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Urban Policy Challenges for the New Millennium: Economic Efficiency, Social Equity and Environmental Concerns.

Increasing competition among cities, partially due to the growing importance of creativity and innovative capacity in conditioning economic performance, has determined a shift in urban policy towards an entrepreneurial rather than a redistributive role. In this context relationship among social equity, economic efficiency and environmental issues has acquired a new dimension within urban policy. Social equity and economic efficiency are inextricably linked to urban policy, even if policy is designed to address efficiency issues. The new entrepreneurial policy profile of many cities raises questions of the need for new definitions of equity and the adequacy of policies designed to address new forms of social inequalities.

Introduction

The aim of this work is to study the new urban policies and point out the relationships existing between economic efficiency, social equity and quality of the environment.

The growing competition among towns, caused by the multiplication and intensification of international contacts, by the interdependencies existing in the global economic system and by the co-operation among cities, now made easier by network communication, has led to the transition of urban politics towards an entrepreneurial

type of approach. This has progressively reduced the redistributive role of urban policies and their traditional objectives of social equity.

To explain the objectives and the instruments of contemporary urban politics I have considered it necessary to describe their evolution over time in the first paragraph, taking as essential elements of reference the development and the changes which have involved urban areas.

The second paragraph examines more recent entrepreneurial urban policies, underlining the motivations, the objectives, the instruments (urban marketing) and the contradictions characterising them.

Finally, the third paragraph attempts the hypothesis of an inversion of tendencies in policy planning on the basis of the recent interest for urban environmental problems. The possibility is considered of adopting a model of sustainable urban development which not only aims protect the environment but also permits the realisation of a balance between the objectives of efficiency and equity.

1. The relationship between efficiency and economic equity in urban policies

As far as the relationship between efficiency and economic equity in urban policies is concerned, there are three possible points of view, according to Jensen-Butler (1999). The first maintains that there is no interdependence between the two objectives and that they may be reached separately. The second is critical towards the notion of separateness and maintains that equity and efficiency are linked by an inverse proportion, although the hypothesis according to which an increase in equity determines a reduction in efficiency has not been proved. The third position, which defines a positive relationship between the two objectives, derives from recent research, according to which equity and political and economic stability are closely linked, since conditions of stability make more rapid growth possible.

1.1 Urban policy: from planning schemes to urban renewal

Urban politics, over time, have been characterised alternately by the reaching of a compromise between objectives of social equity and economic efficiency or by the tendency to give priority to only one of these objectives.

The first initiatives of urban politics aimed to reach objectives of both equity and efficiency; their origin may be found exclusively in the desire to improve the quality of life within urban areas and to counteract the negative effects due to the processes of industrialisation characterising cities at the end of the nineteenth century. The need for an intervention of urban politics sprang from the awareness that the rapid and spontaneous growth of towns was producing a series of negative effects on the community. These could be identified as pollution, a lowering of the standard of public health, and congestion of the industrial towns resulting in a diminution of their efficiency from an economic point of view. To solve these problems, territorial planning systems were introduced with the aim of permitting a more rational exploitation of the urban territory, together with a public building plan to improve the living conditions of the population. (Jensen-Butler and van Weep, 1997)

Above all in Western and Northern Europe, there was a sharp increase in public spending directed towards plans for the building of affordable dwellings to guarantee a solution to the housing problem in towns and thus to carry out an authentic social reform (the model adopted for this project was that of Garden City spread in Great Britain by Howard). A second problem analysed and solved thanks to planning solutions was that of congestion. A new system of street-traffic was introduced, together with a system of public transport in the city centre. These measures made access to the city centre easier and created a distinction between the areas of industrial production and the residential areas, giving rise to phenomena of mass sub-urbanisation and social segregation on a major scale (Jensen-Butler and van Weeseep, 1997).

In this first phase, therefore, and for the decades to follow, the activities of the town-planners were directed towards the reaching of objectives of efficiency and social equity simultaneously, so as to facilitate private investments and reduce the incongruencies of the market on one hand, and on the other to solve the housing problem. It may be affirmed that this was a phase of expansion of the city, resulting above all in the dislocation of industrial and residential districts outside the spaces which had traditionally been attributed to them.

1.2 Urban Renewal policies

Between 1960 and 1970 there was a change in urban policies, from measures adopted to modify the spontaneous growth and peripheral expansion of the city, towards objectives of renewal of the already existing structures of towns (urban renewal). Vast demolition projects were therefore undertaken, which, while aiming on one hand to solve social problems, by means of the elimination of depressed areas and dilapidated structures, on the other hand opened up new prospects of development for cities by creating opportunities for the expansion of historic town centres and for the creation of infrastructures capable of improving access. These measures showed up the intrinsic conflict between investments aiming to stimulate economic efficiency in the city and those aiming to guarantee the well-being of the population (dichotomy between equity and efficiency).

The urban policies of the 1960's solved the conflict by placing the emphasis on principles of social equity and concentrating on the improvement of the housing conditions of low-income-level residents. This type of policy of urban renewal prevailed also during the 1970's and was described as "social" urban renewal (Jensen-Butler and van Weep, 1997) because of the emphasis it placed on measures aiming to create conditions of greater equity, but the fact that many depressed areas were improved and able to offer living conditions of a higher standard did not eliminate the problems connected with the poor quality of schooling, poverty, crime and the lack of services and structures. The urban economy suffered greatly from the dislocation of production outside the city centre and some activities gradually died out, with the result that unemployment increased.

1.3 Urban revitalisation schemes

As a result of these changes the role of urban policies was again modified. The administrators of the city, especially around the 1980's, became convinced that without a solid urban economy also the welfare of the population would be at risk, and the urban renewal policies shifted their attention from the objectives of improving the living and housing conditions of the poorer classes towards the revitalisation of the city as a whole, in order to reinforce its competitive position. The initiatives of urban politics therefore favoured the creation of new economic activities, the building of offices and shopping centres in the central and peripheral areas of the city, placing at a lower priority the policies aiming to reach an objective of social equity.

The need to limit the effects of urban decay, due to the migration of the population towards the outskirts of the city, to the changes in choices of localisation made by firms on a national and international level and to the transition from an urban economy based mainly on manufactured goods to one based prevalently on services, was answered by urban policies adopting two models of “urban regeneration” (McGuigan, 1996).

The first, which could be defined as *American*, characteristic of a number of large cities in the United States, such as Boston, Detroit and Baltimore between 1970 and 1980, is based on the deployment of huge public funds for the realisation of “prestige projects”, such as the building of congress and exhibition centres, theatres, museums and other structures with the aim of constituting support and attraction for the development of a new entrepreneurial reality. Another characteristic typical of this model was the involvement of the private sector, in the form of partnerships and collaborations with the public sector, in the process of adaptation to the post-industrial reality.

These decisions were widely discussed and criticised for taking up huge sums of money from those destined to solve more urgent social problems (schooling, unemployment, housing, slums) and for leading to an unequal distribution of costs and benefits within the urban territory. Moreover, the excessive involvement of private investors in the urban regeneration policies in many cases implied the acceptance of a logic according to which interventions of urban politics did not aim to create welfare for the residents, but merely favoured the adaptation of the urban landscape to the new requirements of the post-industrial economy (Barnekov et al. 1988). On the part of those involved in the city administration therefore the principle is accepted, according to which the hardships and serious problems of adaptation to the new economic reality are not seen as a priority to be faced, but as the natural consequence of the process of development characterising towns. These criticisms make very clear the tendency of this type of policy to consider a priority the reaching of a target of economic efficiency, which is favourable only to specific categories and social classes and therefore difficult to reconcile with any principle of equity. One study of Baltimore, carried out by Marc Levine (Loftman and Nevine, 1992) has in fact demonstrated that the direct beneficiaries of the city's regeneration projects were building entrepreneurs, favoured by the starting-up of new and widespread projects for the construction and conversion of buildings; suburban commuters, through access to new jobs deriving from the creation of an area dedicated to services; residents, who have been able to purchase the new or redesigned apartments

in the city centre; and tourists. The less wealthy residents are not even mentioned among the beneficiaries of the urban regeneration projects.

These projects, therefore, not only have not created any direct and tangible benefits for groups in the lower income bracket; indeed, as the rebuilding of the city progresses, these groups are gradually moved further out from the city centre (gentrification), relegated to poorer urban districts and excluded from the political decisions and activities characterising the city centre (McGuigan, 1996).

A second model, which has been defined *European*, is characterised by more moderate attempts to redesign the city centre, compared to the imposing restructuring activities of the American model, and by the desire to recreate the city centre as a meeting place where people belonging to each and every social class can get together. This model is inspired by that of European continental cities in which the old town centre is also the meeting-point for the transport and communication systems and where the sense of civic identity coincides with the physical environment (Bianchini and Parkinson, 1993). This focus on the city centre has led to a series of proposals for urban policies aiming to create an efficient and economic public transport system, to incentivate the co-existence within the same districts of residential buildings and shops, restaurants and places of entertainment and to favour the formation of “cultural districts” supplying vitality to the city centre after working hours.

This second approach certainly does not correspond to a policy of redistribution, but it may be viewed in the context of measures aiming to restore a situation of equity in the city, at least as far as access to and enjoyment of the centre are concerned. It has the merit of attempting to redefine the city centre as a “neutral territory” or “every man's land”, without favouring its monopolisation by one or other dominant group, and of trying to maintain the co-existence of a plurality of lifestyles, avoiding a rigid division of the urban space according to class, often considered a basis for the spread of social tensions.

The two urban regeneration models, however different from one another, are not mutually exclusive and continue to be applied in the field of management and promotion of the urban territory.

2. The entrepreneurial urban policy

Today we can say that the multiplication and intensification of international contacts thanks to the new telematic technologies, the interdependencies existing in the global economic system and the co-operation among cities, made easier by networks, have determined an intensification of the competition among cities.

The breaking down of space and distance barriers has in fact underlined the advantages, in terms of competitiveness, which may be derived from the positioning of firms (producing goods and services) in a specific area rather than another. Small differences in the supply of a workforce (costs, quantity and quality), in the infrastructures and resources available, in regulations regarding the protection of the environment and labour legislation, and in the tax regime, assume major importance today in the choice of a position, much more so than when these decisions were dictated by transport costs (Harvey, 1988; Jensen-Butler and van Weep, 1997). This increased mobility, moreover, makes it possible for multinational capital to cater for extremely localised variations in taste by offering products which meet the requirements of specific segments of local markets. The further reduction of space barriers has therefore made competition between cities still more fierce, each of them involved in acquiring the capital necessary for its own development and in creating the conditions for building an ever wider and more solid economic, social and cultural platform. Recently, therefore, urban policies have given priority to aspects linked with the creation of a favourable economic climate by means of the realisation of infrastructures, control of the local workforce and tax relief. These policies have been defined by a number of

experts as “entrepreneurial ” because they are no longer orientated towards the management of a territory which is limited from the point of view of space, but towards the promotion of that territory within the context of the competition it will encounter at an international level. The objective of the “entrepreneurial city” therefore becomes that of defining a strategy for success “in consideration of the particular *mix* of local resources, general conditions and potential users” and “the task of the urban administrative authorities (is to) attract into that space resources for production, financing and consumption which are extremely mobile and highly flexible”(Harvey, 1988, p. 24).

Harvey (1988) maintains that competition among cities is not to be considered as a new phenomenon: the history of the United States has always been characterised by a certain form of municipality and, in Europe, rivalry between the seafaring republics in the XIV century are a further example of this. There is no doubt that contemporary cities are more competitive, compared to the past, with centres situated beyond the national frontiers, and the tendency is to base their competitive advantage less on the presence of resources or on the cost and productivity of the workforce and more on the capacity to produce innovation. But the real novelty compared to the past, according to Harvey, is represented by the instruments with which this competitiveness is expressed. The measures characterising the new economic urban policies are represented by:

- Increase in innovation and creativity;
- Optimisation of the quality of human capital;
- promotion of entrepreneurial vitality;
- promotion of networks;
- Valorisation of the attractions and comforts of residential areas to attract a high-income workforce characterised by a high potential for creativity and innovation (Jensen-Butler, 1999).

2.1 The relationship between urban marketing and social equity

The development of competition among cities and their desire to represent a pole of attraction for potential residents, businesses and tourists have led as a consequence to the adoption by city administrations of more and more sophisticated strategies of urban marketing. Without a doubt, urban policies made use of marketing techniques even before the term was coined, but the novelty lies in the deliberate use of them as an instrument within the context of urban politics.

Although urban marketing is considered prevalently as an instrument to support entrepreneurial policies and although its use has been criticised because it is associated exclusively with a growth in the economic efficiency of the urban centre, there is no reason why it should not be used in connection with the reaching of objectives of equity (improvement in the quality of the environment or in the living conditions of underprivileged categories) (van den Berg and Braun, 1999); this above all in consideration of the widening of the field of application of marketing and of its use in sectors which are no longer exclusively profit-making.

Within the context of urban marketing it is important to define the product or urban service to be placed, its dimensions (which can vary from a single good or service, to a group of connected goods and services, or even comprise the entire urban agglomerate) and the clients or users to which it is directed (target group). Once these elements have been defined, it may well occur that marketing strategies, for example, make it possible to adapt the urban space, and the activities and services connected with it, in a more suitable way, to the needs and requirements of large slices of the population. But the problem is that, for the moment, in the definition of urban policies, there is a prevailing tendency to consider as a priority the requirements of specific groups. Thus a fairly clear break is created between those who participate, decide on and draw benefits from the interventions made in the city and those who are excluded from them.

2.3 Problems and contradictions in entrepreneurial policies

It is evident that the transition in urban politics from “managerialism” (management of an area with clearly defined territorial limits) to entrepreneurship (promotion of the city in an international scenario by means of the redefinition of its image and the use of sophisticated urban marketing techniques) implies a gradual movement away from the objectives of social equity. This phenomenon will be accentuated, moreover, by the facts that the economic prosperity of the cities will become increasingly independent of the destiny of the national economy and that decisions regarding the distribution of income will be made more and more on a local city level, presumably concentrating resources on those activities which permit the city to acquire a competitive advantage over others.

Lack of interest in urban policies aiming to reach the objectives of social equity directly is also furthered by the assumption according to which those policies oriented towards the promotion of the city or of some of its functions generate an increase in

income and employment levels which would constitute an advantage for the entire population, including the less privileged classes. There is not however sufficient evidence to support the fact that an increase in wealth deriving from an improvement in the competitive position of the city may be translated into a redistribution for these categories. On the contrary, it has been demonstrated that the benefits deriving from the attraction of capital (higher salaries, new job opportunities, increase in prices of the real estate market and increase in local taxes) answer the needs of only specific social groups (well-to-do middle classes) and, in so doing, become a priority with respect to those of other categories which are more needful (Harvey, 1988; Mollenkopf and Castells, 1991; Rogerson, 1999).

3. Urban Environmental Policies

Greater attention paid to finding a solution for the ever more pressing environmental problem of cities could also represent an incentive to rethink the priorities which have up to now characterised the urban policies in the direction of a greater social equity. The proposals aiming to make the city a sustainable entity, in fact, consider indispensable a reconsideration of the basis on which urban development is to be planned; the principle according to which an urban centre must reach development exclusively by means of its level of economic efficiency therefore becomes a minor consideration. Indeed, among the urban sustainability models there is no lack of those which place an emphasis on the need to bring into the field instruments capable of improving the quality of the environment, making cities more competitive towards one another in attracting economic and financial operators (Haughton, 1999). A balance between the objectives of efficiency and equity could be reached by means of an urban development model that not only concentrates on the environmental picture but also bears in mind the possibility of a total revitalisation of the residential, social, cultural and economic one, because it is inevitable to link the project of a sustainable city with that of a sustainable society (Amato, Sommella, Ventriglia, Viganoni, 1999).

Conclusions

The increase in competition among cities has marked the transition from urban policies orientated substantially towards the management of a territory with well-defined limits to those directed towards the promotion of that same territory within an international scenario, by means of the relaunching of the image of the city and the use of sophisticated urban marketing techniques. All this has redoubled the attention paid to the achievement of a development of the urban centre based exclusively on the concept of economic efficiency. As a consequence, the interest of urban policies in the direct solving of social problems and in a more equal redistribution of the benefits has waned, also on the basis of the assumption according to which policies aiming to promote the city lead to an increase in the income and employment level which would constitute an advantage for the entire population, including the less privileged classes.

A push for the re-establishment of greater conditions of equity within the urban centres appears to be coming from those models for the sustainable development of cities which are linked not only to an improvement in environmental conditions but also to a project for a sustainable society.

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