OO.), while Juanjo Otamendi (PG) illustrated the same idea:

I am not sure that there is a generally agreed-upon strategy. I do not think that the political parties share a common strategy. There is no strategy either coming from the Basque Parliament. Municipalities have not got a joint strategy. I cannot see a shared opinion between the government and the economic powers either. Lastly, I do not think the population has a shared pattern to follow. In summary, I do not think there is a strategy, but this is my personal opinion. There are specific designs for specific operations, but not a global strategy. To illustrate it with an example taken from chess, I cannot see a powerful idea behind the pieces being moved in order to win the game.

3.5. Future Prospects

Given the multiplicity of questions previously seen, this section attempts to provide a summary of the main relevant points concerning the ascent and fall of manufacturing in Bilbao, as well as subsequent regeneration strategies and principal surrounding issues. At the same time, and even if it is difficult to judge the impacts of these revitalisation attempts, given their contemporary nature, the section also encompasses the interviewees' outline of

possible results in terms of both changes of Bilbao's image and, above all, economic prospects and subsequent expectations in terms of employment.

As noted before, far from being a gradual process, the industrialisation of Bilbao took place in two different time periods. What was named Bilbao's first process of industrialisation was prompted by the accumulation of capital fostered by a demand by last century British manufacturers for iron ore. The area of Bilbao became one of the most prosperous and dynamic within a mainly agricultural Spain, but by the turn of the century, exports declined and shortly after the first World War, isolation became the main feature of the Spanish economy.

Many critical events marked the history of Bilbao over this century, including the Spanish Civil War. In economic terms, over this century, Spain was mainly dominated by protectionist and stagnant policies, more recently stemming from the first period of Franco's dictatorship. The situation changed after the mid 1950s when the country again opened its doors and this precipitated what was labelled the second process of industrialisation in Bilbao. Until the mid 1970s, there was a constant increase in the number of heavy engineering industrial jobs in Vizcaya, which in turn generated a constant flow of immigrants. By that point in time, however, the economic expansion was reaching its zenith and ten years later the heavy industry sector had collapsed as a whole in what again constituted an utmost example of decline in terms of both, scale and speed. However, the brief period of positive growth rates recorded during the late eighties acted to obscure in the public's mind, the scope of this collapse. Nobody in Bilbao believed that the industrial tissue of the metropolitan area was lost forever.

The legacy of the crisis, as noted earlier, can be fully appreciated by looking at the scope of land contamination and physical degradation, the overwhelming presence of industrial plant remains, the generalised social despondency and above all, the economic difficulties and subsequent unemployment problems which are most palpable in Bilbao, and even more stark on the left bank. The need to overcome these obstacles constitutes the backdrop of new regeneration strategies, although the special conflicts stemming from the complex structure of the Basque government, together with the gap between territorial and socio-economic policies do not allow for the degree of consensus which is demanded in order to revitalise this area.

As seen before, various different strategies are being developed in Bilbao at present. Despite its focus on the high technology science-based services economy and associated interest in flagship projects, the Strategic Plan's comprehensive approach was regarded as a major virtue within Bilbao's fragmented institutional context. Bilbao Metr poli 30, the agency in charge of developing this plan, was a genuine product of the dominant rhetoric on public-private partnerships, although paradoxically, it has never had any statutory powers to secure the plan's implementation. While most interviewees acknowledged this point, some of them went even further. Diego Moyano (BC) confessed that he often tries to pretend that Bilbao Metr poli 30's performance is very important, despite its lack of real capacity, while off the record, Pablo Otaola (R2000) observed that Bilbao Metr poli 30 did not carry out any relevant task in Bilbao, being in addition fickle and inefficient.

Territorial policies incarnate the discourse involved in property-led regeneration strategies, whereby economic recovery is treated as an almost automatic outcome of such physical renewal practices. While the Land-Use Territorial Plan epitomises this notion, Abandoibarra is the supreme example in this respect. Conceived as a classic waterfront project, Abandoibarra is the main piece in the attempt to achieve a new image for the city, which in turn will be transformed into an attractive location for the new economy.

Although Bilbao Ría 2000 is not directly involved in the preparation of the Land-Use Territorial Plan, this agency was born to implement most of the urban renewal operations within the metropolitan area of Bilbao. Even if it is constituted by public sector institutions, it was formally created as a private firm with considerable potential as a coordinating and executive agency. Its capacity to act as a unified body vastly improved prospects for the implementation of projects. This, according to Rodríguez (1996), within the divided context of Bilbao, seemed to hold the maximum significance. In pursuing effectiveness, however, Bilbao Ría 2000 acquired characteristics traditionally viewed as distinctive to the private sector. As noted earlier, not only were questions raised concerning the privatisation of planning, the lack of political accountability and the exclusive focus on economic feasibility, but it has also led to strong opposition to some elements of Abandoibarra project.

Then the Guggenheim museum project appeared in Bilbao, as the product of Krens's resolution to solve the New York Guggenheim Foundation's financial problems, although it has been presented as a very clever institutional choice capable of paving the path to

diversify the Basque economy. Nevertheless, the conditions that Krens imposed on his Basque partners in terms of both costs and decision-making have been regarded as an unconditional surrender by the Basque government to the unlimited power of the Guggenheim Foundation. As a superior flagship project associated with what Zulaika (1997) names prestige and millennium, it perfectly exemplifies the importance currently given to 'city myths' (Goodwin, 1993).

As seen below, while such schemes were not having any impact in terms of economic revitalisation, and in fact have been accused of squandering scarce resources, they seem to contribute to Bilbao's image reconstruction.

3.5.1. Image

The new appearance of Bilbao is regarded as the means to communicate that the city was overcoming its past by attracting tourism and foreign investment. Furthermore the new image is considered the first step to introduce some hope in the expectations of Bilbao's people. As noted by José Miguel Artaza (SPRI-LUR), despite the fact that it is a very nice city, Bilbao is known for both environmental contamination and terrorism:

Many people only know two things about Bilbao. First that it is a very dirty city and second that it is one of the places where ETA operates. When journalists come over they only say: "ETA has killed somebody". They do not pay attention to anything else. The information people receive about Bilbao is not good, but very biased. I think Bilbao is not being treated as it would deserve. I am not saying that what is being said is not the truth. Not at all. But there are many good things in Bilbao and nobody makes any comment about them.

Consequently, José Miguel Artaza (SPRI-LUR) thought that if it is going to change the image of Bilbao and increase the number of tourists, the cost of the Guggenheim museum is amply justified. In José Antonio Calvo's (SPRI) opinion, both the museum and the Euskalduna Hall are very positive in terms of investment attraction:

Lots of people have come to Bilbao to see the Guggenheim museum and this will have a very positive impact on economic affairs and foreign investment attraction. The impression is really different from that of the past. Now, people come to Bilbao to see the Guggenheim instead the remains of shipbuilding.

However, José Félix Chomón (IBAE) did not seem so sure about the latter point. His answer in this respect, was far more ironic, somehow echoing the aforementioned Cox's (1993) argument that there are limits to firms' locational flexibility and footlooseness:

What we are seeing so far are flagship projects for Bilbao city. Behind this is the idea that Bilbao needs a certain international recognition. Once this is guaranteed, the investment which is flying all over the world, will come to Bilbao. Investors will think: "They have got the Guggenheim Museum in Bilbao. Then we will not set up our firms in Moscow, but in Bilbao".

Similar doubts were also expressed by Iñaki Uribarri (CC.OO.):

They are trying to sell Bilbao as a place with the aesthetics of a big city. In my opinion this is quite fictitious. The idea is presented this way: tourists attracted by the Guggenheim and the Euskalduna Hall, are supposed to leave something valuable in Bilbao; but I am not sure what this could be. The physical landscape is going to change dramatically, if all the territorial projects are finally implemented. However, it could occur that even with a physical aspect totally different from that of the past, the area will not attract any new investment.

In relation to the impact on Bilbao people's expectations, both José Miguel Artaza (SPRI-LUR) and Roberto Velasco (UBC) stressed the potential good effect of the new image. It is, in their view, transmitting a new sense of hope, something which had been

lost for a long time. This is reminiscent of Philo and Kearns's (1993) comments on the usefulness of city pride exercises as a device for engineering social consensus. A similar point was made by Pedro Hernández (PG) who underlined the fact that the physical shift is a good help in the fight against people's scepticism:

When people walk over the new bridge and look at the Guggenheim and the future Euskalduna Hall, they think: "This is a real change". In my opinion, this has a wonderfully positive effect.

Pablo Otaola (R2000) also thought that people have, at present, a certain degree of moderate optimism given the awaited transformation of the models into realities. According to both Javier Font (M30) and María Soledad Esteban (UBC), nothing had been done in Bilbao for a long time. For the latter, despite the numerous criticisms that the Guggenheim is receiving:

At last this is the first project which takes shape and we can see it! At last people can see that things are changing even if this is only from an aesthetic point of view.

In her opinion, the fact that something is being built is positive, even if what is currently taking place in Bilbao are flagship projects characteristic of post-modern urban planning. Furthermore, as if it were a quotation of the aforementioned Hubbard's (1996) remark on the proliferation of spectacular 'flagship' projects as an almost universal response to de-industrialisation in British and US cities, she added that these types of projects are all the same in Europe:

The same philosophy works all over Europe. It tunes to what is being done in all European cities. Could a much more egalitarian project have been implemented in Bilbao? I do not know, but I doubt it.

3.5.2. Economic outlook

At the beginning of 1997, two new agencies were created, CEDEMI and IBAE, as there was general agreement on the generalised deterioration of the left bank area which so far, was not being properly addressed. In general terms, nobody was optimistic about the area's recovery, although these recent efforts to revitalise the left bank were widely applauded. Against the focus on image of previous policies, the Inter-institutional Plan for the Revitalisation of the Left Bank is based on manufacturing as this is considered the only means to reduce the unemployment rate. However, the fact that these two agencies not only concentrate on the same area, but also share a very similar focus, is a clear evidence of overlap, which again arouses questions regarding their future effectiveness.

A mixture of hope that the situation be better in the future on the one hand, with the perception that Bilbao's decline will be very difficult to overcome, seemed to be present in most interviewees' answers. The best illustration of this came from María Soledad Esteban (UBC) who started her comment stating that she was not optimistic, but finished it saying the opposite:

I would love to speak of very good prospects, but I am not particularly optimistic. I see a lot of problems, although I can also see some traces of hope. While it is clear that Bilbao is not going to be as prosperous as it was during the sixties, it is also true that this is not the worst Asturian area. In my opinion, the worst times are over. Firms which had to close down are already closed now. If I were a bit cynical I would even say that people who cannot find a job are possibly going somewhere else and that will alleviate the current social problems. On the other hand, it is also true that students who have recently got their degree are more easily finding a job in places like Madrid. But on the whole, I am not particularly pessimistic with regard to the future of Bilbao.

In relation to small firms, Roberto Velasco (UBC) also thought that the situation has improved. In his opinion small Basque enterprises which have survived are now stronger than they had been in the past. In relation to this point he mentioned a recent survey which showed that 70% of all small Basque enterprises acknowledged that while their profits have recently increased, they also have an optimum number of employees, although many of them are employed on a temporary basis. This however, was not a trusting sign for the future revitalisation for Roberto Velasco (UBC):

I am quite pessimistic about the future of the Basque Country, about the future of the Basque economy, about the future of Vizcaya and also about the future of metropolitan Bilbao. When you look twenty five years backwards, you see that metropolitan Bilbao and the Basque Country as a whole, have dramatically declined. I am pessimistic even if I do not think that the area is going to collapse. I am pessimistic because I cannot see any real interest in regenerating Bilbao as quickly as is required.

On the other end, while Eduardo Portero (BCC) thought that Bilbao is overcoming the crisis, in Javier Maqueda's (CEDEMI) opinion, a positive change is currently taking place according to GDP estimates for 1997 and 1998, despite the numerous challenges the area has to face. However, prospects for Basque GDP growth as a whole, carried out by the L.R. Klein Institute, pointed to the country having a lower increase than the Spanish average (BM30, 1996). Furthermore, Iñaki Urbarri (CC.OO.) saw no economic future for the left bank, since, in industrial terms, the institutions have long ago "thrown in the sponge". Apart from that, in Iñaki Urbarri's (CC.OO.) words,

the re-industrialisation of the Basque Country is not possible within the new economic context. The heavy industrial fabric is lost forever.

Pablo Otaola (R2000) in 1995, one year before the announcement of the new revitalisation plan, also said that being honest, he could not be optimistic about the future

of the left bank, unless broad trends of the Basque economy changed. Expressing his personal view, he said that flagship projects were only cosmetic work which had nothing to do with the underlying industrial regeneration which was required in the area.

José Félix Chomón (IBAE) and Javier Maqueda (CEDEMI) were optimistic in relation to the left bank revitalisation plan, even if its potential effects do not lack uncertainties. Even if the plan reduced the price of industrial land to 7200 pesetas [28.8 pounds] per square metre, it would still be higher than in Álava, as noted by the latter:

For us, this is very sad. Foreign investors only look at profitability. For instance, when Daewoo was looking for a site, we thought that it could come to the left bank given our tradition in terms of workers' formation. However, the firm took the decision exclusively with regard to the price of industrial land.

But apart from Álava, the lack of institutional co-ordination was again regarded as a major problem in the future by most interviewees. Although Javier Maqueda (CEDEMI) expressed some hope by comparing the so far numerous unsuccessful initiatives to solve left bank problems with the promising current revitalisation plan, Roberto Velasco (UBC) still had some doubts about it:

Let's see this time whether there is political resoluteness for working together. Municipalities, provincial and Basque governments, political parties, all have to work together. This is difficult within such a fragmented country. Taking the decision for doing something to solve the left bank problems has taken more than fifteen years. Lastly, after so many problems and conflicts there has been a general agreement. I would like to be optimistic and think that the first step is usually the most difficult, but let's see how it works. If it lasts we all should celebrate it.

As Rodríguez (1996) remarked, while the abundance of initiatives may express a widespread commitment to renewal and recovery, as well as recognition of the need for

new policy tools and instruments, the unrelenting flow of new plans and projects may equally express a lack of direction, uncoordinated institutional reaction and lack of effective decision-making capacity.

A further point was also underlined by Iñaki Uribarri (CC.OO.), resembling the aforesaid Jessop's (1997) observation with regard to emerging narratives which see the enterprise culture as the inevitable response to the new economic context. According to Uribarri (CC.OO.), Basque institutions are increasingly influenced by ideas such as globalisation and this can have contradictory effects for the Basque economy.

It seems that Basque institutions believe that we, Basques, cannot have our own project. It seems that we are limited by decisions which are not taken here and, consequently, there is no room for a possible autonomous plan. From an economic point of view, this makes us focus all our efforts on attracting multi-national investment, which enjoys very good conditions and subsidies in this area. Daewoo, the Korean firm, accurately illustrates the Basque government contradictions in this respect. It has come to Álava for manufacturing refrigerators, starting in 1998. Representatives of the firm say that they are going to export, but in the medium term they could compete with Mondragón co-operative, which is the first manufacturer at the moment. As the latter has a smaller plant, they could not face competition from Daewoo. In addition, the Basque government could be punished by the European Union in relation to the huge amount of subsidies Daewoo has received for setting up in here which have reached 2900 million pesetas [around 11,600,000 pounds]. These are the consequences of this kind of philosophy which says: "We have to attract investment no matter how".

3.5.3. Employment and social prospects

If the economic outlook was not positive, the prospects for employment were even less hopeful, although for some interviewees, the left bank revitalisation plan would partly alleviate unemployment problems. If Spain as a whole is not significantly reducing the unemployment rate despite recent positive economic indicators, this problem seems even

more difficult in the Basque Country, and particularly in Bilbao area. According to Iñaki Uribarri (CC.OO.), the rate of Basque unemployment in 1995, at 23%, if slightly lower than previous years', still was five or six points above the worst over the past decade. In the light of more recent data, the Basque unemployment rate was 22.4% in 1996, while the same indicator for the left bank, although unpublished, was definitely far higher (El Correo, 1997c).

Table 3.10. Unemployment in the Basque Country

	Vizcaya	Guipúzcoa	Alava	Basque Country
1993	26,6	21.8	21.3	24.3
1994	26.5	23.8	22.0	25.0
1995	25.4	22.4	21.2	23.8
1996	24.6	20.1	19.7	22.4
1997(*)	24.6	16.5	17.2	20.9

(*) Last three months. Source: El Correo (1997c)

According to Velasco (1996), female (35%), long-term (40%) and youth (50%) unemployment are particularly worrying, given the latter includes young people who have a degree. Furthermore, as Zallo (1997) remarks, the employment which is being created in the Basque Country bears no resemblance to the former pattern. According to recent data 35% of new jobs do not cover more than 15 hours per week, 9% are on part-time basis, and 93% are temporary (Zallo, 1997).

The lack of hope is also corroborated by recently recorded regressive demographic indicators. The Basque fertility rate is the lowest in the world, according to the Statistics Basque Institute who announced, given current trends, that the population would halve

in 50 years. In the last 10 years, 40,000 Basques have left the left bank area (BM30, 1996; El País, 1997d). Emigration of young qualified people was considered particularly worrying, as 29.8% of Basque emigrants had a higher education qualification, something which was not paralleled in any other Spanish area (BM30, 1996).

María Soledad Esteban (UBC) expressed hope in the inter-institutional agreement to solve left bank challenges, but she could not see great impact on employment coming from what has been done before:

In my opinion, in terms of employment, things are not going to change, as a consequence of isolated measures. The Guggenheim for instance, how many jobs is it going to generate? Very few, I think. Exactly the same as the Euskalduna Conference and Concert Hall. On the other hand, the creation of a small number of jobs in new sectors such as culture and entertainment is not negative in my view.

For José Antonio Calvo (SPRI), new initiatives for the left bank even if positive, will not have a dramatic effect on unemployment, although the appearance of new small firms could help, since in his words, a worse situation is not possible. José Félix Chomón (IBAE) also trusted the left bank revitalisation plan will create new jobs:

While former industrial workers retired early, their children did not find a job. We would need new firms which created 4000 new jobs, but this is not possible any more. Then what we expect from the new plan is a new network of small enterprises to set up here and create a substantial number of jobs.

For Javier Maqueda (CEDEMI), the left bank plan will create 5500 manufacturing jobs between 1997 and 2000, what he considered a realistic prospect, which could even be enlarged:

We have got more optimistic data but we prefer to set up the figure of 5500 as we do not want to raise false expectations. However, we are convinced that the figure will be higher. We have had contacts with firms which are willing to set up in the area. In its first days, CEDEMI can already speak of 1200 new jobs. Taking for granted this commitment, we will still have two years and a half to reach the 5500 new posts.

According to Diego Moyano (BC), unemployment will not disappear, but at least, it will be the same as in the rest of Spain, far lower than the 30% current rate. Much more sceptical, however, when asked about a possible unemployment reduction, Juanjo Otamendi (PG) ironically answered: I hope so, while in the same sense, Pablo Otaola (R2000) asked in turn:

What can I say? I only can say that I hope unemployment will decrease.

Likewise, Roberto Velasco (UBC) was pessimistic. He could not see any internal capacity for generating employment within the left bank. The reduction of the unemployment rate, according to him, will be real when the children of the generations affected by the economic crisis reach the working age, since their birth rate was either negative or close to zero. In his words:

Sadly, this means that unemployment will decrease, but it also means that the population is getting older and the area is becoming impoverished.

In Uribarri's (CC.OO.) view, people's expectations have also changed, from attempting to recreate the situation of the past, to one of simply hoping for a modest improvement in the future with a economy capable of generating some new employment.

According to Javier Font (M30), spending on unemployment benefits have dramatically increased while new signs of social exclusion have recently appeared. The Basque

government has recently merged the policy areas of labour, social security and justice. In Uribarri's (CC.OO.) opinion, it has been the deterioration of the social fabric within some areas of the Basque Country, added to the overriding difficulties in creating new jobs, what have led to this merger. Accordingly, what these new programmes now indicate is the need to learn how to live with an increasing large sector of excluded people.

In fact, in 1996, the provincial government directed towards Bilbao and the left bank more than 60% of spending on social help benefits (El Correo, 1996). The most worrying problem seems to be the increase of young male homeless who are not immigrants, but people born in the area. This, in Javier Font's (M30) opinion, is clearly linked to the high unemployment rate. He also noted that within the city of Bilbao, the area of Bilbao la Vieja is progressively becoming an immigrants' ghetto with a severe drug problem. Deterioration of Bilbao la Vieja was also corroborated by Eduardo Portero (BCC):

People living in Bilbao la Vieja are convinced that they would not face so many problems if their area had received some of the money used for building the Guggenheim museum. They feel abandoned.

Pablo Otaola (R2000) remarked that the work of Bilbao Ría 2000 in Barakaldo, has made him think that so far social problems have not been properly addressed. Working in the municipality of Barakaldo, he has been aware of the contrast between the glamour of what is being done in Abandoibarra and what an area like Barakaldo requires. In his opinion, there is a need in Bilbao for more balanced projects like those which are being carried out in England or Scotland. In this sense, he explicitly mentioned the emphasis on social problems in Glasgow, with a much more balanced focus than what is being

achieved in Bilbao at present. Speaking about the Guggenheim, however, he saw a possible positive influence of the museum on marginalised areas:

I do not think the Guggenheim is going to have a negative impact on the area of Bilbao la Vieja. If the museum works and lots of tourists come over, we will have to pay attention to these marginalised areas. Why? Because we will be ashamed if tourists realise how neglected these areas are. Of course, it could also be the case that immigrants are transferred back to their country. This could happen as well.

The cost of the Guggenheim Museum was also commented on by Zulaika (1997), who expressed consternation thinking of the gift of 2,000 million pesetas (8 million pounds) of public money which the Basque administrations gave to the Guggenheim Foundation in New York, despite the fact that the Basque society has *25% unemployment*. According to him, the repeated words of progress, future, transcendence, all of them are words which do not describe either the problems which unemployed have to face or the social polarisation increase, or the industrial remains of the left bank, but they simply speak of a dream in the context of the culture of the millennium.

These impressions are important since they represent thoughts about the future prospects for the area, although they should be contrasted with a rigorous analysis in the medium-term, when the impacts of the strategies are clearer.

3.6. Conclusions

Bilbao represents a late variant of the cities affected by the crisis of Fordism and subsequent industrial restructuring. As with other examples, Bilbao has been challenged

by massive industrial dereliction, huge unemployment rates and generalised disbelief about the loss of its manufacturing base.

As happened in Glasgow, macro-necessity principles (Jessop, 1997) forced Bilbao into a search for a model solution. However, the micro-diversity sphere is portrayed in Bilbao through an oversupply of plans, institutions, agencies, programmes and projects which makes it very difficult to appraise their specific weight in the context of the whole revitalisation picture. As seen above, apart from the public sector's various institutions, two new agencies were born in the early nineties. These developments typified the innovations which aim to capture local investment, as Jessop (1996) recalls. Even if lacking any real power, Bilbao Metrópoli 30 assumed the rhetoric on the promising marriage of the public and private sectors, while Bilbao Ría 2000 embodied a typically private sector's *modus operandi*. As other former industrial areas, Bilbao adopted the standard entrepreneurial rhetoric and actions.

The outcomes of these agencies and government tiers have shared a common focus on a not a very well defined economy of science-based, producer and financial services (Healey, 1990; Fainstein and Fainstein, 1985) as illustrated by the Strategic Plan, the Land-Use Territorial Plan and Bilbao Ría 2000's projects, particularly Abandoibarra and the Guggenheim Museum. The latter, in addition, reveal another peculiarity of the entrepreneurial approach, namely the use of a cultural facilities as an economic tool, equally linked to the attraction of business services as well as tourism. More specifically, the rationale which lies behind all these projects assumes a property-led regeneration model as a primary vehicle. Accordingly, they show a permanent identification between new

infrastructure and the attraction of economic investment. This link between physical renewal and economics was pioneered by two US models, namely Pittsburgh and Baltimore. In this latter regard, in addition, Bilbao, like Glasgow, displays a 'sameness' in approach (Philo and Kearns, 1993) that is, a repetition of allegedly innovative ideas.

Apart from that, as Rodríguez (1996) points out, recent projects in Bilbao exhibit the overriding presence of large emblematic schemes with a strong marketing dimension with an intense regard for image, aesthetics and design. The Guggenheim museum provides undoubtedly the most vivid of illustrations. Although it is too soon to assess the real impact of this particular project, it seems that the effect on image pursued by the museum is working effectively since it is not only attracting an increasing number of visitors, but has also cultivated city pride (Philo and Kearns, 1993). This, as Hubbard (1996) has argued, tries to convince local people of the benevolence of the current strategies.

Then, while most of the latter strategies represent renewal exercises which place the stress on image and 'place marketing' procedures, the most recent Inter-institutional Plan for the Revitalisation of the Left Bank moves away from that focus and constitutes what seems to be a more serious attempt to counteract the high localised unemployment rates. Accepting that only through investing in manufacturing will new jobs be created, the new plan not only rejects the rhetoric of a future economy based on services, engineered via property-led and selling-places exercises. Rather it seems to aspire to a certain continuation of what until very recently was considered as belonging to the past, the recovery of traditional trades like welding or coppersmithing.

The contents of the new plan for the left bank seem, therefore, to target Bilbao's economic recovery much more adequately than the former policies. Yet the plan will have to challenge the incommensurate problems of fragmentation, disparity and the lack of co-ordination which seriously threaten all Basque regeneration initiatives while constraining their capacity for implementation.

While the success of this latter revitalisation attempt remains to be seen, it is still challenged by macro-necessity trends. In fact, the indiscriminate attraction of inward investment, if it finally took place, could cause new problems, as Iñaki Uribarri (CC.OO.) underlined in relation to Daewoo. This Korean firm recently set up, with a high level of subsidy, a factory in Álava, which in the medium-term must compete with long established Basque firms such as Mondragón co-operatives.

All in all, the future of Bilbao seems now more promising than a few years ago. This shift is not so much due to the politics of image creation, but to a new focus on the more traditional sources of employment such as manufacturing. Yet, whether the agencies' new focus on manufacturing illustrates a more realistic regeneration strategy, given it is focusing directly on alleviating unemployment, or it is simply another example of dispersal and a lack of co-ordination remains to be seen.

CHAPTER 4
CONCLUSIONS

The theoretical chapter provided the conceptual framework within which Glasgow and Bilbao case studies were later analysed. This chapter, by looking back at the whole set of issues previously posed, focuses on the comparative side of the case studies.

Translating the dialectic between the influence of the general context and socio-economic local affairs, Jessop *et al* (1996) have coined the terms macro-necessity and micro-diversity. Both terms have been employed throughout the present work as the guide to explaining how Glasgow and Bilbao have experienced common evolutionary trajectories, although framed within their own specific contexts. As seen before, if it is helpful to recognise the diversity which different localities show in economic, cultural, geographical and political terms, these should be linked to what Jessop *et al* (1996) call the 'iron laws' of broad economic trends. As noted by Jessop (1997) the wide range of alternative strategies, in different localities, highlights the need for economic development initiatives that are sensitive to the specificities of particular local economies. But any attempt to isolate spatio-temporally a set of social relations from the complex and continuous web of causal connections is inherently fragile. This conclusion also draws such a distinction, through considering the features shared by both cities as much as the particular forms which these features have adopted in each case.

It has been explained how Glasgow and Bilbao share a common past, as well as a very similar approach to improving their current position as declining industrial centres (Gómez, 1998). That said, in terms of timing, Glasgow was always ahead of Bilbao. As noted before, the accumulation of capital which allowed the first industrialisation of Bilbao was closely linked to the British demand for iron ore. This indirectly reflects the advanced economic position of the UK as a whole, as a dominant centre of manufacturing, compared to both Bilbao and Spain.

Even taking into account the temporal lag, both cities were in the past dominant hubs of heavy industry and production. Both in common to most old manufacturing centres, suffered from severe overcrowding and housing deprivation, which ran parallel with rapid industrial growth. If the related expansion of the housing stock around the turn of the century left Glasgow with a legacy of being considered, fifty years later, as one of the worst slums in Europe, the lack of affordable housing for working-class immigrants, the proliferation of shacks and subsequent problems of health and salubrity were also a constant in Bilbao.

Industrial decline

The economic ascent of Glasgow and Bilbao was followed by the erosion of their former affluence and economic pre-eminence. There are, however, important differences in relation to this point. Glasgow experienced a gradual decline since the turn of the century, with the two world wars generating short-lived demand for heavy industrial

products. The decline, however, accelerated from 1950, as the old manufacturing bases of iron and steel, heavy engineering and shipbuilding rapidly broke down. The process of industrialisation and subsequent de-industrialisation in Bilbao, on the contrary, was marked by continuous peaks and troughs. If rapid growth during the last decades of the 19th century was followed by stagnation, the second process of industrialisation in the Basque Country took place after the mid 1950s, as an example of what Tickell and Peck (1992) (also Peck and Tickell, 1994) call Spanish delayed Fordism. This was partly explained by the impact of the Civil War and the subsequent establishment of the Franco dictatorship. While Glasgow epitomises an early version of the manufacturing restructuring crisis, which impacted across most mature industrial economies, Bilbao reached its industrial peak during the sixties and experienced the arrival of the crisis during the late 1970s and early 1980s. This timing gap is of the utmost relevance since, even if both cities were shattered by the crisis, this seemed to be much more evident in Bilbao, where until very recently, nobody could comprehend that the city's former industrial tissue was lost forever. In fact, the Basque city illustrates very clearly Healey *et al's* (1992) point about how the economies, social life, political relationships and spatial organisation of former industrial areas have been broken up and fragmented by the various dimensions of restructuring.

As noted above, the collapse was related to the narrow industrial base which, in both cases, largely focused on steel and heavy engineering. It was these sectors which fared worst in the process of Western countries' industrial restructuring. The legacy of the crisis in both cities was marked by a huge loss of full-time, male employment in manufacturing while obsolete factories created vast tracts of dereliction and pollution.

The public sector response in both cases was a range of new programmes which did not prove to be very effective, even if in the Basque Country, during the late eighties, they deceptively created the impression of a recovery, which was abruptly halted in 1991.

Although Bilbao resembles Glasgow in many respects, micro-diversity imposes here a very substantial difference in terms of the scope and subsequent effects of self-government. While until very recently, Glasgow's experiences provided an example of the growing centralising tendency of the British government, Bilbao would illustrate the opposite, even if this point is still the subject of intense political controversy within the Basque Country itself. In any case, while the creation of the Scottish Parliament is still an embryonic project, its Basque equivalent has been active for nearly twenty years (Gómez, 1998). The historical trajectory of both cities shows, therefore, specific peculiarities. If in Glasgow these refer to the weight of the Scottish Office and its economic development agencies' power in playing a major role in relation to economic decisions, the specificities in the Bilbao case point to an overriding fragmentation, disparity and a lack of co-ordination, partly stemming from a very intricate and complex local government structure.

As noted earlier, the British government's centralising tendency with regard to the Scottish economy increased over the post-war period. Since late 1940s economic planning in Scotland has been a key function of the Scottish Office. This body over the last twenty-five year together with its economic development agency Scottish Enterprise (formerly Scottish Development Agency) and their network of local enterprise companies have been the main actors within the field of economic development. In part

this can be explained as a consequence of the negative impact of the anti-city mentality of post-war British politics, with the economic agencies diverting manufacturing investment out of Glasgow at a time when broad economic trends also acted against the city. Glasgow has become disadvantaged in that all the industry has been encouraged by state-sponsored economic planning through financial re-location incentives and infrastructure expenditure, to go to the new towns and other government prioritised development areas. As an officer from the Scottish Office acknowledged, one of the main reasons behind Scotland's current attraction of inward investment is the massive financial investment assistance they can offer.

The rationale behind the decision to exclude Glasgow from manufacturing investment and subsequent economic development policies never changed. On the contrary, it was reinforced by the Conservative government and its adherence to rhetoric of market principles. At the same time, this process was strengthened by Glasgow Council's obsession with housing and its subsequent neglect of land economic development. Consequently, the new waves of industrial investment, such as the recently arrived Korean and Japanese companies producing consumer electronics for the European market have never had Glasgow as their destination.

Starting from the fact that the Basque Country is not a privileged destination for industrial foreign investment as Scotland is at present, the case of Bilbao has been remarkably different in terms of local decision-making, even if the results have been no better than Glasgow's. While the positive impact that self-government has granted the whole Basque Country cannot be denied, the effectiveness of the numerous initiatives

accruing from the different tiers of public administration in trying to confront the severe economic collapse are far from clear. Dispersal, competition, duplicity and waste in the use of public resources were all converging in the absence of a robust and coherent public strategy capable of overcoming the crisis. Although the Basque government's policies were effective in terms of alleviating in the short term the condition of the huge number of dismissed workers, the measures which attempted to generate industrial activity were less than adequate. This was in part due to an outright belief that the private sector alone would and could create new industry and associated employment. In reality, this never actually occurred.

The impact of the dissolution of what Lash and Urry (1987) call the former manufacturing "spatial fix" was acting to the detriment of both cities, even if local particularities led to different processes. While Glasgow suffered the negative impact of decisions taken by central government's dependent economic agencies, Bilbao's complex institutional structure if strictly local, was not capable of producing a co-ordinated revitalising effort.

Entrepreneurial discourse

Both cities turned then to another set of practices. Using Healey *et al's* (1992) words, unless well placed within new economic opportunities, former manufacturing areas have been left to drift in a sea of fragmented uncertainty, exposed to new competitive pressures but with limited and often fragile bases for building new economic growth opportunities. As Jessop (1994) points out, the attempt to prevent the loss of jobs gave

way to a re-orientation of local economic activities, with an increasing emphasis being placed on economic regeneration and on how best to make local or regional economies more competitive within the new world economy. In both Glasgow and Bilbao, this search for local solutions, in the context of generalised competition, has been inspired in the predominant pattern of entrepreneurial discourses which underline the importance of creating what has never been a very well defined service-based economy. Key to this has been the related task of reconstructing the cities' image. As seen before, in both cases the attempt to develop the service sector via place marketing projects, has been linked to the imagery of high-technology, advanced science-based activities and financial services (Healey, 1992). Fainstein and Fainstein (1985) describe the same process as the congealing of growth visions around vague notions of command and control, advanced producer services and bourgeois consumption services. This amalgam has been prevalent in many Western cities since the 1970s. According to this entrepreneurial discourse, since manufacturing was set for an inevitable decline, former production economies should be transformed into primarily service nodes.

The starting point, in both cases, was a review of the strengths and weaknesses of the two cities, based upon a standard SWOT style analysis. The result was also very similar since these kind of models, according to Cochrane (1991), place the stress on flagship projects rather than integrated programmes. In Glasgow the central conclusion of this analysis was that the city should plan for a post-industrial future and use 'place marketing' projects as a crucial policy tool through which post-industrial investment could be lured. Bilbao, in the same vein, sought to reshape its metropolis into a modern and competitive area which looked to the future. More specifically, according to the

SWOT exercise, both cities should be modelled on American examples, drawing in particular from the experiences of Baltimore. The list of projects which Glasgow was encouraged to pursue, included an aquarium and science “exploratorium”, which according to Keating (1989) were clearly borrowed from the Baltimore experience. Bilbao, like Glasgow, was also encouraged to renovate its waterfront area as Baltimore had successfully done. Apart from that, Bilbao has also looked at other examples which could be taken as an inspiration for revitalisation. In this regard, while Pittsburgh was the model par excellence for the Strategic Plan, the first draft of the Land-Use Territorial Plan repeatedly insisted on the need to follow the path of Glasgow, which was regarded as most successful in terms of urban regeneration (Gómez, 1998).

This fascination with foreign examples points towards an 'Americanisation' (or 'foreignisation' in the case of Bilbao) of local economic development (Wilkinson, 1992). Revitalisation techniques used in Glasgow and Bilbao have been uncritically transplanted from North American cities, and in so doing differences in the nature of each urban area have been ignored, with little evidence of questioning either their validity or suitability. As Peck and Tickell (1994) remark, what is striking about local strategies at present is just how *unlocal* they are. The emphasis on entrepreneurship, as a universal feature of these local strategies, has been propagated as the panacea for urban areas seeking to adapt to economic and political restructuring. Local government in the new context of generalised competition has, therefore, shifted the focus from managerialism to entrepreneurialism. In other words, there has been a move from welfare goals towards those of 'wealth creation'. The mainstay of entrepreneurialism, namely public-private partnerships, have also been regarded as essential elements to achieve urban growth and

revitalisation. As noted before, given that part of the blame for failure and crisis has been ascribed on previous models of urban politics and local economies, these have been seen to contribute towards poor economic performance. As a result, public agencies which were once seen as an essential part of the solution to any urban crisis, are now viewed as part of the problem itself, with new political agencies taking the place of local authorities in many urban areas. Government, in the form of directly elected local government institutions has given way to governance, or the exercise of authority through new institutions and public-private partnerships.

Although cities are subjected to similar pressures for homogenisation, micro-diversity asserts the local particularity in the face of these homogenising pressures. Deeply rooted differences remain and still exert a major influence in local economic development (Leo, 1997). In this sense, the evolution of local government from managerialism to entrepreneurialism is far more evident in Glasgow than in Bilbao, since Spain has never had a proper welfare system. As Spicker (1996) notes, Spain is one of the 'Latin Rim' countries where welfare is still 'rudimentary'. Neither local authorities nor the state provided the same range of public services as is traditional in the UK. On the contrary, while the independence of local government has traditionally been greater in the UK, when compared to much of Europe (Hall, 1998), most of its activity concentrated on the delivery of local welfare services. In terms of the role of local authorities, the starting point in both cases has been, therefore, remarkably different. However, with regard to new revitalisation exercises, the limited role played by the private sector, in practical terms, shows important similarities, despite a great deal of misleading rhetoric about the importance of its protagonism.

In Britain, although the official Thatcherite discourses surrounding the incorporation of business interests into local regeneration posited the 'maverick entrepreneur' as the driving force behind such initiatives, partnerships are better understood in the context of the restructuring of the British State and the ascendancy of neo-liberalism (Peck and Tickell, 1995). The rhetoric of entrepreneurial energy and innovative capacity within the business community has been set against the image of slow-moving town hall bureaucracy. Partnerships have been viewed as the 'magic formula', the means of ensuring the effective combination of public and private interests. In reality, they represent the dispersion of local elected power sponsored by central government in Britain (Jessop, 1997). Yet, despite this prevalent rhetorical discourse and public encouragement, Glasgow's story has been one of a failure of private enterprise to become involved in the management of the city. With regard to Glasgow Action, individuals from the private sector became involved out of a sense of local pride, and the prestige that membership afforded, but they contributed little by way of finance and staff. Their involvement was not at the practical level of investing substantial resources in the city's regeneration projects, but rather in managing available public resources (Boyle and Hughes, 1994). The GDA, at present, may have two-thirds of its board members coming from the private sector, but this fails to counteract the view that the strategies developed in the city have been public sector-led.

In Bilbao, the partnership rhetoric has been incorporated with regard to both Bilbao Metrópoli 30 and Bilbao Ría 2000, the two recently created development agencies. While the lack of the former's real power and capacity points to the hegemony of a

hollow entrepreneurial discourse, the latter epitomises the public sector's new style of imitating the private sector's perceived role as entrepreneurial deal-maker. This latter agency may be formed by public sector institutions but it operates, in practice, as a private firm.

Furthermore, the nature of the criticism of both agencies, GDA and Bilbao Ría 2000, has clear similarities. The Glasgow Development Agency was seen, at the beginning, essentially as a Thatcherite product given its anti planning and dominant economic interests. The same is true for Bilbao Ría 2000, in relation to the perception that it is solely a means to achieve privatised land use planning with its guiding principles being nature of economic feasibility (Rodríguez, 1996). In this sense, both agencies exemplify an isolation from the democratic processes and ever increasing control by new quasi-public para apparatus (Lauria, 1997b).

Property-led

More specifically, the projects stemming from this entrepreneurial approach illustrate other similar features between Glasgow and Bilbao, even if the latter focuses much more intensely than the former on property-led practices. As Tavsanoglu and Healey (1992) have underlined, urban governments have become more innovative and entrepreneurial, through promoting speculative development schemes, in order to attract inward investment in an environment of competition between urban regions. Particularly in older industrial areas, the urban regeneration project was to reconstruct the physical-environmental fabric of cities blighted by the collapse of Fordist manufacturing industrial

complexes, focusing particularly on the demands of the new service economy. However, as Turok (1992) remarks, how precisely property development is intended to bring about the economic revival of urban areas has not been officially articulated. This even occurs when projects show a permanent identification between new infrastructure and the attraction of economic investment, between physical renewal and economics.

When the operating objectives of the economic agencies in Scotland were made more commercial and selective, the revised investment guidelines stressed the need to develop entrepreneurship, with a subsequent increase in investment focussed on the physical renewal of selected areas. In Glasgow the limited scale of institutional involvement in industrial property illustrates the selectivity displayed by investors about the locations they are willing to consider. Office space, on the other hand, has been greatly expanded through the private supply of new additional floorspace (Turok, 1992). This has not produced, however, substantial inward movement of private office-based employment, and local development agencies have had little success attracting high-level office functions and corporate headquarters. The largest amounts of new floorspace were taken up by existing firms consolidating their activities within Glasgow, and by government departments relocating back-office work to the city. As a result, there is at the moment a significant overprovision of offices, together with what was until very recently, “an acute lack of new industrial accommodation in Glasgow” (GDC, 1990 in Turok, 1992, p. 369).

The strategies in Bilbao assume the same property-led regeneration discourse, whereby areas dominated by obsolescent structures and dereliction provide a convenient physical focus for these practices, in order to bring about economic restructuring. As seen above,

territorial policies such as the Land-Use Territorial Plan and above all, the projects supported by Bilbao Ría 2000 embody this kind of approach instead of linking property development investment to the demands and needs of the local economy. Developers are prompted by the anticipated levels of profit, with the risks they take being limited, given the assurances and public finance provided by Bilbao Ría 2000. Risk-taking is, thus, minimised and development opportunities are opened up. At the same time, in its attempt to ensure a high degree of self-financing, the agency adopts the persona of a private firm which, as Pablo Otaola, the Chief Executive notes, acts as a property-developer.

Even if at the moment, the property component is more relevant in Bilbao, the rationale behind these kind of practices has been the same in both cities. As Healey *et al* (1992) points out, such strategies focus on a few locales (the city centre, waterfronts and other selected areas), and accordingly target subsidies at particular projects and zones, rather than making these funds available as of right over the whole urban area. Furthermore, in both cases, the public sector plays the role of opening up and making markets, with the private sector following up on the opportunities created. However, the deals and the financial packages provided to the private sector, as noted before, have generally been negotiated behind closed doors, with the agencies, thus, subverting the transparency of the democratic process. More specifically, in Bilbao, problems of secrecy and of the lack of genuine consultation have been seen to undermine the channels through which ordinary citizens and community groups can influence the conception and the development of specific projects and plans.

Place marketing

This set of entrepreneurial property practices is also linked to place marketing exercises, such as the sponsoring of unique events, developing cultural policies, promoting tourism or engaging in image improvement exercises designed to support the regeneration of selected urban areas. The result, as Wilkinson (1992) remarks, is evidenced in the mosaic effect created by the development of different flagship schemes. Hence, the impression is given that self-contained waterfront developments or cultural quarters are 'islands of renewal' which act as highly visible symbols of urban regeneration. These practices, as noted before, also seek to transform the classic images of the declining industrial city, into that of a new and vital urbanity. According to Bianchini *et al* (1992) Glasgow constitutes a notable example in this respect, with cultural and tourist attractions such as the Burrell Collection, the 1988 Garden Festival and the 1990 European City of Culture celebrations. These, together with the creation of more direct investment magnets such as the Scottish Exhibition and Conference Centre, Princes Square and the St Enoch Centre, form part of an overall package of attractions which help give the city a dynamic, modern and crucially a cosmopolitan image. Likewise, a similar attempt is taking place in Bilbao at present. The Abandoibarra district is set to become the symbol of recovery for the city, with the flagship project of the new Bilbao, the Guggenheim Museum, being the key development within this area. In fact, beyond the limits of its cultural role, the museum is planned to become the key to modernising metropolitan Bilbao as the socio-economic core of the Basque Country.

While particular attention has been paid in Glasgow to the use of events and cultural resources, flagship projects have been especially favoured in Bilbao. Yet, even if the range of assets which is being used in each case varies according to this slightly different emphasis, they respond to a similar conception and epitomise the aforementioned 'sameness' (Philo and Kearns, 1993) or repetition in approach. These are analogous, although allegedly innovative, exercises. Thus, if "Glasgow's Miles Better" and similar Glaswegian campaigns illustrate the common practices of selling places, in that they are not just a means to attract people to the city, but also a device which has been used internally to cultivate city pride, something similar can be said about the Guggenheim Museum in Bilbao. In both cases the city's imaginary seems to have been reconstructed. This attempt to create an aura of cultural dynamism and sophistication, apart from being targeted at affluent consumers and tourists (Hubbard, 1996), also fulfils an ideological role, which fits well with the age-old logic of 'bread and circuses', as Harvey (1989) has stressed this relationship with regard to the proliferation of spectacular urban settings.

Impacts

In this sense, the specific rhetoric of most regeneration schemes has been questioned. Concerning the effect of these practices, Lovering (1995) points out, the impact on the labour market has been very modest and, in many cases, the local economic strategy, as a whole, seems to have generated more in the form of publicity than actual change. In his opinion, the impact on the creation of employment, has been very limited and has had little effect on the trajectory of development within local economy. There is also little impact on the opportunity structures within the local labour market, even although

individuals from sectors such as business, local government, the academia, as well as the community-oriented private sector, voluntary organisations and other interest groups have been clearly favoured. He remarks, in short, how the reconstruction of local governance in practice has had little to do with the emergence of new local economies, new industrial districts and entrepreneurial cities and much more to do with the deliberate construction of new local political actors and discourses (Lovering, 1995). In the same sense, Jessop (1996) notes that while current practices are supposed to create and consolidate 'entrepreneurial' cities and regions, too often their main existence takes such forms as consultants' reports, outline proposals, non-binding agreements, glossy brochures, more or less regular conferences, meetings, or seminars, cultural exchanges, data base creation, and information centres. In other cases, according to Jessop (1996), there has been a proliferation of small-scale partnerships with limited coordination, insufficient resources, and often, conflicting goals. In Healey *et al's* (1992) opinion, talk of the need for leadership and image often masks a vacuum as regards realistic strategic directions, while for Turok (1992) piecemeal initiatives lack the range of powers and resources to provide the more holistic approach that is required to mount a major assault on the problems of urban decline.

The timing of the different strategies in both cities does not allow for a proper comparison of the results from these kinds of exercises. Since these entrepreneurial measures started being implemented in the 1980s, their impact on Glasgow's unemployment problems can be traced. This, however, is not possible in Bilbao's case since these kind of practices are currently being carried out. As noted previously, these strategies have produced gains for Glasgow, in terms of both tourists and shoppers, but

by no means have they challenged the city's unemployment problems and, arguably, they have acted to reinforce rather than counter the city's decline. Something similar appears to be happening in Bilbao. While Bilbao's image is being reconstructed, the impact in terms of economic revitalisation appears, at present, uncertain. In fact, this stress on image in both cases, made some interviewees coincide to employ the term 'glamour' as a label for this kind of exercise.

Furthermore, at present, the need to provide appropriate sites for new manufacturing investment, as the only means to alleviate unemployment problems, is being acknowledged in both cities. In Barnekov and Rich's (1989) words, the lesson is that while calls for business leadership and economic growth are understandably attractive, they cannot be a substitute for economic development programmes which help to regenerate depressed urban economies. While institutions in Glasgow are developing a number of strategic areas for manufacturing and the Glasgow Regeneration Alliance, a new partnership has been created with these specific aims, in Bilbao, the new Inter-institutional Plan for the Revitalisation of the Left Bank, together with the two aforementioned new agencies CEDEMI and IBAE point to a similar re-direction. Yet, these latter attempts to counteract the cities' decline are again questioned by macro-necessity trends. On the one hand, the influence of the aforementioned wide constraints which dominate the labour market at present cannot be ignored. On the other, it is necessary to underline the dubious gains stemming from indiscriminate attraction of manufacturing investment which, as Daewoo illustrates in Álava, could in the medium term threaten long established local firms. As Peck and Tickell (1994) remark, at a broader level, the competition among localities leads to the boosting of the local being

inextricably connected to undermining the local, the only consolation being that hopefully it is somebody else's local that is being undermined rather than one's own. The creation of a so-called 'good business environment', they point out, may prove beneficial to a few regions, but the competition engendered is at best a zero-sum game and at worst, destructive. While economic 'success' remains elusive for most, it is increasingly fragile for those that have it, for it is difficult to reconcile the argument of a long term vision with the apparent reality that every potential inward investor is courted, every opportunity to bring money into the city is seized, every nomination is pursued (Peck and Tickell, 1995).

Further challenges

Apart from these, micro-level variations reveal specific challenges which both cities should face. As Robertson (1998a) remarks, Glasgow is still viewed within narrowly defined and politically contentious boundaries, rather than within a functional context that embraces the wider metropolitan area. In this sense, the loss of the regional tier of local government in 1996, in a blatantly politically motivated but ultimately unsuccessful exercise to re-invigorate the Conservative's declining fortunes, has helped to further exaggerate this weakness (Robertson, 1998a). On the other hand, with the advent of the Scottish Parliament in prospect, fresh opportunities could arise to construct a new strategy for Glasgow.

As was noted previously, it has become increasingly difficult in relation to Bilbao, to coordinate, integrate and facilitate the various initiatives of fragmented agencies and to

reduce the adverse effects they have on each other. The kind of institutional and spatial fragmentation has led, in a way, to increasing competitiveness in relation to policy initiatives that are designed to tackle the city's decline. The fact that the two new agencies which attempt to revitalise the Left Bank not only concentrate on the same district, but also share similar targets, provides a clear example in this respect. Apart from that, specific issues in Bilbao also refer to the new political atmosphere stemming from the recent announcement, in October 1998, of the Basque independentist group ETA's ceasefire.

Concluding remarks

All told, the analysis of recent regeneration strategies in Glasgow and Bilbao has shown the extent to which, the entrepreneurial discourses are widely accepted nowadays. Going back to the beginning, the comparative analysis of these recent regeneration strategies for both Glasgow and Bilbao has illustrated the severe limitations of these exercises, beyond the marginal benefits brought to a few selected locations and a very limited group of people. Despite this neglect, the comparative insight provides evidence on the extent to which common patterns for renewal activity, notwithstanding political, economic and social differences, are repeatedly used. This also points to the prevalence of the entrepreneurial discourse, which has dramatically altered the means of tackling economic decline, reshaping economic strategies, economic institutions and modes of governance in the face of multiple forms of competition. As Jessop *et al* (1996) points out, the local political cost of not playing the new entrepreneurial 'game' appears to outweigh those which follow from trying and failing.

Yet, even if this exceeded the purpose of this thesis, certain issues surrounding the comparative analysis of Glasgow's and Bilbao's recent strategies would require additional exploration. As Harding (1998) remarks with regard to the need of renovated conceptual and empirical work in urban research, cross-national comparison should be further promoted. In this regard, he remarks that a way of understanding cross-national changes in the salience of the urban politics of production is needed. Such an approach requires to take account of national variations in governmental structures and modes of operation. In other words, there is a requirement to understand common features of the way nation states are changing and how these changes affect patterns of mobilisation for sub-national development strategies, whilst not denying the possibility of cross-national variation.

Furthermore, greater attention needs to be paid to the changing nature of the nation state, and hence, to better integration between urban political economy and some form of overarching state theory (Harding, 1998). The present research has not paid particular attention to the potential impact of national specific circumstances on the development of the new set of local practices, beyond some points concerning both the influence of central government's decision on Glasgow's decline and the restructuring of the British local state. In this regard, for instance, the fact that Spain has currently the highest unemployment rate within the European Union and the effect of this on any regeneration attempt, could merit more reflection. Consequently, issues such as the position of both Glasgow and Bilbao within their respective national economic and political contexts would, therefore, make the research stronger.

Apart from that, there is also an opening for a discussion about the suitability of regulation theory as a means for offering a conceptual framework within which the evolution of urban affairs can be fitted. As seen before, for some authors, regulation theory offers a potentially powerful tool for understanding cross-national changes in governmental structures and modes of operation, whilst also carrying with it significant implications for the urban politics of production. Some other scholars, on the contrary, contend that the usefulness of regulation theory solely lies with raising questions, for it breaks up at the analyses below the nation state such as the urban arena. According to Tickell and Peck (1992) the theorisation of space by regulationists requires some modifications, such as the clarification of links between regional developmental trajectories and national modes of social regulation. Furthermore, as Harding (1998, p. 23) notes, the emergence of a new system of regulation in which (a) macro-economic policy is co-ordinated at the supra-national scale (b) national governments are refashioning policy instruments and institutional structures in the attempt to promote sub-national supply-side improvements to economic competitiveness, to promote labour 'flexibility' and link benefit entitlements for the economically active to future participation in the labour market, is also under discussion. In this regard, this study has looked at the regulation theory as a promising route of research, without discussing too deeply the various regulationist accounts and their respective implications on the one hand, and insufficiencies of the theory on the other.

In the same methodological vein, as can be seen in the corresponding appendix, this research is based on the assumption that it is possible to learn about the social world (in

this case, about regeneration strategies in Glasgow and Bilbao) through the analysis of interview data. As stated in the methodological appendix, this point is subject of widespread discussion, since a large number of scholars have raised many questions about the possibility of collecting knowledge in the manner the conventional approach presupposes. Consequently, the research would gain if a further discussion on the advantages and limitations of the use of interview material as a major source of knowledge was developed.

Finally, regarding more specifically the focus of the thesis, the question of what the cities would have been or would be without these strategies, is still open. As Lowe (1993) points out, the question remains whether at the present time these practices are better than nothing. Even if taking into account the risks of legitimating any strategy which seems to be somehow implicit in this kind of statement, Lowe's (1993) claim for an assessment on whether the impact of the new strategies on the confidence of the people of these areas can lead to regeneration in the longer term, appears rather interesting. If so far there is no particular trace of this in any of the two cities, it is true that cultivation of city pride seems to have worked quite effectively in both cases, something whose effects will only be revealed through future research.

Apart from that, as mentioned before, the difficulties in isolating the net effect of recent revitalisation exercises from pervasive labour market trends, lead to the question of whether there is any actual way to counterbalance current occupational changes and segmented labour markets.

All in all, going back to the strategies, the conclusion is that even if regeneration implies the reversal of a previous situation of economic decline, current practices equate this to the transformation of surface appearances, by creating the impression of revival. Yet, as Jessop *et al* (1996) remark, what is clearer is that these processes have foreclosed discussion and debate over alternative ways of resolving current problems. It is crucial, therefore, to reflect on what is left unstated or silent in this prevailing official discourse. The best illustration of the limited outcomes of these current exercises, in terms of local regeneration, comes from the fact that both Glasgow and Bilbao in their most recent planning measures, opt to focus on much more traditional sources of jobs, such as manufacturing. In other words, regeneration requires, as a GDA's officer expressed it, *to go back to basics*, and therefore, move away from an era when cosmetic entrepreneurialism dominated urban planning.

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APPENDIX 1

METHODS

In order to prevent diversion from the research specific target, explicit mentions to methodology have been deliberately avoided throughout the text. This section, therefore, focuses on the decisions that underpin the method adopted, touching on empirical and related issues.

Case studies

As seen before, the set of economic, political, physical and social changes related to the search to find a new basis for economic and social development within the urban arena is the focus of this thesis. Glasgow and Bilbao are, therefore, taken as case studies, since as Yin (1994) underlines, a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. More specifically, Glasgow and Bilbao has been used as what Stake (1995) calls instrumental case studies, that is to say, cases examined to accomplishing something other than understanding one particular case, to provide insight into particular issues. According to this author, in these situations, the case actually becomes of secondary importance, serving only a supportive

role, a background against which the actual research interests will play out. Furthermore, the present work epitomises what Stake (1994) calls collective case study, whereby a number of cases -Glasgow and Bilbao here- is studied jointly in order to expand exploration, under the assumption that understanding them will lead to better understanding of the research target. According to Yin (1994) the evidence from more than one case is often considered more compelling, and the overall study is therefore regarded as being more robust.

Even if the case study is but one of several ways of doing social science research, case studies are the preferred strategy when explanatory questions are being posed, when the researcher has little control over events, and when the focus is on a contemporary phenomenon within some real-life context (Yin, 1994). However, many researchers, as Yin (1994) points out, have disdain for this form of empirical inquiry. There have traditionally been three concerns with regard to case studies. The greatest doubt has been over the lack of rigor of case study research, while another common concern is that case studies take too long and result in massive and unreadable documents (Yin, 1994). Berg (1998) stresses that case studies have also been criticised because they seem to involve too many subjective decisions made by the researcher to offer genuinely objective results. However the main concern has to do with the capacity of case studies to provide basis for scientific generalisation. Doubts about how to generalise from a single -or a few- cases, are frequently posed, since only properly undertaken studies based upon specific cases provide understanding about similar individuals, groups and events (Berg, 1998).

On the other hand, case study methods involve systematically gathering enough information about a particular person, social setting, event or group to permit the researcher to effectively understand how it operates or functions (Berg, 1998). In this sense, its strength stems from the extremely rich, detailed, and in-depth data which characterise the type of information gathered.

Comparative analysis

The explicit purpose of the thesis, as the title expresses, is the comparison of urban regeneration strategies, taking Glasgow and Bilbao as case studies. Yet, even if the use of comparative research has expanded, discussion on its methodology has been limited, if not scarce. According to Hantrais and Mangen (1996), a study can be said to be cross-national and comparative if one or more units in two or more societies, are compared in respect of the same concepts. The systematic analysis of phenomena, usually has the intention of explaining them, generalising from them or gaining a greater awareness and a deeper understanding of social reality within different national contexts.

However, these authors also remark on the need to have a sound knowledge and understanding of other national contexts within which the comparative framework for the research is set. Concerning this point, as Oyen (1990) notes, 'insider knowledge', the researchers' familiarity with their own country, is often at variance with their knowledge of the other country in the comparative study. In the present work, since the two case studies chosen were not located in the same country, against the author's awareness of

Spain, gaining a similar appreciation and understanding of Scotland had to be slowly and carefully constructed. Furthermore, the author's familiarity with their own country always produces additional information, which in turn tends to increase the value of explanatory statements (Oyen, 1990). On the other hand, the more open approach of the outsider has had advantages in relation to the study of Glasgow, although this may have acted in the opposite way with regard to Bilbao. As Kuronen (forthcoming) points out, comparison encompasses the way to find phenomena which are so self-evident in one setting that we do not even recognise them without comparison to another setting.

As noted in the thesis, the theoretical basis of the work has built upon regulationist accounts. That said, more nuanced explanations, which acknowledge the importance of difference or specificity, are required to complement the regulationist background. The dialectic between the influence of the general context and socio-economic local affairs which has respectively been termed macro-necessity and micro-diversity (Jessop *et al*, 1996) has been used throughout the study to indicate how Glasgow and Bilbao have experienced common evolutionary trajectories, although framed within their own specific contexts. In this regard, the case studies comparative approach has been particularly useful, representing the means through which such a task has been accomplished.

Qualitative approach

As seen before, the issues explored in this study encompass an analysis of the two cities' versions of the new entrepreneurial regeneration approach and the roles played by their

respective actors, as much as an assessment of the actual renewal impacts. With the set of theoretical issues acting as a conceptual backdrop, concrete research appears as the necessary element to reconstruct the abstract understandings of general trends, considering the features shared by both cities as much as the particular forms which these features have adopted in each of the cases. Even if research problems are not absent, the comparative strategy of Glasgow and Bilbao case studies seems to adequately fit, therefore, what is theoretically required.

Apart from an intense review of literature on the topic, different tools have been used throughout the research. As Yin (1994) indicates, data collection for case studies rely on many sources of evidence. Specifically, the study made use of:

- Documentation:

Institutional proposals

Institutional progress reports

Institutional internal documents

Previous plans and studies

Newspapers clippings and other articles appearing in the mass media

PR reports

- Archival records:

Census records, particularly censuses of employment

Data previously collected (in the case of Bilbao, data from both the Bilbao's Chamber of Commerce, and the Banco de Bilbao).

- Direct observations made throughout various field visits and photographs.

Yet the complex set of matters which required to be adequately covered for both Glasgow and Bilbao, demanded a specific qualitative approach, even if, as Ungerson (1996) remarks, qualitative methods in comparative research are still in their infancy.

According to Miller (1997), different qualitative methods might be described as standpoints taken by researchers in engaging and 'knowing' the socially organised settings that they wish to describe and analyse. More specifically, interviewing, in Holstein and Gubrium's (1997) view, provides a way of generating empirical data about the social world, even if in any of its versions -from highly structured, standardised, quantitatively oriented survey interviews, to semi-formal guided conversations and free-flowing informational exchanges- all interviews are interactional. In Yin's (1994) opinion, while interview is one of the most important sources of case study information, well informed respondents can provide important insights into a situation.

There is widespread agreement with regard to the dilemmas faced by researchers in adopting an interview method. On the one hand, positivists have as a goal the creation of the 'pure' interview -enacted in a sterilised context, in such a way that it comes as close as possible to providing a 'mirror reflection' of the reality that exists in the social world (Miller and Glassner, 1997). In this conventional view, the interview conversation is a

pipeline for transmitting knowledge, while subjects are basically conceived as passive vessels of answers for experiential questions put to respondents by the interviewer. They are repositories of facts and the related details of experience (Holstein and Gubrium, 1997). On the other hand, a recently heightened sensitivity to representational matters - characteristic of poststructuralist, postmodernist, constructionist and ethnomethodological inquiry- has raised a number of questions about the very possibility of collecting knowledge in the manner the conventional approach presupposes (Holstein and Gubrium, 1997). Radical social constructionists suggest that no knowledge about a reality that is 'out there' in the social world can be obtained from an interview, because the interview is obviously and exclusively an interaction between the interviewer and interview subject in which both participants create and construct narrative versions of the social world (Miller and Glassner, 1997, p. 99).

While most researchers acknowledge the interactional character of the interview, the technical literature on interviewing stresses the need to keep that interaction strictly in check (Holstein and Gubrium, 1997). As Melia (1997) points out, the effect of this interaction cannot be denied, whether on the pragmatic ground that the interviewee's talk is produced by the interviewer's questions or on the theoretical ground that symbolic interactionism rests on the assumption of the intersubjective construction of social reality. It follows, therefore, that the interview can be seen either as a presentation of self, by the interviewee, with the data as a representation that has no further credibility, or as a means of gaining insight into a world beyond the story that the interviewee tells, a means of getting a handle on a more complex set of ideas than the ones that the interviewee is ostensibly talking about (Melia, 1997, p. 34).

Furthermore, studies based on interviews are useful in identifying the categories and vocabularies used by institutions in formulating and arguing for their positions on practical issues (Miller, 1997). This institutional discourse consists of an explicit repertoire of justifications and explanations and an implicit, embedded theory about why people act the way they do (Merry, 1990 in Miller, 1997). A strength of qualitative interviewing in institutions is its capacity to access self-reflexivity among interview subjects, leading to the telling of collective stories, as much as the display of beliefs, private doubts and competing interpretations that contradict, or conflict with the official legitimating discourse. Interviews in institutional contexts may reveal how discursive dominance produced by the institution's members involves explicit assessments of alternative possible formulations and orientations to the issues at hand as either inappropriate or undesired. Beyond explanations stated in official reports, the use of interviews in institutional settings may also disclose the lack of acknowledgement of other unstated frameworks for organising the issues at hand. As Kleinman *et al* (1994, in Miller and Glassner, 1997) point out, interviews might discover the anxiety, ambivalence, or uncertainty that lie behind the institutional discourse.

Interview selection

Even if not sharing the positivist view of the possibility of untouched data being made available through standardised interviewing, and accepting the interactional character of the interview, the present study is based on the assumption that it is possible to learn

about the social world beyond the interview, through analyses of interview data. Consequently, in the present research, both case studies have been mainly derived from in-depth semi-structured interviews with local respondents recruited from a variety of backgrounds. While individuals from the various institutional tiers involved in the implementation of new strategies have been interviewed with the purpose of discerning the institutional discourse in both localities, interviews with experts in subjects which required to be specifically covered, were also been carried out.

Glasgow

In relation to Glasgow, local actors' institutional background encompasses the Glasgow Development Agency, the City Council, the former Strathclyde Regional Council, Scottish Enterprise, Scottish European Partnership and the Scottish Office. This latter institution was chosen with regard to the crucial impact of central government on the city's affairs. Apart from these, to gain greater insight into Glasgow's unemployment problems, an interview was conducted with The Wise Group, while issues related to land dereliction and the oversupply of office space, were reasons for holding interviews with the Director of the private property advisers Debenham Thorpe.

The information given by official reports, together with the insight of my supervisor, as an expert in Glasgow's urban affairs, provided me with the key relevant posts which I should interview within the institutions responsible for the city's recent trajectory. I selected individuals from the GDA, the Scottish Enterprise, the City Council, Locate in

Scotland and the Scottish Office and sent a letter asking for an interview. Through this, I could interview Kevin Kane and Gordon Kennedy, both from the GDA, Fergus Cooper, John Bury and Bill Potts from Glasgow City Council, David Chalmers, Jim Mackinnon and Graeme Purves from the Scottish Office and David Webster from the Glasgow District Council City Housing. Apart from them, I could also interview Claire Savage, from the Development Projects Department of the GDA, once Locate in Scotland re-directed my request to this agency.

When I was involved in this process of interviewing, a series of seminars about the future of Glasgow were organised by Glasgow City Council. My supervisor thought that they could be of great interest and asked for a permission which allowed me to attend the seminars. Through this, I interviewed three of the individuals who presented a paper in the seminars, related to issues of my interest, W. J. Colville from Debenham Thorpe, Robert G. Maund from the former Strathclyde Regional Council and Laurie Russell from Strathclyde European Partnership.

The convenience of interviewing both Steve Running from the Business Location Service of Glasgow Development Agency and Alistair Grimes from The Wise Group was pointed by Mark Boyle, a lecturer from Strathclyde University who a few years earlier had focused his PhD on the '1990 Glasgow City of Culture' affair. Apart from that, two interviews were facilitated by previous interviewees. This was the case with both Ian Hart from the Scottish Enterprise whose interview was suggested by David Chalmers from the Scottish Office, and with Keith Yates from the former Strathclyde Regional Council, whose interview was suggested by Alistair Grimes from The Wise Group.

Finally, the interview with Peter Russell from the Glasgow District Council Town Clerk's Office, was facilitated by Anne Johnstone, a journalist expert in Glasgow, of the Glasgow newspaper, *The Herald*.

Bilbao

In the case of Bilbao, in order to pave the way for the comparison of renewal strategies, the reasons for the selection of interviewees was very similar. With the purpose of understanding the discourse of the various institutional tiers involved in the implementation of new practices, my first targets were individuals from the Diputación, the Basque government, Bilbao municipality and Barakaldo municipality. I sent a letter to these institutions asking for an interview and got a positive answer. Through this I interviewed Juanjo Otamendi from the Provincial Government Territorial Projects Department, Jesús Mari Erquicia from the Basque Government Territorial Affairs Department, Eduardo Portero from the City Council and Diego Moyano, Councillor of Urban Planning in Barakaldo. The same procedure was employed with regard to the new agencies Bilbao Metrópoli 30 and Bilbao Ría 2000 and also with SPRI-LUR, the Basque Government Industrial Promotion and Regeneration Agency. In this case it allowed me to interview respectively, Javier Font, Pablo Otaola and José Miguel Artaza.

These first interviewees pointed to what they considered key individuals for my research, and this started a snowball process which made it possible to arrange further interviews with José Antonio Calvo from the Basque Government Industrial Promotion and

Regeneration Agency, José Félix Chomón from the Left Bank Development agency, Eduardo Leira from a Territorial Projects Consulting Firm -in order to explore Bilbao's related problems of land dereliction, as had happened in Glasgow-, and Pedro Hernández, Minister of Economic Development of the Provincial Government.

Apart from these, two lecturers from the university were interviewed in order to get both the academic insight of what was happening, as well as the perspective of individuals not directly linked to any institutional interests. After reading various documents about the revitalisation of the city, written by members of the department of Applied Economy at the University of the Basque Country, I started writing to Roberto Velasco, Professor of Economics who not only agreed to hold the interview but also pointed me to María Soledad Esteban, Lecturer in Applied Economics as a good complement to his talk.

A similar formula was followed with regard to Iñaki Uribarri from the CC.OO. trade union. The reason for his selection was, as in Glasgow, the need to know the opinion of someone involved in employment affairs. The reading of some of his papers about the crisis made me contact him for an interview, which I got quite easily. Likewise I wrote to Javier Maqueda from the Centre for Left Bank Entrepreneurial Development, once I read in the papers that he had been appointed as the Chief Executive of this new agency.

Tape recorders were used in all cases, with the exception of Mackinnon and Purves' interview. A transcript of this interview was conducted.

Interview method

As mentioned before, sixteen semi-structured in-depth interviews, of an hour's duration in Glasgow and nineteen in Bilbao were all completed between November 1995 and December 1997. With the exception of Locate in Scotland, as noted earlier, which declined to be interviewed and re-routed the interview request to the Glasgow Development Agency, all the individuals who were asked, showed considerable support and willingness to collaborate.

In both cases, the semi-structured character of the interviews has pointed to the set of questions related to the emergence and development of new strategies. Apart from specific points concerning the respondent's professional background, the questions pursued the following targets:

Definition and objectives sought by regeneration strategies

Description of the strategies

Context of political power

Role of the various institutions and agencies

Role of planning and property issues

Depiction of the strategies impact, particularly in terms of employment

Role of both sectors manufacturing and services

Prospects for the cities

The data collected is an account of the interviewee's opinions and views, arrived partly, as seen earlier, as a result of the interaction with the researcher, whose influence, has to be a visible part of the analysis. In this regard, the researcher's hypothesis that recent strategies represent a restrictive attempt at regeneration, which benefits only a few selected locations and a very limited group of people, was present throughout the research. Consequently, the researcher's attitude towards the institutional accounts was both critical and sceptical. Such accounts were not regarded as being the straightforward truth. The interviewees involved in the implementation of strategies were always viewed as being prone legitimating the new practices they adopted. As a result, particular attention was paid to the different layers of meanings within the institutional discourses. Contradictions and ambiguities some of which were interpreted as inconsistencies with the official discourse were of prime interest given the depth and quality.

Concluding remarks

Yin (1994) notes that each research strategy has its own advantages and disadvantages, even if sometimes the boundaries between them are not always clear and sharp but with large areas of overlap. As seen before, both quantitative and qualitative sources of data were used throughout the study although a more quantitative approach was discarded with regard to the fruitfulness and the greater depth of understanding we can derive from qualitative methodologies. In this thesis I have, therefore, adopted a qualitative, interpretative approach, under the assumption that qualitative research refers to the meanings, concepts, definitions and characteristics of things. This was seen to be

essential when, as in this case, the role of discourses and the underlying legitimating purposes implicit in the entrepreneurial approach, had to be analysed.

Some other qualitative methods such as group interviewing could also have been used, since like face-to-face interviews, they also allow researchers to access the content of verbally expressed views, opinions and attitudes. However the researcher's capacity to call for an interview group with individuals from the institutions in both cities was very limited. Apart from that, as Berg (1998) remarks, traditional interviewing permit a more detailed pursuit of content information than is possible in a focus group session. The exclusive use of official reports and archival data was also excluded given their limited scope in answering specific research questions.

Hantrais and Mangen (1996) remark that comparisons give researchers a means of confronting findings in an attempt to identify and illuminate similarities and differences. Comparative research, according to them, can lead to a deeper understanding of issues, as much as to possible directions that could be followed. The comparison of data about regeneration strategies for both case studies, Glasgow and Bilbao, provides evidence of common patterns for renewal efforts, although mediated by political, economic and social differences. In this sense, the potential extrapolation from these case studies to other cities, is not unproblematic and should be done in a way that acknowledges specific features and contexts.

APPENDIX 2

LIST OF INTERVIEWEES IN GLASGOW

JOHN BURY and BILL POTTS

Department of Planning and Development

Glasgow City Council

DAVID CHALMERS

Education and Industry Department

Scottish Office

W. J. COLVILLE

Director

International Property Advisers Debenham Thorpe

FERGUS COOPER

Economic Regeneration Unit

Glasgow City Council

ALISTAIR GRIMES

The Wise Group

IAN HART

Scottish Enterprise

KEVIN KANE

Glasgow Development Agency

GORDON KENNEDY

Glasgow Development Agency

ROBERT G. MAUND

Former Director of Physical Planning Department

Strathclyde Regional Council

JIM MACKINNON and GRAEME PURVES

Planning Services Development Department

Scottish Office

STEVE RUNNING

Business Location Service Glasgow Development Agency

LAURIE RUSSELL

Director

Strathclyde European Partnership

PETER RUSSELL

Economic Development Officer

Glasgow District Council Town Clerk's Office

CLAIRE SAVAGE

Development Projects

Tourism Team

Glasgow Development Agency

DAVID WEBSTER

City Housing

Glasgow City Council

KEITH YATES

Former Chief Executives Department

Strathclyde Regional Council

APPENDIX 3
LIST OF INTERVIEWEES IN BILBAO

JOSÉ MIGUEL ARTAZA

Chief Officer of SPRI-LUR (Land division of SPRI, the Basque Government Industrial Promotion and Regeneration Agency)

JOSÉ ANTONIO CALVO

Officer of SPRI (Basque Government Industrial Promotion and Regeneration Agency)

JOSÉ FÉLIX CHOMÓN

Chief Executive of IBAE (Left Bank Development agency)

JESÚS MARI ERQUICIA

Officer of the Basque Government Territorial Affairs Department

MARÍA SOLEDAD ESTEBAN

Lecturer in Applied Economics at the University of the Basque Country

JAVIER FONT (interviewed in November 1995 and July 1997)

Bilbao Metr poli 30's Officer in charge of the Strategic Plan

PEDRO HERNÁNDEZ

Minister of Economic Development of the Provincial Government

EDUARDO LEIRA (interviewed in December 1995 and February 1997)

Director of I3 Territorial Projects Consulting Firm

JAVIER MAQUEDA

Chief Executive of CEDEMI (Centre for Left Bank Entrepreneurial Development)

DIEGO MOYANO

Councillor of Urban Planning in Barakaldo

JUANJO OTAMENDI

Officer of the Provincial Government Territorial Projects Department

PABLO OTAOLA (interviewed in November 1995 and July 1997)

Chief Executive of *Bilbao Ría 2000*

EDUARDO PORTERO

Adviser to the Bilbao Councillor of Urban Planning

IÑAKI URIBARRI (interviewed in December 1995 and July 1997)

Economist of the Union CC.OO.

ROBERTO VELASCO

Professor of Economics at the University of the Basque Country
