Collected papers 1989-99

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This collection of papers is made available mainly for my convenience, to save me having to find and send copies of these various writings to people who ask for them. Some are still used in teaching and this may be a convenient form for students to find them.

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* I am grateful to Bob Catterall for permission to reproduce these two papers, first published in Regenerating Cities. Bob now edits CITY, the successor to that journal. M.E.
Preface
written in 1994

This collection of papers is not a book.

It is a gathering of various papers, seminar presentations, lectures and teaching notes which I have written over recent years. They are collected together purely for the convenience of students and collaborators to whom I’m prone to say “I wrote that down somewhere but I’m not sure where you’ll find it”. The collection may be a precursor to a book but for the time being it is just a scrapbook or scratch compilation. Some passages are less substantial than others, but people want to read them so here they are.

Working in an English university is subject to a number of pressures and three particular ones will be evident in these papers:

• mounting pressure of growing student numbers on a shrinking number of staff. Unless and until we transform the way we teach, this tends to cut staff time for research and in my case I tend to write things to the point where they serve an immediate purpose - usually a lecture or conference - and then move on to the next task without polishing each fragment into the conventional ‘finished’ form acceptable to publishers and journal editors;

• the imperative to criticise the practices of planning and urban development in the face of some quite remarkably backward transformations in the last couple of decades. It frequently seems that our collective social knowledge is being forgotten - or even abolished - in the face of new fashions and fetishes. Unless universities resist the fashion fads of current policy and maintain a tenacious criticism of social practices, there is a serious risk that the job of social criticism just won’t get done. This is the origin of the impatience, frustration and—occasionally—rage which surfaces in some of these papers: the management and planning of cities is so much less good than it could and should be; most possible environments have not been tried; we often seem to be going from bad to worse when we have the capacity to do progressively better.

• On the positive side, universities seem to remain attractive to students who really want to think hard and do their best possible work, linking major theoretical debates with practical creativity in professional work, political and community action, history, criticism, writing and (increasingly) in newer media like TV. They come from all over the world as young students, old students, professors, guests and hesitant inquirers and they are a constant source of stimulus and reinforcement.

One of the frustrations of teaching is that, while so much of life is spent commenting on other people’s draft texts, the structure is such that very rarely is it reciprocated. So I want to thank all the people who have contributed by listening, commenting and criticising: they have generated valuable ideas and been absolutely indispensable for morale. In particular, thanks to the dozens of people active in the King’s Cross Railway Lands Group, BISS (the Bartlett International Summer Schools on the Production of the Built Environment), INURA (the International Network for Urban and Regional Research (www.inura.org)), students, friends and colleagues at the Bartlett School in UCL. You know who you are.

Appreciation also to the late Ruth Glass who taught sociology so well. The others are still alive.
Agents and functions in urban development: frameworks for analysis

This was presented at the University of Las Palmas, Gran Canaria, at the invitation of Eduardo Caceres. It was published in Spanish, with an English parallel text, as Edwards, M (1995) ‘Agentes e funciones en el desarrollo urbano’ Cartas Urbanas 4: 26-39

Aim and Scope
The aim of this paper is to provide an informative view of the economic processes involved in the process of development of urban land and buildings.

Agents or functions
It is very common to read about the “agents” or about the “players” in urban development: land owners, banks, tenants, builders and so on. They are easy to identify in any project. It is common for critics of architecture and urbanism to “blame” particular agents for faults in what gets built.

However, for two reasons I want to write instead about “functions” - for example credit and investment, building production, consumption and use. These reasons are:
(a) The main functions in urban development always have to be performed, while particular kinds of agents may be absent in a particular case - for example we don’t always find banks; we often now don’t find a distinctive class of land owners;
(b) The functions may be performed by a single agent or by a lot of separate ones and it is useful to look at these different organisational forms as important in themselves - for example we may find vertical integration where one organisation combines all functions.

The particular approach used here draws principally upon research by Topalov, Harvey, Ball, Chambert and participants in the Bartlett International Summer Schools on the Production of the Built Environment. The diagrammatic summary is due in particular to Chambert, whose work on Stockholm and Sweden will soon be published. A short bibliography is at the end - unfortunately mostly in English.

The basic approach here is to think of the whole long life of buildings and the land they stand on in a capitalist economy.

Think of a sequence in the course of a development project:

![Diagram of stages through time](image-url)
This diagram happens to have been drawn to illustrate the relationships associated with leasehold development in London in the 18th / 19th centuries, but using a framework essentially derived from Chambert; see also Page.

A. Land starts in one sort of previous use (perhaps a farm, a factory);

B. For some reason there are then actions which are the necessary preparation for development or change of use. This transitional or mediating stage can involve the land changing hands, it can involve technical design work, legal work about permissions, political activity, the arrangement of grants, subsidies, investments and loans: everything necessary for the project then to go ahead.

C. Actual production: engineering, building and so on.

D. When the work is physically complete it is not yet economically “complete”: until it is sold and the money received, the payment of those involved so far cannot be completed and the accumulation of capital stops. New owners or users must be found. Thus begins a stage of use - the (usually long) life of the finished project, but still with a stream of investments in maintenance, repair and adaptation.

Finance
All four stages of our simple model may involve finance, i.e. there may be people who have invested money capital either as shareholders or partners, or as interest-bearing loans. In principle this role is simple to describe but in practice it can be very complex, and the forms which investment in real estate take are becoming endlessly more elaborate.

Finance phase by phase
In terms of the four stages:

A. Since we are interested in the development process we may not need to know much about the financing of pre-development activity. But it can be important in triggering development: the farmer, in debt to the bank, paying rising interest rates from a falling income, may be forced to sell or to develop. This man or woman has actually been a common phenomenon in many parts of Europe.

B. The transitional phase of getting projects ready is often carried on with the owner’s or promoter’s own money. It is a risky stage (because of uncertainty about permission and/or about market demand). The attitude and involvement of the state can be very important here in determining the level of risk, creating general conditions such as the supply of infrastructure.

C. Actual production is always very costly and is hardly ever feasible without some sort of loan or equity finance coming from outside the organisation promoting the work. [The common exception is in self-build housing where the household builds a bit each year - just what it can afford from its income.] The financing of urban development is a very important kind of asset for the world’s banks and investors. It can be very risky, depending principally on whether the project is commissioned or speculative and, if it is speculative, what the demand conditions are likely to be.

D. When a building is finished the promoter may simply sell it, using the money to pay off any debts and ending up with a profit or a loss. But that can only happen if a buyer can be found who has (or can borrow) the money to finance the purchase. So in principle the credit problem is a continuing one in to the future. We find in many countries that particular kinds of financial institutions (e.g. pension funds, insurance companies) specialise in the long-term ownership of real estate as investments; other institutions may specialise in long-term finance (loans) for housing, for industries, etc. In some places there are strong regional banks which can be very important - e.g. in Italy. In the UK the specialised and localised banks have almost disappeared now though there is no sign that the huge general-purpose banks are particularly good at making decisions and using their huge market power in anyone’s interests.

The degree of power and influence of the lenders and investors can vary enormously from case to case, and can change very fast. Often we see that property development or investment companies have debts
to the bank which seem quite modest and the interest can easily be paid out of rental income or building sales. But then if building rents fall or if interest rates rise (or both) the company can quickly be weakened or destroyed and the banks and creditors end up owning a lot of (devalued) buildings. This is what happened to Olympia and York, the world’s biggest promoter, and to many others last year. The power relations can shift.

In a world where money capital can flow increasingly freely - not just in Europe but globally - the capital markets can channel very large sums in to and out of the real estate sector, as we have seen in the late 1980s. A sudden rush of money can drive prices up. Investors confront special problems when they try rapidly to withdraw from real estate: real estate assets quickly become rather illiquid when everyone is trying to sell and a dramatic fall of values can easily be precipitated. I think it is fair to say that today’s international markets in real estate assets are very volatile and not at all self-regulated.

**Land ownership; promotion (= development)**

Historically the ownership of land has been an enormous problem for the development of capitalist economies - often presenting great barriers to modernisation, inhibiting investment, using local monopoly powers to suck out of local economies income which could otherwise have been used for productive investment. Sometimes the mere structure of ownership (small plots, complicated tenure) could prevent owners from developing easily, even when they wanted to. Occasionally there have been cases where forms of large-scale private land ownership have enormously simplified and helped development but the general rule is that landownership is a barrier.

In modern Europe we have seen changes which - to very varying degrees - have removed some of these barriers, usually by giving the state powers to acquire land and to service it for development, or to re-parcel sites, or to acquire land if the existing owners do not develop it in the way (and at the time) required by some plan. The Netherlands and Spain seem to be rather advanced in this process, Britain rather behind.

While the land ownership system may vary from country to country, there is always some development or promotion function involved in any urban project. This may be a very simple function - as where a municipality builds its own school or a manufacturing firm builds its own factory extension.

But it can be quite a demanding and complex function, potentially including:

- conceiving of the possibility;
- finding a location;
- market research (for speculative projects) or consultations with future users, and feasibility studies;
- specifying the product, commissioning designers;
- obtaining permissions;
- finding investors, credit, state subsidies;
- contracting with, and controlling, builders;
- marketing the finished product in advance;

and often doing all these things fast - to minimise interest charges or (if the project is speculative) to catch what is thought to be a good price in the market.

[The agents which perform these functions vary enormously. Some industrial firms do it for themselves. Some banks and insurance companies have their own development divisions. Sometimes there are integrated firms which combine construction, promotion (and often finance too) as in France and Japan for example. Sometimes promoters become also property investment companies, holding on to their completed projects and becoming large scale managers as well as producers. And then there are the pure promoters - often very small firms with few staff and little capital - who specialise completely in getting projects together, completing them, selling and going on to the next. This could be the small speculator who builds one house a year or a large-scale operator like some development companies in the UK.]

Remember too that promoters / developers may be the same organisations as land owners or may be quite distinct and this may have profound effects on what gets built and on the flows of money and risk...
involved.

Perhaps the most important distinction to make here is between development which is speculative or not: speculative production is where, at the time when construction starts, there is no particular user of the building contracted to use it.

In some places speculative development is the dominant form; in others most building is done by or for clearly-identified users. This distinction often corresponds with the distinction between owner-occupation and renting of finished buildings discussed below under “use”.

But it is potentially a very important distinction for the location and for the design of buildings because speculative developers will tend to produce buildings of the type and location which they think will sell. They may be wrong so some buildings are under-used while people seeking buildings in some types and places may not get them. Also they may tend (with a few brave exceptions) to play safe - to congregate on the types, designs and locations for which they think there will be a steady mass of demand. In this case marginal locations will be under-supplied and unusual kinds of building will not be built.

Production itself
The construction process needs rather little description: we all know what it is. But we should remember that

• the final assembly of buildings on site is a decreasing proportion of value added: for every worker on site there are others making components, materials, equipment, tools and getting them designed, transported, insured and so on. Counting all these linked processes we are considering a big part of the modern economy.

• there are remarkable national and regional differences in this industry: in how labour is trained, in levels of productivity, in quality of work. The early stages of the Single Market may be opening up big public projects to international tendering but it will be a long time before we have anything like a homogeneous building industry in Europe.

There are some important changes in the role of the professionals within the production process. For decades the model in the UK and elsewhere has been that the architect (or engineer) designs. Then builders are found to build. It is the tradition of the liberal professional.

Imagine Nissan or Sony working this way! They want to integrate design and production for speed, for effective learning and feedback and for cost control. Similarly in construction in leading sectors we are beginning to see in the UK the arrival of American and Japanese approaches in which the building contractor or a construction manager takes control of the whole design-and-build process. The architect becomes a servant of the builder. If there is a distinct design firm it may only be involved at the early stage of getting permission and later as a sub-contractor to the main contractor. Thus the architectural and other professions are being placed under great pressure in a new social division of labour.

Consumption and Use
The simple form of consumption and use is owner-occupation.

For housing this is the dominant form in many societies and (with elaborate credit arrangements) is becoming dominant in Europe. For industrial and commercial buildings it is also very common for firms to own their own buildings - either getting them built to their requirement or buying them from others. Credit may be involved in this. But often it seems to be the fact that real estate can be good security for borrowing which makes this form of tenure attractive to businesses: they can borrow against the security of their land and buildings - to raise capital for any business purpose, not only to buy the real estate itself. A second advantage may be that the firm can get exactly the building it requires - rather than having to buy what the market offers. A third advantage may be that the firm is insulated from the effect of changing rents.

Owner-occupation of factories, offices and shops is dominant in Germany, Holland and many other parts
of Europe. We don't really understand why yet.

Alternatively there are many forms of tenancy. This means that some landlord or investor retains some of the rights of ownership in the land or in the land+buildings and collects a rent in exchange for giving a tenant the rights of occupation. The details vary enormously from country to country and there is absolutely no European harmonisation.

This rental system has been dominant in the USA and UK and there are those who believe that it will spread through Europe.

When a rental system exists we get two distinct markets:
(a) a user market in which users compete with each other to rent the available space. This supply-demand interaction determines the level of rent in each place and rents can be very volatile since demand changes much more rapidly than supply.
(b) an investment market in which investors compete with each other to buy the available buildings (occupied or empty) to use as investments in order to gain the flow of rent from them and the hope of capital gain. In these markets capital values are determined. Capital values depend of course on levels of rent (more rent, more value), but also on expectations of future rental growth, on expectations about future lettability and on the returns available in other kinds of investment. (Investors will not buy buildings which yield less than bank deposits or government bonds unless there are strong compensations like the prospect of future growth.)

From the point of view of construction this means that it is the fluctuation of investors' demands which mainly determines the quantity of building. We can and do get enormous fluctuations in building production and these are only influenced by fluctuation in the actual demand (from users for buildings) in a very indirect and inefficient way, and with some years of delay. In the UK where this system predominates, investors' optimism and herd instinct in the 1980s seems to have fuelled orgies of competitive bidding for properties and thus generated over-production of buildings for the investment market on a scale which will not be validated by final demand in the user markets. It seems very inefficient and it is certainly very damaging to the development of skills and capacities in the construction sector.

On the other hand, the existence of big rental markets is said to be good for the efficiency of firms which use space. They have a choice of where to locate and about the quality and quantity of space they occupy: it is very flexible for them. It also frees their money capital for use in the business and helps new firms who lack the capital to buy or build.

It is an open debate with little hard evidence. The precise configuration of rights and duties within leases is all-important in determining the distribution of benefits between the parties over time.

A further interesting question is the effect on architectural design, location and working conditions inside buildings. Since this is more a question of how buildings are developed than a question of how they are finally owned it is discussed above under "Promotion".

Certainly, however, the existence of dual (investment and user) markets is liable to mean...

- that the link between supply and demand becomes very indirect. This is bad for equilibrium and bad for the flow of "information" through which markets are supposed to ensure that user needs are sensitively met;
- that a limited number of standardised commodity types emerge because investment markets

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1 In the jargon of the UK markets, we define a term "yield". 
Yield = \( \frac{\text{current rent}}{\text{capital value}} \times 100 \) %

2 The situations in Japan and the USA where the investment markets are also strong, appear to have some similar features.
are best at handling standardised commodities, and this may reduce the diversity of what gets built.

The kinds of relationships governing production
The 16 boxes in the table are functions being performed. Sometimes more than one agency is involved in a box (e.g. contractor and sub-contractor; land owner and promoter). So there may be lots of agents. What is often important is the relationship between the agents. These relationships can take many forms. Principally…
• Contracts for work (between promoters and builders, architects, engineers)
• Rents / tenancy relations
• Interest on borrowed money, profits on shares
• Outright purchases and sales.

All these contracts represent important social and economic relations. They can be very tense. Their content can change with time (as in the example earlier where manageable bank interest becomes burdensome and the bank gains in power).

A very important issue arises. Some production processes involve sustained inter-dependence of various functions and agents. For example the massive social housing programmes of social democratic governments through the 60s and 70s were based formally on state expenditure and have often been criticised as damaging to the private sector of the economy. But in fact they always involved very substantial and risk-free opportunities for private agents in construction and in credit (Chambert, Ball) and the more market-based housing forms which have replaced them tend to be more risky and less certain for the private agents.

The general conclusion is that we have to try to understand the interactions of the system as a whole.

The state: present everywhere
So far it has been a story of private agents interacting with each other.

Conventional neo-classical economics tends to analyse these relationships and markets and then consider whether there is any state "intervention". There is a presumption that any state intervention will tend to "distort" market relationships and reduce the efficiency of the markets in allocating resources and regulating production.

This is a fundamentally wrong way of seeing it.

Really the state (national and local government and all the public bodies) are centrally important in constituting and regulating all the relationships and functions shown in the Chambert table. The state acts…
• As guarantor of general exchange through the laws of contract and the courts;
• As fixing taxes, subsidies and thus the 'terms of trade' among all those involved;
• As a provider of the infrastructure which enables land to be used;
• As making plans, granting permissions / regulating risk;
• As assembling land or re-organising ownerships;
• As an investor, as a user of land and buildings, as rescuer of failed projects.

Prospects for the future
Does the Single European Market mean convergence or homogenisation
• of product?
• of development forms?
• of levels of living?
• or is there a danger that it institutionalises disparity??

What special challenges confront the built environment professionals?
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France - Renard and Motte
Netherlands – Needham
Sweden – Mattson
Italy - Ave and Corsico
Funding mixed use schemes


This starts off as a talk, introducing discussion, and then becomes a record of the discussion. The group included professionals from architecture, planning, development surveying, valuation, pension funds and property development. A number of local community activists were also involved.

In addressing a discussion on funding mixed development, we must recognise that our approach to the topic is impeded both by poor research and by a lack of systematic expertise.

What is the issue? Casual experience suggests that the extensive single-use areas characteristic of post-war development are highly unpopular from the Royal Family outwards. This resistance is expressed against large uniform areas for all types of activity, including cultural centres like the South Bank, just as it is against large office zones and shopping centres where you can do nothing but be an office worker or shop.

What mixtures are we talking about?
- mixtures of rentable uses: offices, shops, industry, housing
- mixtures of rentable and non-commercial activity: lavatories, parks, libraries, churches, sports, crèches, community halls.

The main focus of the discussion should be on mixing only revenue-generating activities. That's difficult enough to start with. There are considerable problems integrating, say, housing, offices and shops and organising funding for these.

Why are uses segregated?
Can we scrutinise segregation without preconceptions in terms of four sources of trouble - each of which may be substantial or a myth?

Environmental interference
The old planning logic for zoning was largely based on "negative externality" eg: keep residences away from noxious industry; keep heavy trucking away from schools.

However, much separation of uses is based on 1920's assumptions about the characteristics of activities which are now invalid. The mechanical and electrical servicing machinery for offices now makes them noisy users. Large trucks which service small "local" shops in the middle of the night for cost optimisation also cause disturbance. Conversely, on the industrial front there is no more glue boiling.

Given the characteristics of contemporary activities what are the continuing environmental grounds for segregation? How can these grounds be expressed in regulations without relying on “use classes”?

Technical incompatibility
This is largely a problem of mixing uses within a single building. There may be incompatible requirements regarding building depth and lighting; access (routes, timing and security); noise and disturbance associated with refurbishment on different cycles when eg. housing, shopping and car parks are involved in single structures.

Funding problems (our main theme)
A vastly diverse range of human activity is accommodated nowadays in a ludicrously narrow range of building types: offices, shops, industrial buildings, science parks, housing. Property markets are separately structured for each category and each category becomes more and more standardised.
Can we test the hypothesis that single-use developments are preferred by funding institutions because they find pure commodities easiest to deal with and mixed ones inconvenient? Is property segmentation linked to institutional inertia simply because the groups of people dealing with each property type are separate?

Professionals conduct the financial appraisals on large developments by working separately though each component, in isolation and independently of each other. They do not have a forecasting model for valuation in which the interdependencies are shown. The benefits of interdependent uses are lost from the estimates by the way the calculations are made.

The rates of return from different elements in mixed use development are very different, usually. Most projects have a leading use which tends to squeeze the others out, especially if a land price based on the lead use has already been paid or promised. Is this a good way of proceeding? Clearly not.

User preferences We have all met the shopkeeper who says "there's no call for it" and we know that it's often a limp excuse.

Can the uniformity of single-use developments be validly defended on grounds of user preferences? The answer may depend on whom the users are seen as being- the firm which takes a tenancy or the workers and customers of that firm or the wider society. At least three categories of user matter in this:

- the investment market
- the preferences and demands of tenant organisations
- end-users themselves

Looking to Europe and elsewhere, if we identify the issues, we must look at precedents of good practice elsewhere. We have a very localised situation nationally. The implications of European integration for this are radical.

Are markets equally homogeneous in Europe? The higher level of owner occupation of work premises in much of Europe creates very different conditions. There may be less flexibility in meeting the tenancy needs of firms, but the capability of producing a more heterogeneous building stock is clear.

Could it be said that the British investment market in real estate is the main impediment to mixed-used development?

Personal caveats (interjection by workshop convenor) By having discussions like this seminar, it is easy to form the impression that there is consensus in the wider society. This is often not so. In property-led urban regeneration, there have so far been gainers and losers. Talking does not eradicate this.

Divergent experience and points of view. The workshop discussion was characterised by these.

South East vs north of Watford
Organisations that are strong enough can make their own markets in the regions. They can find the space and the costs of doing schemes. For others this is a problem that affects the mixed element of schemes.

One view was that the "gap finance" requirement is not necessarily greater in the north, only that there is less total margin in which to manoeuvre. The view from the Black Country, however, is that a large proportion of urban renewal costs has to address problems below ground. 'One is into gap funding immediately.' One surveyor’s view is that "you're in trouble before you've started on made up land".

Old or prospective market values An ingredient of the North/South difference relates to whether one derives property values from - the old or the prospective market situation.

Roles of state, public and private agencies
Clearly all problems cannot be solved by the property development sector. Other mechanisms are
needed. However, the property development sector does need state interventions of various kinds to get on with its business. A developer needs confidence in the infrastructure prospects, in the regional economy and in what may be permitted - to itself and to its competitors.

**Funding large vs small-scale schemes**

Different conditions pertain to smaller projects. They are market-takers, not -makers. Fewer externalities can be internalised within a small scheme. Bloomsbury and Regent's Park are good examples of schemes large enough to internalise for the developer the benefits created by the green space; Foster's plan for King's Cross is the same. Small projects simply cannot do this. And their funding road is harder than for large operations and big acreage.

Small projects especially are more dependent on an environment created by plans, infrastructure and zoning flexibility. Planning systems (currently government supported) constrain flexibility.

**Appraising value of mixed use**

Investment appraisals are considered in discrete categories for separate use types. Each category is difficult in itself. It is hard to merge these appraisal techniques, although a valuer would amalgamate the income at the end of the day.

However, as one creates places by mixed use development, one should combine uses at the outset and value comprehensively on day one. This is hard without precedents on which to operate.

Valuers admit that they don’t know how to reflect the effects of mixtures in the valuation of the separate scheme components. There is a research problem here if current practice is to be up to the job.

- Professional and technical problems: separate valuations on different mixed use elements are not helpful.
- Comprehensive evaluation judgements are not well developed.

Knowledge on this is limited. Research is required.

**Evaluating benefits** The elements of a typical scheme may include for example:

- housing for sale
- social housing
- leisure
- commercial rentals

The aim often seems to be creating a place where people come 24 hours a day. Is this really right everywhere?

Can one quantify the user benefit of such a scheme, beyond reporting that users like it?

**Horizontal versus vertical mix**

What are the relative benefits of horizontal or vertical mix of uses?

One view is that horizontal mix is easy in funding terms, whilst it is difficult to find funding packages for vertical mix.

Other experience indicate that lateral (ie. horizontal) mix of uses is a problem because of different objectives and difficulty in maintaining control of the whole. Some consider that financing lateral mix is out of the question (JLW).

Community involvement in heterogeneous development.

The value of heterogeneity is often not recognised, as evidenced by planners in a London borough
insisting that one single architect be responsible for 3.5 acres of development.

On an urbanistic level, the lateral mix is important. Development must be diverse and give scope to many small institutions alongside large institutions.

The approach to large scale development thus far seems to ignore community involvement. Some consider that mixed development must include “community sweat equity”.

Room must be allowed for some development led jointly by residents and developers; not all development should be developer-led. The latter does not produce an atmosphere to generate the growth that financial managers should seek.

Effects of scale again
Ability to fund mixed use is affected by scale. There are economies of scale and impact in financing large projects, with room in the financing to cope with aspects of mixed use. In smaller schemes it is harder to cope with mixed uses when funding.

However, the concept of large scale “can be very frightening for local people”. A multiplicity of small uses is the real nub of what makes the inner city successful.

Financial difficulty arises with small scale schemes because people's minds become very focused on the income generated from the various bits.

Whilst affirming the feasibility of funding mixed schemes, Stanhope recognise that small projects by small firms face a different situation.

Therefore one should create a large scale effect by putting together several small projects, as in the Inner City Enterprises portfolio, or the group mortgage secured from a building society by a number of residents at Lightmoor.

Perhaps a group of insurers to insure group portfolios should be arranged. This is a mechanism for funding individual projects.

Scale and timescales There is also a scale issue relating to timescales. Local authorities who put land into a scheme want quick returns. They have very short timescales on their own funding problems (typically a year) and then the prospect of an election.

The difficulty is in balancing long term capital gain and up front returns to satisfy impatient local authorities.

Timescale is a major factor in developing mixed use schemes in unproven locations. A lead time of 3 years rather than 18 months was suggested for a £2 million scheme. By creating larger scale, one may be able to move faster.
The Real Plan for King's Cross

preliminary caution
Priorities for a community-based plan should be generated democratically and I have no wish to by-pass that process. But I have been working on King’s Cross and thinking about it for nearly 3 years and offer the following as a contribution to the debates. January 1990.

context
London has, since the mid 1980s, been undergoing a speculative office development boom alongside a dismantling of strategic planning and an increased market pressure on the housing stock. In this context the public transport authorities have been under increased pressure from government to make profits and to finance desperately-needed investment from revenue or asset sales.

BR’s partnership with other land owners and LRC (London Regeneration Consortium) arose in this context. Their plans are under consideration by Camden Council, the local planning authority. The opportunity now arises for an alternative plan (or plans) to be devised, based on community initiatives. This note is intended to help the debate on what the brief for such an alternative should be.

central area development
Most of London’s central area railway termini have now been subject to large-scale office or office/retail developments, using vacant (or vacatable) land and air-rights. These projects have provided some of the largest development sites in central London and, among them, King’s Cross stands to be the largest. Main line stations are well-connected points on the Underground network and have been designated for decades as the optimum points for major employment-generating developments. Ironically, however, these projects are taking place too late - at a time when the spare capacity of the Underground network to carry the extra loads to and within the centre is virtually nil. The station redevelopment projects are thus contributing to an unsustainable over-concentration of jobs in Central London.

housing
The inner London housing market has, in the same period, experienced mounting pressure from higher-income households who are (relatively) re-populating the area. The removal of protections from the public- and private-rented stock of housing makes established populations and communities increasingly vulnerable to displacement. Those trying to house themselves in the owner-occupied stock have experienced in an acute form pressures which have long been upon them.

transport
London finds itself now in an impasse. It has for decades lacked the steady maintenance and upgrading of its public transport system which most west European cities have had. Its road network is very little changed since the 30s and successive plans for major road building have been defeated by political resistance - the latest in early 1990. Progress made with traffic-calming measures, environmental management of traffic, services for cyclists and pedestrians have all been weak by international standards. The combination of low road and public transport capacity, intensification of activity and pricing and management policies which make driving a car fairly attractive even in acutely congested conditions, yields a worsening chaos.

It is now clear that, in the next years, London will have to live with the transport system it has and adapt its activities to what the system and the environment can stand.³

quality of life...
...in London causes great concern. The high cost of living is, for many, not matched by salary differentials. Time spent traveling, usually in bad conditions, is excessive in the eyes of many of us. Open space and recreational land, educational and health facilities are under pressure from the liberalised land market (and from the containment policies operating in the region). Pollution by noise

³ There are prospects for substantial new investment only in the Docklands and adjacent areas. Most of the public investment flow available for London appears to have been diverted to make the LDDC’s developments viable.
and fumes feels bad, there are great hazards for children and many Londoners feel stress. In these conditions the increasing social polarisation (between rich and poor) becomes especially acute. The whole situation is exacerbated by the fiscal crisis of London: many local governments are unable to provide the levels of public service called for by London's complexity on the one hand and the concentrations of poverty on the other.

**basic planning principles for King's Cross**

*hearts and minds as well as logic*

Controversies over planning, transport and related issues are fought out - in the media, in town halls and on the streets - as much in terms of images attaching to proposals as in terms of cool scientific analysis of impacts and consequences. Any alternative to the LRC plan would need to be based on some clear, appealing, ideas and images which a wide national public, the media and politicians can grasp and warm to. It is no accident that developers choose firms like Fosters: they are supremely good at producing (inter alia) images.

_A personal note: at the level of big architecture the Foster plan seems to me to be very good in some ways: it goes a long way towards integrating the site with its surroundings, it provides open space on a generous scale and - if built - would undoubtedly offer many pleasures. Its main weaknesses, to me, are in the composition of uses - and the results which would flow, on and off the site, for Londoners and for the country._

**three levels of need**

Whose interests ought the Real King's Cross to serve? There is a danger that a "community based" plan will only meet the parochial and defensive interests of those who happen to be the established local residents and workers today - or at least seem to do only that. I consider it a site of such importance that it should be used in ways which serve needs which are

* local
* London-wide, and
* national (indeed international).

We lack any political system to reconcile these levels of priority, but we should try to think in these terms. It is not even clear that they conflict. The penalty for (apparent) parochialism would be severe.

_conserve…_

Many of the kinds of resistance which have been expressed to the LRC scheme (and to comparable schemes elsewhere in London) stem from people's concern to conserve. There is, of course, great scope for contradiction and confusion within and between conservation groups but the case for conservation of human relations with each other and with the natural environment is now unanswerable and attention to these priorities should be a central feature of any plan. Let us think what some aspects of this might mean:

..._humans_

Camden is part of the international Healthy Cities programme of the UN. A very wide definition of priorities might flow from talking to the programme's workers in Camden. Certainly the Solon survey of local opinion

4 attached great importance to the inadequacy of primary health care. Beyond that, life is affected by atmospheric and noise pollution and other hazards. Socially I would stress the many ways in which established residents (some of whom are also linked in multifarious and overlapping associations which get called 'communities') feel threatened by displacement.

In the labour market the catastrophic collapse of many of London's main industries of 20 years ago (hot metal printing, other manufacturing, docks and some other transport sectors) has created problems for many workers and their offspring - problems which many overcome but which many find insuperable.

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4 This survey, commissioned by British Rail Property Board from Solon Consultants, is not widely available. Reference is made to Arthur Simpson’s summary of it and of an LBC survey *Opinions of the Local Community on what is required in the Development….*, 25 October 1988, page 9.
Many workers, and workers’ children, have insurmountable problems in finding rewarding, adequately-paid, work, even with jobs available in buoyant sectors of the economy. And for people with disabilities and members of ethnic minorities the problems are especially severe. The property markets have played a rôle in accelerating this industrial change and new development projects should (insofar as they can) provide for a less damaging speed and form of change over coming years.

...energy
It is now, belatedly, recognised that we are profligate in the use of energy, most of which derives from fuel-burning. Long-standing concerns with resource depletion have been given added urgency by the realisation of the rapid rate of global warming attributable to combustion. In the UK 30% of delivered energy is used in transport (more than in industry), and a further 35% in heating and cooling the buildings which constitute the built environment. Clearly every new planning and building project should contribute to minimising this problem and King’s Cross could be a pioneer. This is partly a matter of the design of buildings and micro-climate, partly a matter of finding symbiotic uses and partly of minimising the need for transport in the London system as a whole: more housing and less employment.

...re-usable structures
The structures on the site are re-usable to varying degrees and at varying costs. Some could not ‘economically’ be retained while others could be. But the notion of ‘economic’ is an elusive one since the ‘value’ of the Fish Offices or the Great Northern Hotel lies substantially in their historical and cultural significance which is unlikely to correlate with any market measure of their worth. Enormous creativity will be required here.

Minimise...
There will be many variables to be minimised in the process of design. The following is a list of some which might be considered.

...physical segregation
Bloomsbury was originally bounded by gates to exclude ‘undesirables’ and tradesmen; St Paul’s Mews off Agar Grove is segregated crudely from the Maiden Lane Estate; Much of the Docklands development is criticised for the physical barriers placed between old and new. We should avoid them. (Bill Hiller and colleagues at the Bartlett have been advising Foster Associates on these issues to good effect (in my view) and are willing equally to advise on the alternatives.)

...social segregation
The violence done by (e.g.) the Docklands projects to local people does not flow just from physical incoherence between old and new. It is rooted as much in the social chasm between new and in-coming firms and residents and the pre-existing ones. We know that abrupt social cleavages have long been a feature of life in most cities including London: Spitalfields, North Kensington, Regent’s Park. These cleavages can be relatively tolerable - even valued - where the poorer occupiers are secure; tense and fraught where market forces are rapidly displacing households and firms which are unprotected in competition.

This is a complex and difficult problem for King’s Cross since any upgrading of a run-down area is likely to create conditions for the displacement of poorer residents and many established firms - indeed that is often one of their aims, and one of the criteria by which “regeneration” is judged to be “successful”. Since so many of the mechanisms which have offered protection are now being dismantled (rent control and security of tenure, a protected public housing stock, industrial use rights separated from offices), market forces bear much more heavily. Unless and until the policy context changes, all we can do is to minimise the ill-effects through the tenure and design of buildings in the scheme.6

...travel

5 Steadman, P, Controlling Energy Use through Urban Planning, Open University, nd.
6 We lack even the mechanism, common in the USA, of a public right to secure “linkage” contributions from developers to pay for the off-site low-cost housing needs generated by a development.
It may seem odd, in such an accessible location, to seek to minimise travel - but there are powerful reasons for doing so. The energy/CO$_2$ case has been mentioned above. In addition, the scheme could contribute to a reduction in the amount of vehicular travel (especially long-distance travel) generated in the London region. Within the travel total it can also seek to minimise the amount of car travel. Other things being equal, it can do this by

* reducing the contribution it makes to central London employment growth;
* increasing the contribution it makes to housing people who work, study or otherwise regularly need to be in the centre;
* providing services which users would otherwise have to travel to find.
* minimising parking provisions and making public transport as attractive as possible.

All this would clearly be much easier to achieve in the context of some strategic plan in which such aims were being pursued across London and the region - and we are far off that situation. (Such a plan would almost certainly aim at a more poly-centric London with a better balance of homes, jobs and services in each part of the region). But, even without a plan, King’s Cross could and should be the outstanding demonstration of what can be achieved on each and every developable acre.

…unnecessary engineering

Many urban development schemes (especially in the 60s) were based on a circular argument: massive engineering infrastructure was needed to service the proposed volume of development and the commercial scale of the development was needed to pay for the massive infrastructure. The discarded comprehensive development plan for Covent Garden was a classic example.

The LRC scheme for King’s Cross is another. The scheme is particularly weighted towards a massive commercial content because of LRC’s need to meet the land owners’ exaggerated expectations of the net worth of the site. LRC are understood to have indicated to the land owners that 70% of the net development surpluses could flow to them and, more serious, that an early advance of £400,000,000 would be made against this flow. In those circumstances a very commercially-intense scheme was inevitable. Thus, from the first, the LRC and Speyhawk schemes envisaged very costly decking over railways and other heavy engineering works which are needed only to enable the whole site to be used for development. These works - accommodating existing railways and the new links proposed for the international station - add some hundreds of millions to the costs (and add them in early years) and thus "require" a great deal of extra commercial building to pay for them.

Working round this problem will be difficult as an engineering and architectural task. If the international station site moves to Stratford (as it should on strategic planning grounds) the problem is bad enough: how can the King’s Cross site be developed other than as a ghetto isolated from its surroundings by railway tracks - as Maiden Lane and Elm Village are? If the international station is sited here, the problem is worse since additional tracks weave through the site. All the same, it seems sensible to me for design work to begin with the buildable land; next tackle decking over railways only with light structures and then, only as a last resort, place buildings over tracks.

...complementary mixtures of activity

Workers in the day time and residents in the evenings and weekends help to support pubs, shops, buses, nurseries, clinics etc. They keep the streets peopled and can share the same (few) car parks. Students (and educational users generally) use space and bedrooms at times of year which are complementary with the tourist seasons. Many cultural bodies can make use of performance and exhibition spaces in interlocking rhythms. There is a widespread consensus that mixed-use areas are a ‘good thing’ though the logic of the property development process often seems to prevent their realisation. Here is another design and management challenge.

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7 There is, for example, an interesting proposal from the Anastasia Trust for a National Deaf Cultural Centre which needs a nationally-accessible site but would only need to share the use of most of its spaces. There must be many such possibilities waiting to surface.
I argued above that any plan should maximise housing in order to contribute to the better balance of homes and jobs in central London (and thus reduce unnecessary travel). There is also a compelling pressure of need - from almost every section of the less-than-rich population. There are claims from existing licensees on the site, from registered and un-registered homeless people in the Boroughs, from families on the housing lists. There are also severe problems confronting groups like nurses and students whose resources are tight, who need to be near central hospitals and colleges (and who can live at high densities and tend not to use cars).

The housing priorities for the site have not, in my view, yet been very well debated. The claims and contributions of many potential classes of residents have not been considered yet. The immediate priorities on the Councils' homeless and waiting lists have tended to be treated as first claims. From this, and from the Housing Associations' determination to build only ground-access housing for families, has come some fairly restrictive density assumptions. Clearly, though, some of these groups might better be served by policies which housed other kinds of people here, at high densities, and aimed to liberate stock elsewhere in the London system. There is much to be done here, I think.

Clearly one could maximise housing by using the site for nothing else. There are two simple factors which should limit this tendency. First is the need for mixed uses, outlined above. Second is the problem of financial feasibility. Even after the land owners have come to accept that they will not get the quick financial killing they had hoped for, there will be a need for some more high-rent space to be built to cross-subsidise non-profitable elements and to realise the full potential contribution of the location to London's development.

Link...

...the development site with its surroundings, both physically in terms of footpaths, roads and views, and functionally through service provisions. See the discussions above on segregation and below on centres and shopping.

the rôle and structure of London

Clearly it is hard to plan King's Cross in the absence of any plans for London. We should probably proceed on the assumption that sanity will prevail and that - within the development period - measures will be introduced on the following lines:

(a) there will be some decentralisation of employment within Greater London so we will have a more poly-centric city. In any such strategy, transport routes which link peripheral areas (and not with the centre) will be improved. The North London Link is one of these.

(b) either through regional policy, or through relaxation of containment in the SE Region, some of the restrictive pressure will be taken off the housing supply situation in the city.

(c) where transport investment takes place, it will be concentrated on public transport improvements and environmental management of traffic. There will be little or no major road building.

Jobs

The prospects for the London labour market are far from clear. The leading sectors of professional, financial, retail, tourist and government services are probably fairly secure as sectors - though many routine jobs will continue to be decentralised within and beyond London. Some parts of the financial sector may be vulnerable to the underlying weakness of the UK economy and to European competition, but the English language (and our willingness to pay abnormally high interest rates) may help save even these functions.

The erosion of the residual manufacturing and equipment-servicing functions of inner London is likely to emerge as a problem. All the buoyant sectors need materials and servicing close at hand, to have printers round the corner and so on. If these activities are all priced out, the leading sectors will experience rising costs and inefficiencies. Some planning protection of these functions may be re-introduced. The King's Cross development could assist in a small way by phasing the development in such a way as to defer the displacement of the on-site firms.
to follow

health
to follow.

shopping
Inner London has severe shopping problems at two levels. At the level of major durable goods, the multiple retailers have been concentrating their trading in a smaller number of larger stores, often out-of-town or in suburban sites where parking and access are good. The numerous small high streets of inner London have lost out in this process. Local planning authorities (and the former GLC) have generally tried to protect them but have not had the resources to modernise them to the standards which would persuade the traders to remain. Marks and Spencer have done their bit for inner city decay by closing some stores (e.g. Dalston) and downgrading many others to underwear and luxury foods only. The Camden Town and Angel branches are now essentially luxury supermarkets. The John Lewis Partnership likewise has just announced that it will close Jones Brothers, the anchor store at the Nag’s Head. We have reached a situation where inner Londoners have to struggle in to Oxford Street or out to Brent Cross or Wood Green (or even Milton Keynes on occasions) if they want a good choice of routine durable goods.

Should we, despite the conventional wisdom and the policies of the authorities, consider the possibility of providing a high standard of durable goods shopping at King’s Cross? It would aim to attract the kinds of traders who would only operate fully at Camden Town, Angel or Nag’s Head if those centres were comprehensively re-developed. It may be undesirable or infeasible but it deserves thought.

At a day-to-day level, too, there are problems. Routine shopping has also concentrated in fewer centres, leaving many people with long and cumbersome journeys to get foodstuffs. Chalton Street and Kentish Town have dropped out of the system in the last 15 years and more could follow. The resulting system is particularly hard on those with limited mobility or restricted times for shopping. The site is in the middle of a void between Brunswick, Angel, the Nag’s Head and Camden Town so a good local shopping centre should be feasible. The obvious site is in the north west corner where it could serve the residents of Maiden Lane, Agar Grove and Elm Village. This is the meeting point of four backwaters at present but with adequate links to Camden Town and Murray Street it would be a good site and could provide a superb service. Non-commercial services (education, health etc) could be located with the shops and the proposed new station on the North London Link might best be there as well.

[That is as far as it got.]
April 1990.
Potentialities and contradictions in resistance to 'development' in Mrs Thatcher's London

(Written July 1991 and published in proceedings of a conference: Undefended cities and regions facing the new European Order, Athens, 1992)

abstract
The processes of "development" characterising London in the 1980s are both volatile and (for large parts of the population) violent. They are also fraught with contradictions for capital and cast severe doubts on the ability of the central state to hold its support. In this curious conjuncture it has been possible for a number of sporadic forms of resistance to achieve at least delay in major development proposals, though less in the Docklands than elsewhere. Struggles over redevelopment of a major railway site at King's Cross exemplify these problems. There have been some very innovative processes and alternatives developed but the resistance too has its contradictions and tensions.

scope
Mrs Thatcher's rule has ended some months before I write and it is too soon to see whether much has changed. The Thatcher period was a long one, and important, and my aim here is to comment on what happened to London in that period and on what grounds for hope and despair can be found in the contradictions and tensions the period generated.

The paper starts with a resumé of what happened to London, then refers to some of the contradictions of the period, drawing especially on struggles surrounding a major redevelopment proposal at King's Cross railway station (in which I have been involved) and finally looks for conclusions which could tentatively be drawn for theory and practice.

The paper (in this form) is written away from the office, away from the library, and so lacks adequate referencing. Sources of ideas, data and encouragement will be fully listed and acknowledged before it is published.

London...
...became important as a colonial outpost in the Roman period, experienced further growth in the medieval period, enjoying a boom as itself a colonial centre, and a construction surge following fire damage in 1666. Its growth in the 18th Century seems to have constituted the cradle of capitalist wage relations and a remarkably dynamic combination of production, exchange and financial activity.

The 19th century witnessed further industrial growth, strongly linked to imperial expansion, housing production related, inter alia, to the growth of clerical and professional labour markets, and innovations in transport, utilities and government. London entered the 20th century with a very class-stratified society, already ethnically-mixed, served by underground railways, sewers, prisons and other modern paraphernalia. The inability of market capitalism to house the working classes in any way which combined profit on the housing capital with adequate reproduction was already evident and local state mechanisms were already developing to provide social housing instead.

This pre-history is important for the modern period in many ways. It meant that London had an ageing infrastructure, a strong class polarisation, a history of metropolitan government which included massive municipal house building in the 19th and early 20th century neighbourhoods and a very diverse economy.

Rapid growth of population, speculative housing production and of manufacturing industry between the

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9 Clarke, 1991
wars\textsuperscript{10} generated what were seen as regional and urban problems. During the second world war central state planning for war production was highly effective, both practically and ideologically. An important element in the management of the war was the process of planning for post-war reconstruction, in the course of which major new national laws\textsuperscript{11} and plans for London\textsuperscript{12} were prepared and a strong green belt designated around the built-up area.

War damage reconstruction tended not to involve major restructuring of the city, in contrast to, say Rotterdam or Coventry\textsuperscript{13}, since the damage itself had been rather patchy. It did, however, have two features which are significant for our story: it reinforced the concentration of social housing for working class people around the centre, and in the commercial areas it permitted the first generation of speculative property developers to emerge\textsuperscript{14}. The decades since the war have, on the whole, seen rather slow and limited physical change in London. We had a cumbersome and rather unimaginative planning system, with a tendency to inertia in the relations between the two tiers (1964-86), and some quite effective popular resistance - both to private redevelopment projects and to major highway programmes.

\textbf{our situation today}
In some ways London is in a grave crisis: it is in a condition which is not sustainable. In other respects it has some strengths which could be the basis for a strong future.

\textit{in what sense a crisis?}
1 social \textbf{polarisation}: we have divergent real incomes, quality of life and life experience, evident in health conditions, in housing experiences, in household income. The literature contains two distinct perspectives. Some studies seek a view of the city as a whole, by comparison with others and from the standpoint of a hypothetical migrant or investor.\textsuperscript{15} Emphasis is then on London's pollution, noise, litter, vandalism, crime, inadequacy of education, poor travelling conditions in public and private transport, high prices and thus low real incomes. This perspective perhaps has a validity, but only as an external perspective in that generalisations are being made - implicitly - about "London" as a whole.

A second view treats the city from inside. The variation of quality of life within the city is very powerfully experienced but systematic data is lacking on real material experiences and how people's consciousness is formed. But there are scattered indicators.\textsuperscript{16} London is an increasingly polarised city to be living in.

2 \textbf{exclusion} of many poor people, especially in ethnic minorities, from the labour market through direct and indirect discrimination in education, recruitment and promotion.\textsuperscript{17} More generally we know that the UK class and education system is quite outstanding in its tendency to segment society and impede social mobility.\textsuperscript{18}

3 obsolete \textbf{infrastructure}: transport and other networks suffering from disinvestment over many

\textsuperscript{10} Ball 1983, Ambrose 198x, Hall 197x.
\textsuperscript{12} Abercrombie 1944, 1945.
\textsuperscript{13} Delladetsimas, 1985.
\textsuperscript{14} Marriott, 1969
\textsuperscript{15} Henley Centre, 1990; Cheshire's success and problem scores (1988).
\textsuperscript{17} Buck Gordon Young, 1986;
\textsuperscript{18} Leborgne and Lipietz (1989) have contrasted the 1980s UK model of development adversely with prevailing strategies in other north-west European states, emphasising the education and labour market divergences. Lovatt, Ham and Edwards (1984) further emphasise class barriers in the London labour market.
decades. It is now well understood that the poor performance of public transport is largely to blame for road congestion as well as for problems on the public services themselves.\textsuperscript{19}

4 an economy strongly sensitive to international financial markets and thus to weakening of the pound and the international ebb and flow of funds. All world financial centres share some of this uncertainty, but London is especially vulnerable because the real economy which underpins the currency is so weak. The recent decision of the UK to join the EMS alters very little: it simply becomes more important than ever that Sterling is kept within its (high) band of permitted fluctuation.

5 strong dependence on the building and development sector - always a volatile one and in the 1980s exceedingly fragile: uncertainty is high and over-production alternates with slump. London’s dependence on the development process became especially strong in the late 80s, as all the non-speculative elements in building production had been eroded. Private commercial development accounted for 93% of construction activity in Greater London in 1988, the public sector and residential elements having been reduced to negligible shares.\textsuperscript{20} Furthermore the conditions governing public investment are increasingly tied to the re-cycling of profits from land sales and are thus conditional on land markets booming: thus for example the building plans of the Health Authorities have recently been cut back because they were largely to be funded from land sales. Even archaeology has been cut back because of the slow-down in development. In effect what had previously been counter-cyclical or stable elements in construction demand are now moving in phase with speculative demand.

6 the regional containment policy - under which green belt and similar restrictions constrain building, especially of housing, in most of the region - is inconsistent with the de-regulation which has taken place in other sectors of the economy. In a boom period the containment policy guarantees extreme housing shortages, rapid house-price inflation, household debt problems and falling housing and environmental standards.\textsuperscript{21}

7 increased exposure to market forces of sectors which were previously sheltered. Some of these underpin the economy and the quality of life: education, health, research, many cultural functions, voluntary sector, sport etc. Fulham Football Club is not the only such organisation taking its land profits and leaving its site. Many other organisations, from universities to theatres are under the same pressures. Households, too, who had been protected by rent controls, tenure security and a stable or growing social housing sector are now more likely to find themselves priced out of the metropolitan market.

8 a high degree of centralisation of employment, cultural and tourist activity (largely within the Circle line of the underground system) and of shopping, there and in a small number of other centres, bringing with it:
+ over-congestion at central interchanges;
+ under-use of counter-flow rail capacity;
+ worsening accessibility (to jobs, shops etc) for those with limited mobility; worse for women than men; worse for the growing body of elderly than for younger people;
+ growth of long-distance commuting - highly profligate of energy;
+ powerful displacement threats experienced by households and firms in the “inner city” areas across which the centre is expanding

Until the GLC’s abolition in 1986 a series of general and localised policies served to limit this centralisation to some degree.\textsuperscript{22}

This centralisation is magnified by cautious public and private investment behaviour in conditions of

\textsuperscript{19} Mogridge, 1990.
\textsuperscript{20} LPAC (1989, 23)
\textsuperscript{21} Mitchell (1990) has shown that containment policies in the South East are generating severe housing and environmental problems within London. Housing problems more generally are documented in the work of CHICL, LPAC, GLHS, SHAC.
\textsuperscript{22} See the discussion in the case study below, page z.
high uncertainty. Investors are really deeply cautious in this speculative market of ours - see the case study below. And current proposals for locating channel tunnel railway termini at Waterloo and King’s Cross in the city centre seem likely to exacerbate it. The main exception to inertia has been the 1980s construction of the M25 "orbital" motorway round the outside of London - potentially a major stimulus to decentralisation within the South East region. There has not yet been much analysis of its impact but provisionally one could say that the effect of the M25 has been limited by the green belt and containment policies of the areas which it mainly serves and by the congestion which results from the vast excess of the demand to use it over its capacity.

9 Final negative: London has a sublime ignorance about itself: data and understanding about the metropolis are very weak indeed. This is a rather anthropomorphic way of saying that citizens, governments, media, scholars, investors all occupy their own limited concepts of the city, fraught with obsolescence and ideology. Markets need good information just as much as public planners do. Neither public authorities - from DOE to the Boroughs - nor private agencies have much clear grasp of what is happening, and certainly no integrated grasp. And what little knowledge there is tends to be divided: The Investment Property Databank and some chartered surveyors know about the commercial property market; 33 planning authorities in Greater London (and the others beyond) know something about land use and (eventually) about how it has changed; health bodies and OPCS know about mortality and morbidity; in transport, we lack a routine predictive model into which hypothetical new building developments or transport investments can be put for testing. And on the issue of how people feel subjectively about their experiences of London we have only a few global surveys and virtually no fine grain studies which can show how localities or groups differ.23

on the other hand the strengths...
1 the English language, increasingly the world language (thanks to the US rather than the UK): perhaps our main comparative advantage; on this basis TV, publishing and universities would be leading export sectors;

2 a rich, subtle and complex array of commercial and non-commercial agencies and individuals representing a wide and very deep resource in everything from law to philosophy, TV to football, accountancy to hip hop, research to publishing. It is an exceedingly rich mixture by any standards. The Bank of England has recently described the sophistication of the City of London’s markets and services, arguing that it is much in advance of any other city in Europe.24 Some of the branches of the economy (tourism, manufacturing, universities) prosper when the pound is low, offsetting vulnerability elsewhere. [Though, as explained above, the pegging of the pound in the EMS at a high level renders this an unlikely scenario now.]

3 an ethnic diversity not yet fully enabled to flourish and blossom, but evident in shops, restaurants, music, dance, media and other spheres.

4 a city which has never been dissected by expressways and appears politically capable of resisting still. If energy and global warming problems are ever taken seriously, London is half way to being able to cope. The challenge, though, is to adapt the distribution of activity and the habits and modes of travel so these become consistent with the environmental capacity of the largely 19th century street system.

5 a number of potentials for improved inter-connection of the non-central parts by public transport.25

23 Gregory and Small (1983) have studied residents' concerns in Kentish Town, Solon Consultants (1988) for the King’s Cross area. Harris (1983) did some limited cross-London work nearly a decade ago. Townsend and others carried out exhaustive fine-grained work on poverty and low wages. Does anyone know of other material?  
25 These possibilities are explored in Hall (1989, ch 5).
land (released by transport changes and by de-industrialisation) in many non-central areas which could form the locations for a massive **decentralisation** of activity within London - and bring reduced need for travel, more efficient use of transport infrastructure and closer jobs and services for those immobilised in their suburbs. Development in such places could probably be managed so as to cause less violent displacement threats to adjacent households and firms than arise when the city centre grows outwards. Against this, however, the centre is the location of the bulk of the 2 million or so m² of empty office floorspace bequeathed to us by the latest boom - surely a great potential for future growth if it can be brought cheaply to market.

7 the **green belt**. Its recreational potential has never been used, and should be. The main function of the green belt and the protected areas beyond has been to protect environmental quality and housing scarcity for those living there, and to worsen housing conditions for all of us. If we ever have a regional boom again the pressures for some selective development there may be irresistible. The space has been saved up for the time when we need it. Now perhaps we do.

8 a curiously diverse and robust **local self-government**. Much discussion centres on the lack of strategic planning and on cuts. But, in view of their meagre resources, many London Boroughs have achieved a lot in defending their citizens and in imaginative service provision. (Given the pressures upon their populations and businesses it is hardly surprising that they are largely defensive and viewed by developers as such.) This point is often missed in glib and euphoric comparisons with Paris.

9 an active and innovative **voluntary sector**, providing services, advice, premises and housing in ways which can be highly responsive to need and very flexible. As with local government, though, the sector's work is bedevilled by limited resources: so much of the energy goes on chasing the next year's grant.

**so what are the challenges?**

Clearly many of London's problems are simply our bit of a general national problem and it would be wrong to tackle them by local action. The problems of class stratification, of education and the labour market are essentially aspects of national pathology and need national-scale changes. On the other hand, local opposition and action which challenges these ubiquitous phenomena in London could serve as the basis or breeding ground for a wider social criticism.

At the level of London the dissident voices and campaigns do not yet add up to any very coherent strategy. On the other hand the discourse on urban questions somehow seems to permit criticisms which are censored out of national political discussion. It is here that we have Prince Charles and Anglican bishops making much stronger criticisms of the social order than are allowed in the Labour Party. And when TV producers are making programmes on London development issues such as the docklands they routinely include popular and intellectual critics as well as representatives of capital and the state.

Popular resistance in London has a number of roots, including at least the following:

a. green campaigns against environmental pollution and degradation, often with a very positive focus in support of green spaces and local projects;

b. transport campaigns, often with a very local basis but sometimes coalescing - as in the mid 1970s and the later 1980s - in a linked opposition to road proposals or ill-considered TGV routes or in support of public transport improvements;

c. housing campaigns, especially around the issue of homelessness;

d. local movements of resistance to developers' proposals, commonly where the central office zone is expanding in to working class areas.

In so far as there could be a coalescence of popular opinion around a challenge to recent developments,

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26 To say that the Church and the Crown are now progressive forces in society is not entirely a joke.

27 Cases at Coin Street (Brindley, Rydin and Stoker, 1989) and Spitalfields (London 2000, 1990) are probably the best known of these. Parallel movements in the Docklands are well described by Brownill (1990).
the programme might include the following elements…

A. a strong prioritisation of those public transport investments which inter-connect the non-central areas, as well as the more familiar priority of encouraging traffic to change from private to public modes;

B. a strategy for the development of employment on the nodes of this network to encourage counter-flow commuting and suburban local commuting. We need shopping and service centres in the same sorts of places (normally not by the destruction and rebuilding of existing high streets);

C. At this scale, and at a finer grain as well, facilitate the survival or growth of smaller service centres (shops, health, libraries etc) which help the less mobile, reduce the need for vehicle journeys and tend to improve the uptake of services.

D. a policy of ensuring that international rail links and airport links serve a wide spread of points in the city, not just the old centre;

E. an analytical capacity to anticipate the environmental effects of land-development and transport changes and develop criteria for decisions on individual projects which ensure that their cumulative effect takes us in desired directions.

F. an attempt to develop a strategic plan upwards, starting from the environmental capacities of localities and the self-governing capacities of people. The recent cancellation of major London road plans is an acknowledgement that human beings will not accept that environmental degradation. More generally, we now need to examine the localities of London for their weaknesses and strengths - knowing that the endangered species include poor and middle-income groups and manufacturing businesses. Within such a framework we should be trying to maximise the capacity of Londoners to contribute economically, socially and in self-government.

What has probably become clearest about London in the Thatcher period is that capital, unaided, does none of these things. Will the legacy of Thatcher be an increased transparency of capitalism: a more widespread awareness that capital needs the state and that the momentum of capitalist development is as destructive as it is productive?

**a microcosm: redevelopment proposals at King’s Cross**

The aim of this case study is to explore a characteristic ‘development’ history and the growth of popular resistance to it.

Just north of King’s Cross and St Pancras stations in central London lie about 40 ha of land, water and ill-maintained buildings representing a layering of transport history: the Grand Union Canal, the early stations of the Great Northern and Midland Railways, their goods depôts, once one of London’s main generators of horse-drawn traffic, the gas holders remaining from the Imperial Gas Light and Coke Company’s works, stations of the world’s first underground railway – the Metropolitan – and of four later deep ‘tube’ railways. (Hunter and Thorne, 1990)

Since August 1987 a debate has raged over proposals by British Rail (BR) and some lesser land owners for a massive office-led redevelopment of this under-used site. It lies just within the London Borough of Camden (LBC), and adjoins Islington (LBI). The project became a partnership with developers Rosehaugh and Stanhope whose subsidiary, the London Regeneration Consortium (LRC), commissioned a ‘master plan’ from architects Foster Associates. The proposal is linked with a U-turn by BR who, in 1988, revealed their plans to bring TGV services through King’s Cross, despite having told Parliament a few years earlier that this would be out of the question. An important thread in the whole story is the behaviour of BR and, behind it, the Department of Transport. People in most countries love to hate their state railways but in Britain it is hard even for an ardent believer in the potential of public enterprise like the present author to overlook the bumbling incompetence and deeply secretive habits of this body, especially visible in everything to do with the Channel Tunnel rail links. There is a bitter joke on the left which goes:

’The only good privatisation would be BR.’

’Why?’

’Because it would be bought by the SNCF and run properly.’

To some extent criticism of BR may be unfair: its inability to plan strategically, invest adequately or use
its mass base of popular support have a history of many decades in which successive governments have bungled transport policy and starved the system. It is not the aim of the paper to allocate blame for the situation.

There is strong local resistance to BR's plans for the LRC redevelopment and to the international station. Decisions on both are pending at the time of writing: by the planning authorities on the redevelopment and by Parliament on the station. (See the section on central government below for further detail.)

From the perspective of the promoters of the scheme there is simply a success story to tell about a lovingly-designed redevelopment scheme which promises to bring derelict land into use, give London a fine new office centre linked with a station on the international TGV network, all with minimal public expenditure. The anxieties of local people and councils can readily and cheaply be allayed through some 'planning gain' deals. The central state, having set the market-oriented ground rules, keeps a benign distance and sees its strategy vindicated.

This perspective comes via a distorting mirror, however. This paper argues that what we are seeing in the King's Cross proposal is the largest instance yet of a cumulative process which weakens the structural capacity of London and the human capacity of its people.

Long-term economic growth as well as environmental sustainability are threatened. This is not a case where the interests of capital are united, with government support, and opposed only by a rump of socialists, bent on redistribution to the poor. The state (central government and some elements in the local council) has used its high degree of autonomy from the interests of most forms of capital to ally itself with some very narrow interests: the only clear gainers from this project would be some developers and their backers, owners of nearby properties and shareholders in some recently- or prospectively-privatised corporations. Some of the prospective loosers, however, are active and organised in resisting the plan and have had the confidence to come up with their own set of alternatives, developing their counter-proposals to a degree unprecedented in Mrs Thatcher's England.

At the time of writing London has a severe crisis in its highly volatile real estate markets so it seems unlikely that much new speculative office production will happen in the next few years. This gives us a break during which elements of a saner strategy are beginning to emerge. If MPs, local activists, local councillors and the more independent-minded planning officers can keep their nerve, better counsels could prevail before the next upturn sees construction under way again in London.

The slogan from Paris of 1968 applies: 'Do not adjust your vision; there is a fault in reality.' The contradictions and (from almost everyone's point of view) incompetence of London's land-use and transport planning, of railway strategy and of labour force policy generate raised eyebrows all over Europe. And although many European cities are struggling to generate economic growth without violence to their populations and sustainability – and no-one has 'the answer' – our particular mess is probably worse than you could find in Paris, Milan, Madrid or that great new investors' honeypot Berlin. I am not just arguing that the incremental chaos of London is anathema to socialists but that it constitutes a pretty self-destructive form of capitalism too.

These arguments are, so far, largely qualitative and, to varying degrees, tentative. The perspective set out here has been worked out by a small team at the Bartlett School of Architecture and Planning in University College London, working with local people but with minute financial resources. Our main aim has been to provide some research support to local community groups, councils and the wider public but we have not been able to elaborate and press home these wider implications, or at least not yet. It is my hope that some of the hypotheses presented here will be picked up and developed, refined (or discredited) by others.

How do we think about it: autonomous personalities or prisoners of the social structure?

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28 Sincere thanks to the London Boroughs of Camden and Islington and to the London Strategic Policy Committee who between them subscribed £16,000 to support the work. The views expressed here are the author's, not necessarily those of the sponsors, and draw heavily on the contributions made by team members Ellen Leopold, Mike Geddes, Daniel Mouawad.
The analysis of social processes like the King’s Cross development saga is always in danger of falling into traps. One trap is structural determinism: the presentation of events as the inevitable outcome of forces and contradictions in the social structure. The other trap is the opposite: analysing the actions of autonomous individuals and groups as free agents. Personalities and decisions are seen as the key issues. In the first approach human beings seem powerless to determine or influence their future: they escape responsibility for what they do since their freedom of manoeuvre is implicitly denied. The second approach tends to exaggerate the autonomy of people and groups through disregarding the constraints and imperatives which bear upon their actions. The social sciences have been trying to strike a balance where structural constraint and human agency each receive their due weight and it is this balance which is attempted here (These problems of method are discussed by Ball et al 1985, Chambert 1989, Jessop 1982, Page 1991 and in BISS annually.)

The chronological history is summarised in the Narrative box and the text explores the agents involved and their relationships to each other.

**the players**
The social relations of modern Britain, and the specific forms they take in London, can be seen in the agents, groupings and individuals active in this story. Some like British Rail (BR) are hard to classify between capital and the state but that is part of the story: London sees a blurring of the boundary between public and private spheres and the penetration of private accounting and accumulation criteria in to what were previously public bodies.

**investors in real estate…**
…provide much of the dynamism of London’s booms and slumps. They are thus a sensible starting point. A peculiarity of building production in the UK (discussed in the conclusions of this book) is that there is only the most indirect relationship between demand and supply. It is rare for people or firms who need buildings to commission them direct. Most buildings are, instead, produced speculatively, much like cars, in the hope that someone will buy them. Unlike cars, though, most users of commercial buildings rent rather than buy. It is as though Hertz, Budget and Godfrey Davis were the main customers for cars. Their equivalents in commercial building have tended to be big financial institutions – insurance companies, pensions funds and, recently, banks. They don’t usually get involved in development until construction starts, but they are increasingly dominant from then on, especially over the market in completed buildings.

So far, at King’s Cross, we don’t have financial institutions directly involved since construction is not yet under way. The developers will, however, have had discussions with potential financiers and their responses will have had some effect on the proposals. The developers’ strong links with Olympia and York and with Japanese and other banks are discussed below.

The importance of these investors has been that it was their confidence in the continuing growth of returns on central London property which drove capital values of land and buildings to their 1988/9 peak. We got to the point where prime buildings were changing hands at such high prices that current rents only yielded 5% returns on investment. Such a market is a highly fragile affair, depending entirely on continuing scarcity and confidence. It can, and did, quickly topple into a downward spiral.

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<tr>
<th>1987</th>
<th>Channel Tunnel Act passed.</th>
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<td>spring</td>
<td>Rosehaugh Stanhope discussions with BR; DEGW pilot studies</td>
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<td>August</td>
<td>first leaks to Press</td>
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<td>October</td>
<td>Land owners announce competition between 4 developers</td>
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<td>February</td>
<td>BR exhibits drawings by the 2 short-listed firms</td>
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<td>June</td>
<td>LRC/Foster selected by BR as developers/architects</td>
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<tr>
<td>September</td>
<td>Revised LRC plan</td>
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<td>November</td>
<td>Camden LB holds first King’s Cross Exchange (public consultation)</td>
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<th>1988</th>
<th>BR puts King’s Cross Bill to Parliament</th>
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Abbreviations:
- KX: King’s Cross
- KXRLG / RLG: King’s Cross Railway Lands Group, previously known as King’s Cross Railway Lands Community Development Group
- SoS: Secretary of State
- LBC: London Borough of Camden, local planning authority for the area
- CTRL: Channel Tunnel Rail Link
- KXT: King’s Cross Team, a professional practice with partners Norman Sheppard and Ian Haywood, backed by local developer Martin Clarke
- EA: Environmental Assessment
- LRC: London Regeneration Consortium: the subsidiary (for KX) of Rosehaugh and Stanhope with the National Freight Corporation. (The developers.)
- DEGW: a professional office of planning, architecture and building-use research.

The speculative office boom in London encountered a grave shortage of building sites when it began in 1984-5, especially of central sites suitable for 'large floorplate' buildings. These buildings, with large areas on each floor, were then thought essential to meet the needs of the financial services conglomerates which were forming in preparation for the 'big bang' deregulation of the securities markets. Developers and
some of the key opinion-formers who advised them laid great stress on the technical obsolescence of pre-1970s buildings. This ‘technological forecasting’ was not entirely well grounded. The assumption was that computers would proliferate, produce more waste heat and need more cables, that air conditioning would be universally required and that financial dealing, at least, would need huge open floors. It was already clear, however, that waste-heat generation per unit of computer power was declining, that optical fibres would simplify cabling problems and that air conditioning could carry substantial health and comfort penalties. And the demand for huge ‘dealing rooms’ was certainly overstated: the number of dealing firms has declined since the crash of October 1987 and it never was clear why screen-based traders needed uninterrupted views of each other. Was it to permit supervision on the lines of Jeremy Bentham’s ‘panopticon’ prisons or was it just pandering to dealers’ nostalgia for the days of blackboards and waving arms?

The Docklands, of course, was available and offered plentiful sites, many of them enormous. But the failure of the state adequately to invest, in advance, in the rapid links to the City and to housing areas which would have valorised these sites meant that they were deeply unappealing to most investors.

To some extent the chase after sites, and even after large sites, was met by the relaxation of planning controls in the City of London – the ‘square mile’ of the financial district. In 1987 the Corporation of the City of London adopted a new plan, its first since it was liberated from the influence of the GLC. This new plan sought to give fresh impetus to the City’s pre-eminence through three main relaxations: (i) plot ratios over wide areas of the City were enormously increased; (ii) conservation area status was withdrawn from some zones and (iii) space below ground was excluded from the calculation of plot ratio. These measures (combined with the extension of value added tax to building restoration) triggered a substantial round of redevelopment in the City, intensifying a zone which was already the greatest concentration of office work in Europe.

But the Docklands and the City did not absorb the whole boom: outlying areas of the centre had two strong attractions for developers: large sites, notably of disused railway land, were being brought to market there. And, for those developers willing to go a few hundred metres away from the conventional ‘prime’ areas, the gains were potentially enormous.

Office rents were highest round the Bank of England – so high that construction costs could be covered by just two years’ rent in the mid-80s. Furthermore these rent streams were discounted by investors at very low rates. The main beneficiaries of this situation in the ‘prime’ zones were the owners of the land and property since investors and developers were competing strongly with each other for the opportunity to build or re-build to satisfy this ultra-cautious demand for ‘prime’ buildings. But actually the rents paid by occupiers were rising fastest on the periphery of the centre, a few hundred up to a few thousand metres away from the peak. There were thus golden opportunities for developers and investors innovative enough to take marginal sites and transform them in to high-prestige quarters.

British Rail, the main land owner at King’s Cross, is an instance of an essentially 80s phenomenon: a state agency increasingly deprived of state funding but still prohibited from raising money on the private markets, under increasingly strong imperatives to make profits from each and every one of its assets. Such agencies were, during the 80s, being privatised or prepared for privatisation which meant that they increasingly adopted private sector accountancy practices, basing their investment and operating decisions on short-run financial criteria. BR had been a deeply inactive land owner but now became hyperactive in the valorisation of its central London stations and attached land.

At King’s Cross BR had inherited, at nationalisation, the land rights of the railways companies – rights which Parliament had transferred to the Great Northern and Midland Railways in the 19th Century.

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29 For example Duffy and Henney, 1989.
30 The plot ratio is, roughly, the ratio of maximum permitted floorspace to the ground area of the site. It is the main mechanism for regulating the density of commercial building.
31 BR’s position has been complicated by the discovery that some of its acres has been acquired by the railways
The rest of the 40 hectares or so of land was in the ownership of other public bodies and a few small private owners. The most important, after BR, was British Road Services, privatised as the National Freight Consortium in a buy-out by management and workers earlier in the 80s. This organisation owns a compact but crucially important central block of ex-railway land, partly covered with listed buildings and mostly occupied in 1988 by its own operating subsidiaries (in trucking) or by tenants on very short-notice leases. Like so many of the privatised agencies of the 80s it inherited extensive land and buildings which, in the lax and ‘flexible’ planning environment of the period it was able to valorise through disposal or development32. By the late 80s NFC was preparing itself for the extension of its shareholder base from the workforce to the general market so it was an organisation very actively concerned to have a healthy balance sheet. It was thus structurally placed to join a land owners’ consortium, led by BR, with alacrity. But NFC went one step further in that it also joined with developers Rosehaugh and Stanhope to constitute a development consortium for the site.

The crucial role of the land owners in this saga was that, in 1987/88, they organised a competition among developers for the rights to the project. The detailed nature of the competition has never been made public but we do know that a short list of four developers was narrowed to two. Each of the two then produced architectural proposals (which were displayed in public) and financial bids (which were not). The land owners’ choice was based on these design-plus-money offers. Clearly the land owners’ expectations now are that they can make a killing. It is understood that, if the project goes ahead on the scale envisaged by the developers, the land owners would receive a long-term equity share of 70% of the surplus profits, and that an advance payment of £400m against this stream would be made at the outset of the project.

In my judgement, this ‘auction’ of the development rights, in a planning environment where the extent of these ‘rights’ was not pinned down precisely by zoning plans, has created the situation we are now in: the developers can say that they have very little choice but to build a massive commercial project because it was on that basis that they estimated what they would bid for the site.

It is in this sort of way that ‘reality’ gets defined. When the local campaigners propose an alternative which they judge viable it can be dismissed as ‘unrealistic’ by LRC and BR because it does not measure up to their agreed version of reality.

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the developers.

After the crash of the early 1970s it was widely considered that development companies as an autonomous force in the UK would be largely subordinated by pension funds and insurance companies (the ‘institutions’). Some were but, as Carragher (1986) demonstrated, the property and development companies were a diverse bunch, some financially very strong, rich in cash revenues and well able to remain autonomous. Furthermore the institutions have spent the 1980s slimming down the relative weight of property in their portfolios and have sometimes even been net sellers of real estate. They have been busy fuelling the equities boom. The 80s property boom was fuelled from two main sources: the internal resources of the cash-rich property companies and investment by banks. Banks doubled their net investment in property companies between 1983 and 1987 while the institutions were halving theirs. The banks concerned were UK and overseas banks in varying proportions, with Japanese, Scandinavian, Swiss, EC and North Americans very active.

The lean years of the early 80s saw some remarkable innovations in development financing by a handful of new entrants to the development sector. Rosehaugh and Stanhope, the victors of the competition at King’s Cross, were of this group, as was the under-bidder, Trevor Osborne’s Speyhawk.

These ‘new’ developers were masterly at marshalling short- and medium-term syndicated bank loans on a huge scale. They found ways of raising these loans through partly-owned subsidiary companies whose

under parliamentary powers which endured only so long as the land was needed for railway purposes. Should railway use cease, the land would revert, at the original price, to the previous owners - the Church Commissioners and the Trustees of St Bartholomew’s Hospital. This ownership dispute remains unresolved.

32 NFC’s land activities are now in the hands of a subsidiary, Hyperion Properties.
debts they did not have to declare in their own (parent companies') balance sheets. This device, known as 'off-balance-sheet funding' protected the assets of the parent company since the loans were secured against the land, bricks and mortar of each project, without recourse to the corporate wealth of the parent. The same device also minimised the apparent gearing (debt ratio) of the parent company. In a period of rapid rental growth and stable borrowing costs this was a viable - indeed brilliant - procedure. But of course it is highly vulnerable to falling rents, rising interest rates or combinations of the two\textsuperscript{33}.

But it would be wrong to attribute the rise of Rosehaugh and Stanhope simply to financing systems. They have been great innovators in other respects. In architecture and building they have superseded the old production system whereby architects are commissioned to make a design, the design is put out to tender and the main contractor is then left to build. Stanhope in particular have reorganised the whole process, following American practice to a great extent and frequently using American architects (e.g. SOM for Broadgate) and construction managers (e.g. Schal alongside Bovis). They follow a system of commissioning and building geared to a regime of significant real interest rates (you build quickly with costly borrowed money), the need to catch a volatile market (especially, at Broadgate, the demand generated by the 'big bang') and great dependence on 'value engineering'. Value engineering is the process of being as scientific as possible in spending money on quality where it contributes to profit but minimising spending elsewhere.

These new practices are thus a design and building process in the office sector analogous (in its profit-maximising effectiveness) to the operations of Britain's speculative house builders, well understood through Ball's analyses\textsuperscript{(1983)}.

Rosehaugh and Stanhope gained much of their standing through financial and technical innovation. But a third novelty has been the public images of their respective chairmen. Godfrey Bradman, of Rosehaugh, is rather green, active in support of Friends of the Earth and a pioneer in specifying environmentally-friendly materials for buildings. Stuart Lipton, his counterpart at Stanhope, is equally a challenge to the stereotype of the philistine developer. He's very active in the arts and in university governance and has sponsored a number of seminars on the social impacts of development. David Dickenson, one of his co-directors until 1991, is active in public debates on metropolitan planning – one of the prominent voices calling for a revival of strategic planning – and chair of the East London TEC.

The complex character of these contemporary development firms is not widely enough understood. Local councillors and MPs concerned with King's Cross, for example, make regular speeches about the 'greed of developers.' But in my view there is nothing particularly greedy about the developers at King's Cross. They are driven by nothing more than capitalism's 'normal' pursuit of profit ('normal greed', if you like), just as if they made computers, cars or clothing. Indeed they go about their business with an energy and creativity which, in Amstrad, Fiat or Benneton, is hailed as economic innovation. It must be galling for them to be so reviled. And it is naive of those who call them names. If we find their project socially unacceptable it must be a general objection to what gets produced under capitalism – and perhaps a criticism of the particular framework within which they operate in Britain. Public planning and policy here presents developers with opportunities like King's Cross and the behaviour of public and private land owners ensures that competition between developers generates massive development proposals.

So in 1987 we find these two companies, the Davids, not the Goliaths of property development, teaming up with NFC to form a development consortium for the site, winning the auction and starting a long struggle for permission to build.

\textit{the local authorities}  
We now know that Rosehaugh Stanhope were starting to set the King's Cross project up at least by early 1987, less than a year after the destruction of the GLC. It is likely that the GLC's approach to strategic planning would have reduced the chances of a major permission at King's Cross. And there had been

\textsuperscript{33} Wong 1988
specific barriers to major development there under the GLC's Community Areas Policy. This had been a set of policies designed to protect the predominantly working class areas which ring central London – both the homes and the residual industrial enterprises – from displacement by expansion of the office centre. The GLC had laboured long and hard on this policy and its proposals were designed to be in the next lot of Alterations to the Greater London Development Plan (GLC 1984). The government, however, 'deemed them to have been withdrawn' when the GLC was abolished in 1986. A very specific hurdle was thus removed.

The Borough of Camden thus became the front line authority, responsible for granting or refusing consent. Its Borough Plan was up-to-date (LBC 1987), but of the kind which is stronger as a qualitative statement of intentions than as a rigid yardstick of what is permissible. When it discovered Rosehaugh Stanhope's intentions it lost no time in preparing a 'Community Planning Brief' (LBC 1988) which amplified the provisions of the plan. This document, and the Camden plan behind it, constitute a curious mixture of excellent technical work and political irrelevance. Its strengths are in enumerating what would be desirable in a King's Cross redevelopment: better transport interchange, community facilities for a very deprived area, affordable social housing, access for disabled people and so on. Its weakness is that it could not offer a binding quantification of the maximum employment growth the transport system could accommodate or the minimum acceptable level of housing. These things were essentially left for negotiation. Camden was thus, in my view, largely at the mercy of the developers' version of 'viability'.

It is also important that Camden and its neighbour Islington were both suffering from the severe fiscal stress placed by the Thatcher regime on left-leaning London Boroughs. Their staff resources and capacity to propose active strategies were thus severely stretched. They did manage to assemble a small planning team and do some technical work. They also mounted two substantial and well-executed 'planning exchanges' – big public participation meetings each lasting through a weekend – and mobilised revenues from parking charges to help fund the work.

A major consideration in Camden's behaviour, however, has been to try and avoid a public inquiry into the LRC scheme. This could arise either through a refusal, followed by LRC appealing, or through the Secretary of State calling the decision in for his own determination. Camden judged that they could probably secure a better scheme through negotiation than they could hope to get out of an inquiry followed by a decision of a hostile Minister. They also have in mind the risk that, if they were judged to have refused permission unreasonably, the costs of an inquiry might be awarded against them – a potentially devastating penalty for a cash-starved Borough. It does appear that the developers have put enormous effort into persuading Camden that alternatives, of the less damaging kind they and the community groups want, would not be 'realistic', so the councillors will have to be very tenacious and well-informed if they are to refuse permission.

The developers' motives for avoiding an inquiry are less clear. Three factors are probably involved: avoiding the money costs of a major inquiry, avoiding delay and maintaining an image of being community-friendly, rather than confrontational and rapacious.

Thus we have seen a curious kind of concensus of developer and council both trying to agree in order to avoid an inquiry.

Two other local public bodies are involved, Islington Borough which adjoins the LRC site and contains many houses and businesses at risk from BR's international station redevelopment and from the rippling property prices rises which would flow from LRC's scheme - indeed are already taking effect. Islington is not directly party to the decision and at times has seemed likely not to oppose LRC because it hoped to gain some material compensations. At the time of writing, however, it seems likely to be more resolute in opposing LRC on traffic, housing and broad planning grounds.

We also have the London Planning Advisory Committee, a concensus-oriented statutory committee of the 33 London Boroughs with a staff of 16, the nearest we have to a strategic planning agency for London. LPAC has become very concerned about the cumulative effect of redevelopment in central London in
expanding employment beyond the capacity of the transport network and of the housing stock\textsuperscript{34}. It is also strongly committed to supporting growth in East London and thus has strong reservations about the BR proposal to site an international station at King's Cross. It has been advising Camden in 1991 in quite negative terms about the LRC scheme. 

Central Government

Spatial planning in the UK has long been characterised by a high degree of contradiction and disharmony between ministries. Policy and action on land use, transport, industrial growth and labour markets and training fall to four ministries. This dislocation seems almost as endemic in the thinking of the Labour opposition as in the Tory governments of the 80s. For King's Cross this is significant in explaining the failure of coordination of London public transport capacity and investment with need and demand. Transport policy in London reached the end of the 80s in particular disarray. The road proposals in the Department of Transport's London Assessment Studies (which could, among other things, have brought a major highway access into King's Cross) roused such opposition that they were unceremoniously dropped. And uncertainty over routes of international trains caused a similar furore. The two \textit{d\'ebacles} combined to unite disparate community groups against the government to a degree not seen in the decade.

In contrast, the DOE's impact on King's Cross has been reticent and obscure. Its general stance has tended to favour commercial development proposals against resistance from Boroughs and, on the LRC scheme, it has, publicly, merely reserved its right to call in the case for decision if it chooses to do so.

The other key rôle of the central state has been over the planning of the TGV network and stations, DTp insisting that railway route decisions are a commercial matter for BR to decide, and Parliament still being the arbiter where BR seeks powers to do railway works. BR has a Bill before Parliament to give it power to build the King's Cross international terminal. But a further BR Bill to permit links through London to King's Cross has not yet even been laid before Parliament.

Skilful and superbly-orchestrated local resistance has delayed the King's Cross Station Bill in the Commons and severely weakened it\textsuperscript{35} and at the time of writing it is working its way through the Lords. Parliament may yet see that it is quite irrational to permit a station before considering the network which would serve it so, on these or other grounds, the Station Bill could yet be thrown out. BR, after much criticism, completed in 1991 an internal and unpublished review of alternative strategies for routing international trains through London and is believed to have concluded that a route through King's Cross is preferable. It does not propose to embody its proposals in a Bill for Parliament until the Minister of Transport has approved, and this we understand is not likely before an election. The utter madness of fixing King's Cross as an international terminal before Parliament has decided where the lines will run may yet persuade Camden that it cannot determine LRC's planning application and the House of Lords that it should not approve BR's King's Cross Station Bill. The situation is further confused by reports (\textit{Observer}, July 1991) that the Cabinet is divided, Transport preferring King's Cross but the new Environment Minister, Heseltine, preferring Stratford because of the benefits it offers to East London!

\textit{professionals}

The choice of professionals to advise LRC has been highly significant. Instead of asking an experienced planning firm to prepare what must be Britain's largest city centre redevelopment proposal, LRC appointed architects: Skidmore, Owings and Merrill (SOM) of Chicago and subsequently Foster Associates. The professions of architecture and planning have diverged so far in the UK that a highly problematic vacuum exists in between. It may well be true that few UK planning firms have the vision as well as the technical capacity to grasp such a vast project. Foster's office certainly has vision - and is

\textsuperscript{34}Ironically, the need for a strategic view of the \textit{cumulative} impact of office schemes (many of which would not be thought of as being of strategic scale by themselves) was most cogently pressed upon LPAC at a seminar hosted by Stanhope (Swain, 1990).

\textsuperscript{35}A key modification has been the removal of a section which would have given BR a special right to circumvent the normal powers of English Heritage in respect of Listed Buildings.
probably the source of our finest architectural modernism - but it equally certainly lacks experience and 
skills in planning. But it was a shrewd choice, given that much of the battle over King’s Cross was to be 
over capturing media attention, winning the hearts and minds of journalists, cameramen, residents, 
councillors and governments.
The LRC 'Master Plan' prepared by Foster Associates, with a large supporting cast of specialist 
consultants, is in its own way a superb response to the brief. The objections are essentially to the brief 
and to aspects of the design (bulk, height, social and traffic impacts) which are inevitable consequences of 
trying to fit 700-900,000 square metres of building on the site. Given that requirement, the intention that 
most of the building should be corporate offices and the early decision to make a central oval park the 
key 'image', there are relatively few options. Building height over much of the site is constrained by the 
need to protect views from Hampstead to St Paul's so the only possible designs are for very deep, solid 
slabs of building. Later versions of the plan have slightly reduced the height over most of the site to meet 
local resistance, but reinstated most of the lost floorspace in two tall towers in the north-east corner - a 
decision which seems to arouse as much local resistance as did the previous versions, especially in 
Islington, over which long afternoon shadows would be cast.

A distinctive feature of the scheme is the extent and high cost of decking over railway tracks. This has a 
dual explanation. In part it results from the admirable effort to integrate the new development physically 
with the surrounding social housing areas by having a lot of direct links. Fosters have been strongly and 
effectively advised on this by Professor Bill Hillier and a team at UCL and the scheme incurs high costs to 
avoid being a gigantic cul de sac, surrounded by tracks. The second reason for decking is simply to fit the 
target floorspace on the site. The argument here is partly a circular one: this quantity of commercial 
floorspace is needed to make the scheme profitable, even on pessimistic assumptions and after covering 
the high costs of paying in the early years for the decking as well as the land price. A similar circular 
logic characterised the Covent Garden redevelopment plans of the early 1970s which were rejected by a 
Conservative Minister.

**popular movements**
The LRC site lies just outside the northern edge of what is usually thought of as London’s metropolitan 
centre. The area has a strong history of socialist local government and very large scale council and 
housing association building of working class flats. Thus within about 1000 metres lived about 60,000 
people in 1981, nearly two thirds of whom were tenants in social housing estates. The population is 
highly diverse, with a strong survival of trade union and traditional Labour Party organisation. Overlaid 
on this is a diverse range of professionals, skilled and unskilled manual workers, students, unemployed 
and retired people. Ethnic diversity is high by London standards, but without very strong concentrations 
of particular groups. Levels of housing stress, unemployment and poverty are also high by London 
standards, but not the worst levels to be found. A very wide range of local organisations exists: tenants’ 
associations, resident, amenity and conservation groups, transport campaigns, a group of Indian 
businesses, industrial employers on the LRC site, church groups, women’s organisations and so on. Both 
Camden and Islington have somewhat decentralised administrations and the (Labour-dominated) 
political life of the area is active and has a local area, as well as a borough-wide, focus.

A number of local activists took an initiative in Summer 1987, when rumours of the redevelopment first 
leaked out, in forming an ‘umbrella’ campaign which came to be known at the Railway Lands Group 
(RLG). This group, and some of its more autonomous component groups like Crossfire in Islington, have 
proved to be highly effective in articulating resistance to the LRC scheme - though interestingly not to the 
basic concept of redevelopment, which commands wide support - and to the BR international station 
proposal. While some of the groups linked under the ‘umbrella’ have strong Labour Party connections, 
others are more radical and scornful of the Party while others again think of themselves as ‘non-political’.

There is no space here to recount the long saga of this struggle, nor am I the best person to do it, but some 
key features must be pointed out.

A distinctive feature of good campaigning in the 80s has been getting the right target. In the 70s most 
struggles directed themselves at the state, usually at local government, as the agent able to decide events.
Now the capacity of councils to determine events is in some doubt, and their fiscal capacity to back
decisions with actions that require money is in tatters. As Page has argued (1991), left councils in London
are not suddenly rendered entirely powerless, but the relations they have with capitals of various kinds
and with the central state have changed substantially.

Campaigners at King's Cross have rightly addressed themselves simultaneously in three directions: at
the councils and councillors certainly, but equally at the developers and landowners directly and at the
media. The RLG's capacity to capture press and TV coverage has at times been superb - and crucial in
challenging the LRC version of reality. In Mrs Thatcher's London we began to see oppressed and
frustrated people confronting capital head-on, with less mediation by the state than before.

A central problem for all campaign groups, however, is money, and the administrative and professional
work it can buy. The RLG is no exception in being chronically starved of resources. With great difficulty
it gained some tens of thousands of pounds from the Councils, some from the Royal Institute of British
Architects' Community Architecture fund and helped secure the £16,000 of research support which has
enabled our team at UCL to provide some technical advice (Edwards et al 1990).

In 1990 a local surveyor and developer, Martin Clarke, became involved, investing over £100,000 in
technical studies for an alternative plan. This plan was prepared under architect/planners Norman
Sheppard and Ian Haywood, constituted as the King's Cross Team (KXT). It sought a compromise which
would carry strong community support while being financially 'viable', albeit at a much lower level of
payment for the land. The central target has been to reduce the office content from LRC's 700,000 square
metres to below 400,000 and to increase the housing content, especially the social housing, to something
approaching Camden's and the RLG's targets. The work crystallised mid-stream in a 'planning weekend'
in September 1990, organised by the architect John Thompson and modelled on earlier Urban
Development Action Team interventions (UDATs). This extremely stimulating event brought together
professionals, local activists and residents in a five-day brainstorm and design project which generated a
draft plan, report and public presentation (Cowan, 1990). Further elaboration of the KXT plan has
followed and further funding is now being assembled to get it to the stage where planning permission
could be sought for it. The RLG has greeted the scheme as far preferable to LRC's but has refused to
endorse it unconditionally. Indeed the RLG seems to have gained confidence that alternatives are really
possible, and indeed further moves could be made away from the 'office city' towards meeting more
social needs and goals and having a much greater diversity of activities36.

The collapse of the London office market since 1989/90 has further reinforced the high risks of pinning
the viability of a development purely to this most volatile of speculative building markets. It does not
make sense from a local labour market point of view either. If jobs in corporate offices were going to
make significant inroads into Inner London's unemployment levels we would have seen dramatic
improvements in Camden and Islington in the late 80s. As the last major study of London employment
found, efforts to slow the displacement or demise of existing jobs probably do more to reduce
unemployment than do the new jobs we generate (Buck et al 1986, 1993).

Martin Clarke simultaneously funded a large-scale 'Planning for Real' exercise, led by an RLG steering
group and managed professionally by Michael Parkes, a planner and veteran of Spitalfields. This
exercise has probably been one of the most ambitious constructive consultation / participation exercise
yet mounted, drawing on hundreds of hours of meetings, manipulation of huge site models, out-reach
visits to enlist non-joiners and public debates. The outputs have been a People’s Brief report (RLG 1991)
and a further set of alternative plans, prepared by Mike Parkes, Daniel Mouawad and Mark Scott under
the RLG's constant guidance (RLG, forthcoming).

The resistance groups at King’s Cross are not without their own problems and contradictions, however.
To me, one of the most important is their attitudes to the housing potentialities of the area. From the
point of view of the housing needs of London, this large space in the centre ought surely to be developed

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36 Another major boost to RLG’s confidence had been the 1989 publication of a popular account of the finances of
LRC’s plan (RLG 1989) and BBC TV’s coverage of this report.
at a high density to house some of those with compelling reasons to be there. But in our actual situation housing responsibility lies with the 33 London Boroughs. And the ones in the centre, especially the left administrations, are the focus of enormous pressures of excess demand - of desperate need. The law, and ordinary humanity, force them to try and meet these needs - especially the needs of households with children. So the Borough of Camden sees the housing potential at King's Cross as an opportunity to try and do something toward the needs of these most deprived family households. In this they are supported by most, but not all, of the local campaigning groups.

The implications of this stance are further complicated by the prevailing British assumption that high-density housing has been demonstrated to fail (by implication always), especially for households with children. The received wisdom therefore is that families must be housed in houses or flats on the ground with private gardens.

The combined effect of these two logical elements (priority for families, and gardens for families) is that only relatively few people can be fitted on each hectare of land. Economic and environmental arguments would all push the other way but, so far, it is these distorted bits of logic which hold sway, to the detriment of the resistance campaign as a whole.

conclusions
Fundamentally the importance of the King's Cross story is the struggle over whose definition of reality is to prevail. In Mrs Thatcher's decade it came to seem normal, natural, even essential for progress that the LRC / Foster plan should go ahead. It seizes with both hands the economic and design opportunity presented by the TGV interchange, it brings derelict land back in to use; it dramatically extends and re-shapes London's central business district, it offers a fine park, lined with prestigious addresses for European corporations. Its main street, with trams down the centre and lined with trees, brings the sophistication of Zürich's Bahnhofstrasse (with offices over shops) to a run-down part of London and ties the orbital North London Line railway in with the tube system. It maximises the physical integration of the area with its surroundings and tries to avoid dead areas.

It is a compelling vision and its power and presentation have beguiled many. People from all over the world arrive in London expecting to find it built or under construction. Even the shrewd urban analyst Paul Cheshire has written (1989) arguing that the public decision on this scheme is a litmus test of whether London is serious about maintaining its world city role.

Yet all this is a profound mistake. Putting a major international station in London's 19th century heart is to miss the opportunity it presents. Imagine putting a substantial airport there. To get the economic benefits of such a (potential) growth machine one would put it where there was plenty of room for road access as well as public transport; and for the snowball of development, jobs and incomes which could follow it. Stratford seems a better site. The Royal Docks might be better still. But no systematic comparative analysis has been done of the effects on London's structural development.

Putting this station, with a major corporate office centre, in the middle of London in an intricate, congested mixed-class housing area is to ensure the threat of displacement and gentrification for tens of thousands of people and many firms. King's Cross is, granted, the best-connected point in the existing London Underground network but there is little or no spare capacity in that system. Do we really want to commit the huge resources necessary to create the capacity there? This author, at least, would expect a serious study of the alternatives to recommend a more decentralised structure.

Added impetus to this view would come from serious attention to the energy and pollution consequences of further employment growth in Central London. Rapid cumulative growth of demand for professional and clerical labour has tended to be met not locally but by growth in long-distance commuting. Is that the future we want?

matters for discussion
Does the weakening of the local state as a mechanism of mediation lead to a more direct confrontation with capital?
Does the dismantling of welfare mechanisms, of planning, of state industries, mean that capital has it all its own way? …that accumulation proceeds smoothly, or at least fast? On the London evidence, no. We have seen massive devalorisation of speculative capitals from the boom and bust. We have seen appalling costs borne by employers and employees in coping with the failures of infrastructure. Capital, unaided, simply cannot operate.

An important aspect of all this is the international one: as the competition between cities in Europe intensifies, the liaison between investors, between bankers, will tend to be way ahead of the liaison between resistance groups. At the level of local state there are signs of international links developing. And the King's Cross action groups have been energetic in making direct links with activists and researchers abroad.

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37 CLES and SEEDS are two networks of radical local councils, both of which are building European links.
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July 1991
How should we manage the land resources of state railways? Some lessons from London

Presented at meetings in Aachen (hosted by Juan Rodriguez Lores) and Torino (hosted by Gastone Ave and Franco Corsico) in 1991, this was published as Edwards, M (1994) 'How should we manage the land resources of state railways? lessons from London' in Urban marketing in Europe Eds. G Ave and F Corsico. Torino, Torino Incontra, 869-876

what is this railway land?
This paper is about the land which is owned by the railway. In the UK British Rail (BR) is still a state enterprise, despite long discussion of privatisation in the Thatcher period and continuing moves towards privatisation in the post-Thatcher period. BR owns large amounts of land (75,000ha), some of which it uses for railway purposes, some not.39

how does it own it?
In the archaic system of UK government, the purchase of land for railways and most railway work has always had to be authorised by individual private laws (Acts of the Parliament). Some of these Laws (Acts) transferred land without conditions (absolutely) to the railway or enabled the railway to buy land absolutely. In some other cases the railway was given power to expropriate land only for so long as was needed for railway use; if the railway use ends then the land goes back ('reverts') to the previous owner, usually at the original price, without inflation adjustment. In 150 years everyone can forget these matters but we still find that sometimes BR does not have as much ‘ownership’ as it thought it had.

Virtually all these lands were acquired in the 19th century by the numerous competing private companies which built the railways. They of course ran into severe financial crisis and were consolidated, and then later nationalised, in the 20th century, bringing their lands with them.

This land is not held by the state in any centralised holding of state lands, or rented by BR from any centralised holding body, but is directly held by BR.

Much of the BR land (some of the non-operational land in particular) is held and managed by a subsidiary of the Corporation called the British Rail Property Board (BRPB). It gains about £100m per year in gross rental income from this land.40

what is it and where?
The land is, of course, in long thin strips all over the UK. It also includes

- stations and the disused sites of many stations in every town and many villages;
- freight yards, dépôts and so on at railway intersections, in industrial zones and near to city centres in many places in the country;
- much land in old port areas.

The land is by definition well-connected: it is accessible (at least by train). And, since railway stations have become key nodes for road transport in 150 years, the stations are also often accessible by roads. Cities with metro systems always have major metro nodes at railway stations.

The linear character of the lands means that they can often serve as important corridors for wild life in the city even while railways run. And if trains cease to run they can be valuable as foot paths, bicycle routes or occasionally as roads (where they are wide enough). Roads are sometimes built as elevated structures on top of them, taking advantage of the rights of way.

39 It makes a distinction between "operational" land used for the railway and "non-operational" land. The distinction is sometimes obscure.

Railways are almost always barriers, chopping the city up. Freight yards are black holes in the urban fabric. This gives many railway lands, when they come to be redeveloped, enormous extra potential for integrating zones which were previously segregated. It also means that these lands are, like big parks, often surrounded by very busy streets, carrying the flows which can’t go through them.

In the very centres of cities the railway lands, while often long and thin, are usually among the very largest areas in unified ownership and thus present unique attractions to property developers looking for large sites. In past periods the state might have intervened to assemble large sites elsewhere in the centre, but a combination of fiscal weakness and ideological objection has tended to make this less common in the last 20 years or so.

Since many parts of the UK railway system have been the subject of dis-investment, especially in recent decades, and since many of the industries served by the railway have also been run down (shipbuilding, steel, old ports), much of the railway land, buildings and structure is in very bad condition.

This is sometimes viewed as a problem - and indeed it is. But also it means that all over the UK we have land and buildings of low current market value beside the railway or space in arched vaults underneath it which is an invaluable reservoir of premises for small (and some larger) industries. There are 8000 of these vaults in use under Britain’s railway viaducts. A high proportion of London’s car-repair workshops and wine stores are in such places.

As well as cheap and poor industrial space, the larger railway sites tend to be surrounded by a lot of working-class housing. It is there partly because of the long-term environmental degradation caused by the railway and partly because the political history of such neighbourhoods has typically led to a lot of social housing production and protection. This often causes problems when the railway would like to create a luxury image for development on its land: the working people have to be displaced or priced out of the market. The threat of this displacement is well-understood by many residents and their resistance can even mean that the development may not go ahead.

A key feature of railway land in the UK is that very large areas were taken up with freight distribution by horse and cart (and by canal boat) from rail terminals in the cores of cities: coal, potatoes, building materials and every other commodity. With the shift to road freight these central depôts are now mostly disused. If their functions survive at all they have shifted to new locations in peripheries or suburbs.

**what are the future prospects?**

I want to stress that there are good reasons for thinking that the city land owned by railways in Europe will become potentially more and more important in the coming period:

1. Tendencies in European integration are likely to increase the quantity of inter-city travel.

2. If governments ever start taking the energy and CO$_2$ problem seriously, their measures are bound to include making railway travel more attractive relative to road travel. [In most countries the pricing system at present diverts passengers away from the railway because pricing does not fairly reflect track costs as between modes - and even less does it reflect environmental costs.]

3. The growth of TGV networks will further increase the attractiveness of rail against road travel. It may also begin to capture some of the air traffic. In this rôle it could also do some of the distribution of passengers from intercontinental flights to their final destination cities.

These three factors will tend to increase the concentration of activity at city centres again, tending to reverse post-war tendencies to peripheral urban growth associated with cars and airports. This peripheralisation has certainly been one of the very important forces acting against the sustainability of urban life: entrenching a fundamentally car-based city structure.
The only counter-tendencies I can see are that ordinary and TGV networks could be designed in such a way that their suburban stations share strongly in this growth, rather than city centre stations. In some countries, like the UK, the poor quality of railway planning and the inadequate quantity of railway investment may prevent the potential benefits from being fully realised. In other countries, notably France, there may be plenty of railway investment but the environmental priorities may be too weak for these issues of urban structure to be prioritised.

So I consider that the urban development potential of operational and non-operational railway lands in urban areas is enormous and will grow. But there are problems and hazards, as we shall see.

National conditions probably vary slightly, but this picture must be fairly common. 41

**what criteria should govern the use of railway land?**

State railways normally - certainly in the UK - are run under very strong government control. They are obliged to follow government rules of operation and accounting.

In the UK these rules have increasingly tended towards "business" accounting principles. This means, among other things, that all assets have to be "valued" and there is pressure to make all the assets yield profits in financial terms. Assets which do not yield adequately will tend to be sold. This is a particular problem for railways since so many costs (of track, of motive power, of timetabling, management and signalling) are shared between many final 'outputs' and the attribution of costs to outputs is almost impossible to do without arbitrary results.

Wider environmental and social cost-benefit criteria are not permitted to enter decision making on the use of non-operational land and, even for decisions on railway operational matters, social and environmental factors have less and less influence as private accountancy criteria become more dominant.

The academic and political debates about this are well-known - and probably just as well-developed in other European countries as in the UK. Economists argue about how pricing should relate to marginal and to average costs, and the more progressive and rational ones will propose pricing rules which tend to make the results of profit-maximisation converge with the results of social or environmental cost benefit analysis. But, certainly in the UK, these arguments have carried less and less weight since the Thatcher period began.

At best the arguments about socially and environmentally optimal pricing apply to railway operating decisions: investments in routes and trucks, decisions about the stopping and starting of services and so on.

They never seem to be applied to the use of land and sites for building and development. But they should, because the spillover effects of building on railway land can often be more important than the on-site effects. In economic jargon the external costs can be bigger than the internal costs. Private profit-maximising decisions in urban development can be very different from the decisions which would flow from maximising total benefits to all concerned. And because of their nature this will tend to be especially so for key railway sites. (The only exception to this myopic private-cost accounting in London has been the very important planning balance sheet analysis by Nathaniel Lichfield on the redevelopment of Liverpool Street Station.)

The benefits as well as the costs of railway activity spread over large areas beyond the stations. So not only does the railway escape paying for the negative effects of its actions - but also it cannot collect rents or profits in return for the benefits it bestows. It would thus be quite an amazing coincidence if profit-driven railway decisions coincided with the public interest.

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41 Comparative work is being done by, among others, Luca Bertolini (Torino, but working in Den Haag), Stefan de Corte (VUB Brussels) and Richard Wolff (ETH Zürich).
As we are finding in the UK, it is almost impossible for railway improvements to be financed out of the rises in property value which the railway improvements generate. This is because the railway usually only owns such a tiny proportion of the land which captures the benefit, and anyway not all benefits from railway improvements end up as additional property values at all. Simon Olsberg in his work on London has shown how the railway can perhaps capture enough value from property-development projects to pay for some station improvements but not to contribute significantly to tracks and networks. 

so what do we have in London?

London has a circle of railway stations around the 19th century centre, many with attached goods yards. Most of these have either been redeveloped as part of the 1980s boom or have projects in preparation. The table at the end summarises the situation.

how do we evaluate these schemes?

Central London in the 1980s had high office rents - the highest in Europe. Office rents could cover the pure construction cost of ordinary offices in 2, 3 or at the most 4 years in the centre of London. So it was feasible for developers to cover the high additional cost of building over railways and still leave some profits for landowners and other investors.

In the boom of the 1980s the profits (increasingly taken as capital gains) of the BRPB grew enormously through this activity in central London and in 1989/90 nationally contributed a record surplus in a single year of £315.2 million and a further £7.7 millions in profits from renting (revenue). In total this was 11% of BR turnover and more than the total profit declared by BR in that year - and it is rare that they declare a profit at all. In the whole period 1970-89 the cumulative gains from property were £1.6bn. In the year following this peak, however, property gains were much reduced (to £90m capital and £7m revenue) as property markets, especially in London, collapsed.

The buildings produced on the central London station sites have been a significant quantitative contribution to our massive central London office production, running at completion of about 1 million m$^2$ per year in 1991. They have also given us many of the very large-plan buildings characteristic of the period: after all the railway sites are some of the largest consolidated sites in the city centre.

During this period our planning system has been much weakened and relaxed. In this context the railway projects have been part of a large number of rather un-coordinated office schemes whose cumulative scale has taken planners, developers and financiers by surprise. UK and international banks became heavily involved in the almost indiscriminate lending of money to central London office development projects in the period.

There have been three main effects:

1. The overproduction (of which BR sites are only a part) now leaves us with nearly 3 million m$^2$ of empty space in the centre. The market has thus been hit badly by recession; new construction orders have stopped and the recession thus deepens.
2. The growth of employment in central London was substantial in the late 1980s. Since the housing stock did not expand in line with this growth we experienced very rapid inflation of house prices and fast growth of long-distance commuting. That is uncomfortable, expensive and bad in energy terms.
3. Although the central area has a good metro network, and the BR sites have the best positions on this network, it was in this period a metro system without much spare capacity and in poor condition through years of under-investment. Severe discomfort, capacity problems and safety hazards thus developed.

Employers and workers alike were enraged by these points 2 and 3.

Since the BR station redevelopment schemes were all designed primarily for profit-maximisation, subject

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to the rather weak constraints imposed by planning, they contain very little besides offices and a few shops here and there. The contribution they make to their neighbourhoods in other ways is negligible - e.g. in terms of re-integrating severed areas - and they do not bring housing back in to the centre on any significant scale.

The argument is sometimes made that BR’s investment has been distorted so that it invests where it can capture benefits (through traffic growth or through property profits), rather than putting the investment where the scale of benefit is greatest.

I would point to another failing.

The city government has made no attempt to influence the way the railway system (and related land) develops in the interests of the long-term structural development of the city as a whole. The contrast with Paris or, now, Berlin is strong. Equally our national government has entirely failed to link transport and land-use planning. (Indeed it has not even linked the planning of roads, railways and airports within the transport field.)

In the last few years some things have changed slightly. Part of the retreat from Thatcherism has been a decision by ministers to study a new plan for the East Thames Corridor which would be an integrated transport and land-use plan. One of the supporters of it is Professor Peter Hall who advises the Secretary of State for Environment and — if his early writings are a guide to the Minister’s thinking — this plan might even use the land-development profits from the whole wide territory of the plan to pay for infrastructure. On the other hand the realisation of this simple logic would require extensive state land purchase (or taxation of development profits) which would be ideologically uncomfortable for the government and the most recent publications suggest that government is looking for private investors for the urbanisation and for the railway - but without the first being able to finance the second through consolidated ownership of the whole development corridor. Furthermore development profits now have to be cut in more pieces to allow the privatised gas, electricity and water utilities to cover their network-expansion costs and make a profit. So we are not very sanguine about this slight change of approach.

**so what should be done?**

Railways and their associated lands must be thought of as structural features of the city of enormous and growing importance and as potential tools to influence the way the city develops and the way we travel.

Competent authorities need then to set out criteria (performance standards) which urban developments should meet. For example ratios of housing and workplaces; limits to car-traffic-generation levels; mixtures of commercial and non-commercial activities; ecological and environmental factors. These criteria could include the protection of surrounding residents and of small and medium sized enterprises (SMEs) in the localities. Some of these criteria might apply across whole large zones. Others might be specific for railway lands and of course railway operators could play a part in devising them.

Then the financial and operating criteria governing the railway’s actions need to be re-defined so that railways can (legally), and indeed will want, to act in accordance with these criteria.

In conclusion I would say that railway operators (and the rest of us as their owners and users) have so much to gain from the traffic growth within and between healthy cities with good public transport that they should, on reflection, be happy to accept some development projects which are less than profit-maximising where that helps achieve this wider goal. But I am far from optimistic.

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43 *Financial Times, 17 10 91.*
<table>
<thead>
<tr>
<th>Station</th>
<th>offices m²</th>
<th>other m²</th>
<th>developer</th>
<th>designer</th>
<th>occupier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victoria</td>
<td>49,290</td>
<td>1,500</td>
<td>Greycoat</td>
<td>EPR / Arup</td>
<td>Salomon / Dept of Trade and Industry / PA Consultants</td>
</tr>
<tr>
<td>Charing Cross</td>
<td>33,654</td>
<td>5,000</td>
<td>Greycoat</td>
<td>Farrell / Arup</td>
<td>Coopers Lybrand Deloitte</td>
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<tr>
<td>Cannon Street</td>
<td>37,000</td>
<td>0</td>
<td>Speyhawk</td>
<td>Farrell</td>
<td>LIFFE / Lloyds Bank</td>
</tr>
<tr>
<td>Blackfriars, Farringdon</td>
<td>54,000</td>
<td>0</td>
<td>Rosehaugh Stanhope (RSD)</td>
<td></td>
<td>mostly vacant</td>
</tr>
<tr>
<td>Fenchurch Street</td>
<td>28,000</td>
<td>0</td>
<td>Norwich U / Central &amp; City</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liverpool Street (now Broadgate)</td>
<td>350,000</td>
<td>few shops etc</td>
<td>Rosehaugh Stanhope (RSD)</td>
<td>Arup, then SOM</td>
<td>Many international banks, incl Mitsubishi, UBS, EBRD, law firms</td>
</tr>
<tr>
<td>or are being developed now</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marylebone</td>
<td>30,000</td>
<td>60 flats</td>
<td>Lynton (BAA)</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>or are the subject of current plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paddington</td>
<td>150,000?</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td>King's Cross/St Pancras</td>
<td>487,000</td>
<td>151,000</td>
<td>RSD + NFC (London Regeneration)</td>
<td>Foster Assocs</td>
<td></td>
</tr>
<tr>
<td>Euston - for the second time, after one redevelopment in the 1960s.</td>
<td>?</td>
<td>?</td>
<td>Stanhope + Kajima</td>
<td>?</td>
<td></td>
</tr>
<tr>
<td>Waterloo - for the first international trains</td>
<td>?</td>
<td>not yet agreed</td>
<td>?</td>
<td>Nic Grimshaw for the station</td>
<td>?</td>
</tr>
</tbody>
</table>

Many thanks to Michael Carragher for help with data.
October 1991, revised 1993
Urban 'regeneration' - a further manifesto

This short note was prepared for a seminar at the Local Economy Policy Unit (LEPU) at South Bank Polytechnic, at the invitation of Sam Aaronovich.
February 1993

1. Sam Aaronovitch says "there is a growing sense of a policy vacuum in the [government's] approach to urban regeneration…". Yes indeed. But I think it is rather like deck chairs on the Titanic. Specifically…

2. We are a largely urban society / economy. The economy is profoundly weak and the society fraught with tensions, violence, misery and consequent insanity. These problems of the economy and society emerge as "urban" problems. But they cannot simply be tackled as local aberrations in a fundamentally sound system. The problem you pose is thus a very difficult one.

3. In my view the only way forward is to redefine "regeneration" in terms of:
   • the reconstruction of people's confidence, skills and capacities;
   • the encouragement of economic activity and growth based on these capacities, rather than simply on cost-minimising competition for international footloose investment;
   • encouraging investment in the individual and collective elements of the city's building stock (repair and maintenance, insulation etc);
   • a re-emphasis on the potentiality of community and voluntary activity (including elected local governments) as the regulators and managers of urban services and spaces.

4. So far as the urban planning system is concerned, it should aim for more certainty, less "flexibility"; more precise specification of what will be permitted in each location and of the standards (e.g. of social provisions to be provided by private developers). I consider that these changes would strengthen the authority of elected local governments and (paradoxically) make the property development industry into a more stable, less volatile, element in our economy.

5. In all this there is a great deal to learn from best practice in other countries. There are valuable lessons from Netherlands, Spain, France - at least.

6. Some of the pre-occupations of the recent boom are now of little relevance and should not loom too large in discussions about the future—especially the whole attempt to secure infrastructure investment and social expenditures from "planning gain".

On the other hand we must remember the demonstration we have just had that markets, on their own, are quite unable to regulate supply of buildings in relation to demand, let alone in relation to need.

7. The only ground I can see for any optimism is that quite soon only a rather civilised country with equitable social relationships, civil peace, a fertile multi-ethnic culture and wide concensus, will be able to attract and retain footloose international investors. In this scenario the UK, and its cities, just might have a future.
Privatisation in the UK, especially London, and its physical impacts

Workshop paper at Bartlett International Summer School on the production of the built environment Brussels September 1992

Abstract
The problems of defining 'privatisation' are discussed and a first attempt is made at enumerating some of the effects arising in the UK where this particular transformation of social relations has been pioneered. Some doubts are cast on the macro-economic sustainability of the programme; effects on the stability of construction in London are pointed out and then the main part of the paper indicates some of the ways in which privatisation affects the social, functional and physical attributes of the city.

Preamble
UK contributions are rather prominent in this workshop, but this is perhaps justified because the UK has been such an 'advanced' laboratory for privatisation in the 1980s and there are undoubtedly lessons to be learned for us in the UK and perhaps cautionary tales for others.

Barrie Stevens at OECD has estimated the value of government proceeds 1980-1991 at £44.5bn in the UK, second only to Japan's £47.8bn. This is 12% of annual average GDP over the period, a proportion second only to New Zealand's 14%.

Definition and scope
Privatisation is just one of a number of parallel devices used by the Thatcher and Major governments in their campaign against the welfare state / Keynesian / social democratic consensus and in their specific attacks upon trades unions, socialist local councils and the working class. Other devices have been de-regulation (of housing rights, of urban planning, of transport and of many previously-regulated markets), the abolition of the GLC and other metropolitan councils, fiscal squeeze on social services and local government and direct attacks on trades unions. Some of these measures began before the conservative victory of 1979 and owe their political origins to the preceding Labour government and behind it the IMF.

This multiplicity of simultaneous state initiatives presents analytical problems because many of the changes we are experiencing are the combined results of this whole package of measures and cannot easily be attributed to privatisation alone without very careful analysis.

Privatisation, strictly, should be regarded as the transformation of ownership from public (central or local government or other collectively-owned entities) to private forms. This (“real”) privatisation can take place either
(i) by outright sale to a buyer (by competitive tender or by negotiation) or by share issues (gas, water), or
(ii) by the sale of the state’s shares in an already-mixed-ownership entity (eg the oil company BP) or
(iii) it can take the form of a re-direction of state expenditure away from direct provision and production to new forms of provision by contracting with private agencies. These agencies can be either pre-existing firms or ones constituted specially for the purpose, often with some continuity of staff and/or fixed capital from the previous public provider. The public service thus becomes re-constituted as a "contracted" service.

(iv) Alongside this "real" privatisation there has been a strong push towards a "formal" (or perhaps "quasi-") privatisation within the rump of the public sector: the increased use of private-type decision criteria, accounting frameworks, employment contracts and management styles in health services, education, railways and many other fields.

It seems likely that Stevens’ estimates exclude local authority privatisations and they certainly exclude the effects of the “quasi-privatisations” referred to at (iv).

Meaning
In privatisation, something which was not previously capital becomes capital. This may be an over-simplification but it is surely the essence of the change. Non-capital shrinks and capital has the opportunity to expand.

The logic of activity thus begins to shift in spatial and other terms, following market or investor imperatives where other criteria applied before - as we shall see below.

Workers, if they continue to be employed at all, find themselves in a direct labour / capital work relation.

Users of services find themselves in a relationship to providers which more or less approximates to being a “customer”, and they are now usually re-named as such. These relations are varied and have by no means settled down. In some cases the relation was with a state monopoly (water, phone) and is now with a private monopoly but in those cases is usually a relationship regulated by a new government regulatory agency. In other cases the relation is mediated through local or central government which is an intervening body, “buying” services from firms and “selling” or giving the services to users.

Effects
When we look back at this period we will find many important effects. Four are emphasised here, chosen as ones which have particular significance for our work in the built environment and which complement Mark Page’s and Dick Pratt’s papers.

A Macro-economic problems
Effectively, capital is being invited vastly to extend its sphere of direct operations (though it looses some opportunities for lending to the state sector): the corporate share (equity) market grows and

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46 Mark Page’s paper in this workshop concerns an example of (iii).
47 Again see Page. The related issue of measuring “value” is the subject of Greg Kaser’s Value for money in public services, in Capital and Class, 36. 1988, 31-57.
48 In the UK there has been much litigation about the extent to which an EC rule on the ”Transfer of Undertakings” applies and thus protects the working conditions of people whose public employers are privatised.
49 Mark Page comments that there may be some freak effects here from other factors influencing the net
the government stock (gilt) market shrinks. While there is never any shortage of money capital in the world seeking investment opportunities, there must be doubt as to whether, and on what terms, investors can absorb all these opportunities - and whether, in the following years, the assets (and the further investments made in them) can continue to be the source of steady accumulation. Privatisation at low or negative prices has helped but some privatised assets have already been powerfully de-valorised since transfer - the prime urban example being the land in Docklands where the Olympia and York project at Canary Wharf (and many others) are bankrupt. There are other instances in the car and military production sectors, both very vulnerable to competition.

We must, in the longer term, wonder in how many ways the surplus can be sucked out of an economy (and a fundamentally very weak economy at that). This is a fascinating question which I cannot answer. Can anyone? We have two interesting pointers in recent experience. One case is that the privatised water utilities have started to make heavy charges (about £6000 per dwelling) to connect new houses for developers and these charges are enough to remove the profit margin for very many new projects - at least until this new cost can be discounted by the land markets. A second example is protests from ICI that the electricity cost they must now pay for power inputs to chlorine production are so high (compared with pre-privatisation and with other EC countries) that they may have to cease production.

B Stability
Again, this is essentially a question for another time and for other people. But I should point out that the built environment has been profoundly affected by...

(i) the changed composition of construction demand as state spending has been slashed and replaced by the much more volatile demand from private sources, especially so in the London region;

(ii) the flood of development opportunities opened up by the privatisation of land (in London notably the Docklands, railway sites and stations) and the flood of investment upon it - in housing, offices and shops. This growth in the supply of sites for development in London has been reinforced by the de-regulation of the land-use controls which separated "office" from "light industrial" activity up to 1987. This particular relaxation generated a dramatic surge in "industrial" property values, especially in and around the centre – not because industry was expanding (quite

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public sector borrowing requirement. Indeed in the UK we have had some masking of the "shrinking state" by the almost un-controllable expansion of social expenses from mounting unemployment and from ageing of the population.
the reverse) but because speculators were buying it to convert to offices.50

These changes took place with much weakened state regulation of aggregate supply through the town planning system and demonstrated that market regulation of supply in a boom is as ineffective as we often find in agriculture. We had, especially in the south-east of England, an unprecedented boom followed by an unprecedented slump. It has been, in the office market, as though all the producers had been pushing for decades through the narrow gap in the doors of the urban planning system; now the doors were flung open and the producers - especially developers and bankers - cascaded through, landing in a heap on the other side because they lacked any mechanism of their own to regulate the flow.

(iii) Even in those sectors remaining “public” the rules were changed in such a way that investment was increasingly financed from the profits on the sale of land, often land defined as “surplus”. This has meant that public investment in the built environment (especially in health) became dependent on the fortunes of the land market and thus fluctuates in phase with that market. This clearly reinforces volatility instead of damping it down and has now led to many health programmes being stopped because the premises released cannot profitably be sold.51

C Urban structure and society
We can begin to see the effects of the deeper penetration of capitalist commodity relations and decision criteria in to the structure and functioning of the city.

Accelerated displacement...
...of households and firms is one effect we have experienced strongly in London. It was facilitated by de-regulation which removes or weakens the hard-won defences of households and small firms against market pressures. (Relaxed rent and tenure controls, shrinkage of the social housing stock, fiscal stress on the urban poor and on the supporting urban services and welfare systems they need, changes in urban planning which expose small manufacturers to direct competition from higher-rent users.) It was driven (until 1989 or so) by mounting demand for space from property speculators, higher-income house buyers and certain growing business sectors.52 Cause and effect are particularly hard to deal with here. For example it is probably the case that worsening poverty, falling public services, crime (or the fear of it), terrorist activity and other factors all make the city a less effective container for firms and households who have a choice.

50 See Pratt. The diagram here is based on data from Investment Property Databank (IPD) Annual Review, 1988.
51 Interestingly these outcomes could be predicted from SUGDEN, J., 1980, The Nature of Construction Capacity and Entrepreneurial Response to Effective Demand in the UK, BISS 11-6.
Functional distillation
The process did not last long because the boom beginning in the mid-80s was over by 1988-9. But in that short time we could see signs of displacement generating changes in the functional structure of the city.53

In particular non-market functions and low-rent-paying functions were beginning to move from the centre and from other parts of the city where the realisable exchange value of their previous premises (in a weakened planning context) was high. Thus colleges, football clubs, theatres, libraries, hospitals, post offices and government offices started to move away or make plans for moving. It was a process which would, if extrapolated, produce a strong functional distillation of urban space.

Where would that take us? To an Alonso model? The city core occupied by the highest rent-payers and little else. Bad news for the citizens. But it is not long before these "victors" in the market struggle complain that many of the things they sought in the centre had gone away to cheap and less accessible sites: major office employers and their staff are, after all, great users of government offices, museums, swimming pools, libraries, universities and other non-profit activities. But the market does not allow such things to remain available in these new structural conditions.

A final aspect of this wider privatisation is that the growing unevenness of service provisions is reflected in growing competition in the housing market among households seeking well-served locations. In the London case this is especially apparent in the desperate scramble of parents to secure children's access to what they judge to be the "better" secondary schools in a system of schools rapidly differentiating in resources, stability and popularity.54

D Effects on the built form
Again, the transformations in built form are the combined reflection of privatisation and other processes. But certain changes are fairly clearly linked to privatisation.

53 See also the author’s 1991 article, Fragmentation dans la contexte urbain, in Architecture et Comportement, 4, 339-349.
54 These issues were briefly discussed by Hooper in BISS 4. The most exhaustive treatment is probably Edmond Preteceille and J-P Terrail, Capitalism, Production and Needs, Transl. Matthews, Blackwell 1985 (in French Besoins et modes de production); Equally Hugh Stretton, Capitalism, Socialism and the Environment, Cambridge, 1976 and Fred Hirsch, The Social Limits to Growth, RKP 1977, are directly relevant.
The street changes. Many thoroughfares in private development projects (large ones like Broadgate, shopping malls, and small ones like Thames-side luxury housing) actually have the status of private spaces for the purpose of management, maintenance and jurisdiction. The rights and duties relating to the “public highway” and the police responsibility for what goes on do not apply. Instead we have gates, cameras and private security. It relates to the case described by McMahon where shop workers in a Toronto department store were prohibited from picketing their colleagues because their works entrance was within the private space of the shopping mall owners. Certainly in London’s new private streets we do not find poor people wandering round, let alone homeless people sleeping as they do everywhere else.

More generally, given the dominance of speculative production in UK property markets (rather than direct commissioning of buildings by user-firms) and the fall in state commissioning, the new building stock tends to take on attributes of a small range of general commodity forms: the office, the shop, the factory (and now perhaps the “science park”). Increasingly desperate architectural attempts to differentiate these products by appliqué styling and diverting layouts were then required.

Further work
The preparation of these brief notes, discussion in the workshop and later, especially with Mark Page and Dick Pratt, has been stimulating and tantalising. Clearly here there is much to be done in many levels of analysis. The study of “privatisation” should be able to tell us much about what the real meaning and content of ownership and control has meant and is coming to mean. It should perhaps enable us to formulate clearer and more compelling programmes for the future and to have more constructive discussions with our East European friends as they are launched in to even more chaotic versions of this experience.

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55 The point was made in discussion at BISS 7, but unfortunately does not appear in the published text. McMahon discusses at length the way public and private rights are constituted in relation to each other in the traditional street. In the workshop discussions at BISS 14 we were perhaps doubting whether the street still works as the framework for capital accumulation in building production.


London’s Economy
July 1993
Short comment for Regenerating Cities, the precursor of City.

The economy of London reels under a remarkable number of shocks which have struck in the last 15 years - some external, some self-inflicted. London has some assets and could prosper in the right conditions but, so far, we have no mechanisms to get these conditions.

If urban “regeneration” is ever to be a real strategy pursued by Londoners in the interests of all those who live, work, study and visit here then the economy has to be a key focus - alongside and knitted-in with the environment, the education and culture of the city. Regenerating Cities proposes to run a regular column on the economy of London, its host city, and this article pre-views some of the key issues likely to arise as the months pass.

Down-side: the shocks
London and its region have suffered a quite remarkable series of major shocks since the mid 1970s including severe collapse of manufacturing, decimation of local government spending capacity, an acute property boom and slump, a short-lived surge in financial services.

• More than its share of deindustrialisation. The catastrophic collapse of UK manufacturing has been attributed variously to the 18th century landed origins of the modern bourgeoisie, to strong trades unions, to an inept state apparatus, to archaic class structures, to wrong exchange rates and a diversity of other factors. In London we have had more than our share of manufacturing collapse, partly because of the property market: many firms which were in other respects viable, closed or moved away because they couldn’t compete for space any more.

• Fiscal punishment. The balance of tax payments against benefits received through public expenditure is notoriously hard to pin down. But London’s economy has contributed heavily to tax revenues while the flow back of state spending has meant London lost out rather more than the average for the country as a whole in many spheres - education, housing, health and social services - through the action of successive governments in penalising inner urban areas, especially those with Labour administrations. The earmarked “urban” spending of government is tiny by comparison with these main branches of central and local expenditure. London has gained a large proportion of that “urban” spending, but the LDDC and other departments’ spending on Docklands represents the lion’s share and it is an open question as to whether the LDDC has helped.

• The financial fetish. Back in the 1980s it was widely believed that London’s future depended entirely on the health of the banking and financial services sector of the economy. There was indeed a boom, of two almost unrelated parts: a brief surge in employment in the City of London international securities industry and a diffused growth in the “retail” banking sector as the building societies forsook their former restraints (and privileges) and weighed in to the high street to double the capacity of the retail banking sector. Both parts of the boom were short-lived. There simply was no way that international business could support so many securities traders and, on the retail side, no basis for a doubled capacity. Furthermore banking was about to receive the “productivity improvements” which had decimated jobs in other industries years earlier. The significance of this shock is that it is now generating heavy unemployment and that, in the name of financial supremacy, we have all been asked to subordinate most other priorities to the supposedly over-riding needs of “London as a world city”.

• The property crash. The main outlines of the boom are familiar enough. In the office sector there was an increase in demand for space and a much greater increase in expectations about the growth of future demand. These expectations were fuelled by rather flimsy assertions that older office buildings would need to be replaced and, above all, by the seemingly-boundless passion of British and international investors to pour their funds in to the London office market. The

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58 The Financial Times “Observer” column has a daily joke. One asked “What is the difference between a derailed train and banker who has gone off the rails?” Answer: “The train eventually comes to a stop.”
commissioning of new buildings for investors to own continued well after it became clear that London would be short of tenants to occupy them - at least at the high rent levels of the late 80s. This saga remains to be analysed. It will probably come to be seen as an instance of utter market failure where the market is being expected (quite unrealistically) to co-ordinate social relations which had previously been tightly regulated by the state - a kind of East Europe phenomenon.

Alongside this office boom were lesser ones in speculative housing (up to 1988) and out-of-centre retailing. The cumulative effect was a bonanza for contractors, for all the professionals who service them, for the financial and agency workers who funded and marketed the projects and for materials and equipment suppliers. Since the UK construction sector has such a woeful record in training and skill development, this boom was much less beneficial for the London economy (and especially to London’s unemployed) than it could have been because it sucked professional, craft and other workers in from other regions and nations. The absence of stabilising elements in London construction output (e.g. commissions for public buildings) meant that the collapse, when it came was a shock of acute severity for all the people involved.

• Atrophy of education and training. The whole UK has suffered from the under-resourcing of education and weakening of adult training arrangements which were already poor by the best European standards. The particular experience of London has included the effect of the abolition of the Inner London Education Authority (ILEA). This body was widely experienced as bureaucratic but it was large and far-sighted enough to sustain high levels of spending, orchestrate a vastly diverse system of night schools and adult learning and give strong leadership and central resources for multi-cultural education and diverse special needs. Alongside this shock came changes to higher education - a major sector in London - expanding student numbers but cutting public resources so that the system becomes less accessible to lower income people.

• Social collapse is not with us on the scale of the former Soviet Union or parts of the USA, but there are serious stresses flowing from the impoverishment of the working and non-working poor, from the awful employment prospects of young people, white as well as black, from the closure of mental hospitals and so on. Some of these were referred to by Brian Robson in his paper summarised in the last issue.59

Up-side
On the positive side, of course, London has enormous economic strengths:

• a highly adaptive population, despite some mythology to the contrary. London’s labour market offers a very large range of types and levels of skill by the standards of European city regions, and salaries here are relatively low by world standards.

• the English Language - a powerful comparative advantage - giving us the BBC, Shakespeare, the Beatles, most Reggae, EMI, strength in publishing, law, medicine and universities. This really must be a key underpinning of London’s, and of Britain’s survival and is one which we do very little to nurture.

• the silver lining of the property crash: we have 3m m² of empty office buildings which have brought London rents tumbling down below Paris and Frankfurt. All this space is, effectively, a free gift from the banks (ultimately from their customers) whose gaddarene behaviour still amazes us all. Its existence is already making in much easier for enterprises to start up in London and for existing ones to expand and we need to make sure that we get the full benefits. The main danger is that developers and building owners will vandalise or demolish buildings to avoid paying rates and to re-create scarcity.

• Cultural diversity and complexity is highly developed in London. There must be few other cities offering rival types of Kosher meals on wheels; driving lessons in Turkish and Armenian as well as in the common languages. The economic potential from cultural and material products is so far largely latent but is a great potential resource.

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59 Robson, B, 1995 Assessing the impact of urban policy, Regenerating Cities, 7, 40
• A strong non-profit sector and tradition. This is a city with a highly developed tradition of citizen participation, in everything from campaigns and movements through to the organisation of housing associations, athletic and music projects, arts and community businesses.

Structural problems
London’s economy manages to creak on despite its share of the UK’s general problems and some very specific local disabilities:

• the failure of economic agents to organise themselves. Tories revile unions but the remarkable thing about London, by European standards, is the feebleness of the employers’ organisations.

• the failure of understanding: it is no-one’s job to think about the London economy and certainly no-one does. A proliferation of consultants’ studies does not make up for the sustained and close analysis we need of the sectors and subsections of our economy and of their needs, problems and potentialities.

• the Boroughs and Districts - totally inappropriate bodies. The GLC did much to help us understand the detailed problems and potentialities of sectors of the economy: the rag trade, printing, domestic work, caring professions, for example. We now urgently need a fresh round of sector studies. But the 33 Boroughs are lost in bickering and competition among themselves and anyway economic life does not live within Borough boundaries.

An example of our structural unfitness to deal with issues is airports policy. We have Heathrow, locked in to residential suburbs by a wartime decision and now expanding because no-one can challenge the momentum and to do so is to threaten London’s pre-eminence as a global “hub” and British Airways’ power and revenues. An official committee is now considering where to put the next “London” runway but its work is vitiated by its terms of reference: it cannot consider the possibility that the next expansion ought perhaps to be at Birmingham or the East Midlands, while most Londoners are forced to take their (predominantly short-haul) flights from Heathrow whether it suits them or not.

Where should London go?
• further down the line of cheapening labour? We have gone a long way already as a nation. But as a city we offer low wages and (because we impoverish our public services and infrastructure) a low social wage too.

• An alternative should be to innovate in strategies to re-engage the whole population in the interests of actual economic growth and social peace, wooing international capital with the prospect of a relatively robust and harmonious society, not just the cheapest workers.

In the short run we are all assured that the UK economy is recovering from its long deep crisis. From a London point of view we should expect any upturn to be very much delayed in coming because of the depth of London’s crash. The plentiful supply of cheap property might help London recovery - both the commercial property and the housing. On the other hand the flat state of the housing market clearly is double-edged. Cheaper housing in London makes it easier for people to contemplate moving here (or staying here) to take jobs. On the other hand many London households are clearly swamped by debt and may be more inclined to use any income growth to reduce their debts rather than increase their consumption.

Apart from the supply of space, none of London’s structural problems seems to have been cured during the last decade and extreme short-termism still rules. For example Ministers are now urging the TECs to emphasis their potential job-generation roles at the expense of their training roles because, with high unemployment, training is no longer seen as a big (short-term) issue. This suggests that we are once again failing to learn from past mistakes. If the development of human resources is the key to long term prosperity for all, the present period is just the time to re-emphasise long-term training.

Future columns in this series
Readers who are interested in contributing ideas, data or actual articles on the economy of London, or on detailed problems, innovations or opportunities within it, are asked to contact the editor.
July 1993
There are glimmers of light in the gloomy winter of London urban development. Among them, two represent especially hopeful innovations on the edges of the city centre. The King’s Cross Railway Lands Group is launching a new plan for its area and, south of the centre, the Coin Street project has at last managed to assemble the funding for its next stage of community-based development.

London’s great speculative boom of 1985-9 was enormously damaging in many of its direct and indirect effects. The surge of building projects over-stretched the construction sector and its professions, generating jobs which soon disappeared, leaving building workers, architects, engineers and estate agents on the scrap heap in unprecedented numbers. It provided a cliff for the lemmings in the world’s banks to jump off and left us with 3m m² of empty office buildings. The investors’ attempts to accumulate what David Harvey calls ‘fictitious capital’ has left some of them bankrupt but most of the £40bn debt remains with the banks. The authorities see to it that banks do not go bankrupt so the financial costs are being borne by shareholders and by the banks’ private and business customers whose charges go up. So these empty buildings are not quite a free gift.

The powerful effects of the commercial property boom have been visible in the accelerated loss of industrial and other jobs in and around the centre, in increased housing stress and homelessness and must surely play some part in the symbolically-poignant election of a neo-fascist councillor in Millwall beside Canary Wharf. To cap it all, London’s inadequate public transport investment budget has mostly been pre-empted to valorise the Canary Wharf project through the Jubilee Line extension.

The GLC in its dying days developed a heroic set of policies aimed at protecting the small and medium enterprises and the middle- and low-income housing around the centre of London. Alongside this planning strategy were innovations in support for popular cultural life, in training and in education. All those planning instruments were lost when the GLC was abolished in ‘86. Other protections were lost too: tenant security in housing, planning protection of the industrial building stock and - perhaps most important of all - the ability of locally elected borough councils to put political and financial muscle at the service of their areas.

Through each of London’s post-war property booms we saw tenacious struggles of residents, small firms and community groups to resist burgeoning office development, or at least to influence the terms on which it took place.

King’s Cross
In the case of King’s Cross the story is quite widely known. The fast-changing structures governing urban development are seen at their worst and the actions of those who had responsibility and some autonomy to act within this structure were, for the most part, untimely, inept and socially destructive.

In 1987 the speculative boom of London office development was going full-blast. British Rail, starved of public funds, was beginning to make large profits from property development and keen to repeat its profitable triumphs at Charing Cross, Cannon Street and Liverpool Street on

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60 Edwards, M, 1994 Developments at King’s Cross and Coin Street: Community Alternatives, Regenerating Cities, 6, 34-37
the vast 40ha site, most of which it owned, at King’s Cross. Developers Rosehaugh and Stanhope, glowing with success from Broadgate, were equally keen on a repeat performance. The GLC had just been abolished and the 33 London Boroughs had not yet started to learn how to operate any London planning in its absence - indeed they had very little confidence that they could regulate anything, given ministers’ insistence that they must have “a presumption in favour” of developers’ planning applications. The vague and imprecise character of British local plans was thus placed under impossible stress.

In this situation BR jumped to the conclusion that the best place for its second channel tunnel terminal would be King’s Cross. This was a decision both slapdash - lacking careful analysis of costs and viability and of social and environmental impact - and furtive. BR and its land-owning partners briefed developers to design around an international station while forbidding them from showing the international station in any plans. This whetted developers’ appetites for a Europe-oriented “office city”, which duly appeared in all the contending plans. Thus we had proposals for a new chunk of ‘corporate’ central London. Unlike most of the other proposals, this was not going to be on the edge of the established centre but as a semi-detached island in a mixed-class residential and business district, rather run down through planning blight and through poor stewardship by the railways and others.

The years since then have seen a shifting struggle between, on the one hand, BR and its developers and , on the other hand, a federation of local community groups, environmentalists, transport pressure groups and others. Local government has played a mediating role, with Camden’s officers tending to support the developers and its political majority, supported by LPAC, tending to resist.

Initially in 1987 the local popular forces took a purely defensive stance, opposing the form and content of the developers’ proposals, notably the domination of the scheme by corporate offices. As the local groups gained in strength and confidence over the years they became more pro-active and creative, doing their own local surveys of needs, collaborating tentatively with a small local developer in the preparation of an alternative plan and then taking the bold step of preparing and submitting their own more radical schemes late in 1992.

This transition from resistance - “we won’t have the land developed in this way” - to creativity - “it should be done like this” - has been a remarkable achievement. The most radical of these alternative plans scaled down the office content from the developers’ initial 700,000m² to 22,000m² and raised the amounts of housing, industrial and community space. The massive over-supply of office space in London meant that schemes could no longer rely on office profits to cross-subsidise other elements of a scheme and a diverse mixture of functions ought to make a project more robust in economic terms. But even the most mixed of the RLG schemes depended for its viability on investment coming from somewhere - public investment in collective elements and private funds for profit-oriented parts.

In 1992 and 1993 the prospects for attracting major investments seem dim, the more so at King’s Cross, which is subject to the government’s endless indecision on the railway routes and their commitment to the fetish that virtually no public investment should be committed to the international rail links. Even the most bullish developers and surveyors were expecting many years of delay before any conventional property development could start. A further decade of blight seemed to be in prospect.

Thus was born the concept of the “Interim Uses Initiative”.

The idea is to develop a plan for the area based on

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64 Kings Cross Railway Lands Group (RLG) A People’s Brief, RLG 1991
65 KXT King’s Cross proposals: supporting statement, KXT unpublished 1992
• meeting local and wider needs;
• consolidating existing communities of residents and enterprises, improving their security and conditions rather than displacing them;
• actively seeking new functions which could put unemployed resources - of land, buildings, people and organisational energy - to new uses;
• building a harmonious set of interim activities which might last for 2 to 20 years, without precluding shifts to a more durable set of long-term investments if and when funds become available from private, government or EU sources;
• taking the energy-saving and re-cycling aspects of environmentalism really seriously in the choice of functions, the re-use of spaces and materials and in transport planning;
• taking a pluralistic view of the wide variety of public / private / third sector partnerships which could secure its implementation, drawing on the ideas expressed in Regenerating Cities67.

All this work has been guided by a much broader consortium than the locality has seen before: the RLG, existing firms in the area, the two London Boroughs affected (Camden and Islington) and with some notable cooperation from the land owners. The land owners seem to be realising that modest returns from interim activity may be preferable to awaiting a pot of gold at the end of an (ever-lengthening) rainbow. They could at least have some income towards their maintenance responsibilities and would avoid some of the public odium of greedy speculation.

The interim uses plan, after a long gestation and consultation process guided by community planner Michael Parke, from CLAWS68, appears in January 1994 and should be greeted by the world as a major innovation in methods of planning. Instead of sweeping away the area and replacing it with a better-designed version of La Défense69, the interim uses initiative should help conserve and develop the existing economy and community and provide a platform for new kinds of social innovation and cohesion. The research for the initiative has brought together an impressive range of social and business initiatives, some already started, others embryonic. A thoroughly “green” version of a garden festival is envisaged as a key element in the initial opening-up of the area, in transforming its public image, making it safely accessible and permeable. A second pilot project would be the restoration as the project’s base of the Fish and Coal traffic administrators’ offices, sometimes claimed to be the UK’s first purpose-built offices buildings70. Other schemes include a sports centre proposal which would serve university and school students in term time, community groups in holiday times (with some overlap), intensifying use, mixing sources of funds and fostering cooperation between bodies which have sometimes been mutually-suspicious in the past.

The traveller arriving on the TGV from Paris or Milan in 2003 should thus expect to emerge from St Pancras in to a district combining the attributes of Camden Lock, Museum Street, The Ironbridge Gorge Museum and the space under Westway where the North Kensington Amenity Trust has nurtured development now for two decades. There are bound to be offices as part of this but they are more likely to be spin-offs from the university, the British Library, contemporary dance or the dozens of charities and trades unions in the area than to be corporate headquarters. The resident population will have increased, making a contribution to reverse commuting on public transport and to benign pedestrian and cycle trips, helping to support diurnal and year-round activity and sustaining a strong multi-ethnic culture. Part of the very strength of this culture is in the active management role which people and firms have in their land and buildings.

This is a dream, but don’t dismiss it for that reason: dreams after all tend to express profound

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67 Michael Safier, [organisational landscape article], Regenerating Cities, 19xx
68 Community Land and Workplace Services was a not-for-profit technical office providing planning, architectural and landscape advice to citizen groups. It was initially set up as a co-op and was located in a building at King’s Cross operated by the Greater London Enterprise Board.
69 Norman Foster’s design for the British Rail / London Regeneration Consortium was in many ways a superb design exercise within the terms of its brief. The resistance is (a) to the character of the brief he was given and (b) to the appropriateness of a big static master plan in this place and time.
70 This proposal revives a mid 1980s proposal made by URBED.
needs. Furthermore dreams are in strong demand just now and very few are this well thought out and detailed in 200-page reports. The challenge is to make it come true.

**Coin Street**

Another of London’s long-running planning battles has been on a prime site beside the Thames, just east of the South Bank cultural centre. A number of plots of war-damaged land and meat warehouses had been the subject of speculative office and hotel schemes in the 1970s (including one by Richard Rogers for Greycoat), opposed by the Association of Waterloo Groups (AWG) and some forces in local government who supported social housing.

Bob Colenutt, writing in 1979, in the middle of a 64-day public inquiry (the first of two), described it as a “set piece planning battle”. In the course of it the local groups’ proposals were ridiculed by the developers’ counsel, John Drinkwater, with the phrase “pigs could fly”. But in 1984 the developers withdrew and the GLC, in one of its final acts, was able to transfer the 5.4ha of land to a non-profit-distributing local entity Coin Street Community Builders (CSCB). In the next few years CSCB managed to implement a number of phases of its plans: two park areas linking the GLC’s riverside promenade back to inland sites, the interim use of Gabriel’s Wharf as a craft market and the first of seven proposed housing co-ops.

This saga is well-documented by Colenutt, Brindley and by Tuckett who is one of the local leaders. At a triumphant inauguration ceremony for part of the project the mood was well-expressed by a pink balloon in the shape of a pig, flying to tease Mr Drinkwater.

The early achievements of the project in the late 80s were then rather overshadowed by internal political problems about control and the answerability of CSCB to local people and also by problems in funding the implementation of the rest of the scheme. Particularly severe problems cropped up in financing the conversion of Stamford Wharf (The “OXO” building) since this scheme was planned to have an innovative mix of uses within a single structure. While the conventional wisdom in public debate always favours ‘mixed uses’, such schemes have tended to be anathema to investors, private and public alike.

The first CSCB housing project attracted strong criticism from almost all architectural commentators because of its rather low density. This scheme, the Mulberry co-op, is a strong reflection of local people’s participation and of the imperative in British local politics to prioritise “family” needs over other housing needs. It consists of three-storey terraced dwellings in a quadrangle looking out on to conventional streets and inwards to individual private gardens. Within these lies a communal open space, accessible only to residents and in constant view from all their back windows. Some private parking spaces are included.

This low-density approach to the design of housing right in the centre of London is criticised as wasteful: far more people could be housed in a higher-density project. It is also often described as rather ‘suburban’ and as lacking in ‘urbanity’. Some of these criticisms have been rather condescending and there has seemed to be a danger of the same collision between stereotypes taking root at King’s Cross.

My own view of this controversy is that community architecture is likely to generate a lot of suburban-looking family housing with gardens in areas where most people’s experiences of denser social housing forms has been soured by lift failures, bad maintenance, collapse of communal facilities, absence of the concierge and similar failures. It is fine for us all to argue our views in local meetings, but there is no value in disdainful remarks like “The scale of the housing

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74 Ian Tuckett: *Coin Street: there is another way*, CSCB, 1989.
is wrong for the site, the detailing banal. The outcome of the battle of Coin Street was a disastrous loss for London.”

Mean while there is good news from Coin Street: two further projects are going ahead.

A further housing cooperative is under construction, this time as a denser-looking building along the eastern edge of the park: a long block with serrated roof, terminating with a tower at the northern (river) end. As Deyan Sudjic points out, it is ironical that the architect, Lifschutz Davidson, should be an ex-member of the Richard Rogers office.

But the best news of all is that Coin Street has finally started construction of its flagship: the Oxo building. It provides pedestrian access along the waterfront, an arcade of shops and cafés alongside, co-op flats overlooking the water, restaurants on the roof and a tent-roofed entertainment space in the atrium. Behind it are craft workshops and small industrial units. The ingenious design - by the same architects - has been ready for years, but waiting for the money. Twenty millions of the £26 millions needed are now to hand and the work is under way. The money, we gather, has been pieced together from a great variety of sources...

- the Housing Corporation for part of the cost of converting upper floors on the river front to flats;
- bank loans;
- CSCB’s own equity contribution (mostly savings from the interim use of land for car parks)
- most remarkable of all, a contribution from the Department of the Environment. If you can’t beat the flying pigs, join them and take some of the credit.

This all goes to show that a tenacious effort to stick with a strong vision can be made to pay off in the end. It should give courage to those working at King’s Cross - and everywhere else. If we manage to obtain more details we shall pass them on.

December 1993

The potentialities of community-generated alternatives to developers' schemes


1 Aim and Scope of the paper
This is not a conventional research report. It is based on seven years of quasi-research, quasi-practice in which I and some very energetic and capable students have been privileged to work alongside the King’s Cross Railway Lands Community Development Group (RLG). My aim here is to generate a discussion and especially to focus on the issue of what it is reasonable and unreasonable to expect from community group initiatives.

The paper proceeds as follows. Section 2 is a nutshell account of relevant features of the London situation, which generates a series of questions in section 3. Section 4 picks out salient features of the King’s Cross struggle. Section 5 draws some tentative conclusions as a basis for discussion.

2. London in the 1980s

Wider context
From perhaps the mid-1970s, this country, with others, has been in a transition variously described as the ‘crisis of Fordist regulation’, as the ‘end of post-war social democratic society and welfare state’, as ‘intensification of exploitation and the subordination of the working class to capital’ or, quite trivially, as ‘post-industrial’. The changes in British society are well known, including

- Intensification of labour for those with jobs, linked with growth of part-time working and feminisation
- Dramatic - almost order-of-magnitude - growth in unemployment
- Rapid restructuring of the economy in spatial, sectoral and ownership terms
- Dramatic weakening of trades unions and of labour regulation.
- Polarisation of incomes and conditions of living.

These features are widely shared in western Europe and the USA. The UK version has some distinguishing features, however:

- A strong state strategy of centralisation at the expense of sub-national elected authorities;
- Accelerated loss of manufacturing associated, inter alia, with an over-valued currency;
- Britain’s pioneering of privatisation and deregulation;
- A quite remarkable triumph of neo-liberal ideas, often linked with xenophobia, not just among those who stood to benefit from the changes, but through much of the population: it was (and still is) widely believed that “there is no alternative”.

Particularities of London

In a largely urban society social change is to a large extent urban change and spatial dimensions of change can be of the essence in the dynamics of aggregate transformation. London experienced and generated its full share of these changes and in certain key respects played a dominant and leading role. In relation to the character and effects of local community group activity in London in the 80s, a number of these features seem specially important:

- (i) the presence of the City of London,
- (ii) the attacks on local government,
- (iii) the internal contradictions of deregulation.

The City
The relative autonomy of the City of London Corporation from the rest of London Government (even from national government?) took on added significance with the abolition of the GLC.

Thornley, A (1993) and the new journal Regenerating Cities offer a fuller account than is possible here.
It was the City of London, and the financial interests it represents, for whom so much of government policy was devised, and the deregulation of financial services which - given the peculiar condition of the property markets here - generated strong restructuring and speculative development pressures on the office market and beyond. The boom of the mid and late 80s was not just a City boom but clearly employment and salary growth in financial and business services were major factors feeding the demand surges for housing and for transport in the period.

Local Government
The attacks on local government and other public services drew popular support from the undoubted shortcomings of the worst public services – patronage, bureaucracy, occasional corruption and the widespread experience that providers’ interests dominated user needs. But we must remember that the attacks by central government on local government were very severe in London. Powerful restraints on local government spending, on council housing and on planning powers - while not confined to London - were acutely felt here. The imposition of the LDDC was rather strongly opposed, not least because it was supplanting a mechanism which had at least started to work and could have served interests much broader than those represented by the Corporation.

The GLC, in the years leading up to its abolition, was able to start dealing with some of the shortcomings of local government and to rally strong and diverse support among Londoners. It is important, in studying community action in London in the 80s, to remember that the GLC did a great deal to strengthen the morale and the resource base of women’s groups, diverse ethnic minority groupings and community groups in general. In its Community Areas Policy(1984), this pluralistic approach was cemented into some quite fully-articulated policies for protecting jobs and working class and mixed-class homes around the metropolitan centre - policies supported as much by local firms as by residents.

Deregulation
London is also peculiar in the character and extent of the contradictions flowing from deregulation. I’ll refer here only to three points: transport, housing and offices.

Transport. The basic principle of neo-liberal deregulation is that markets should be empowered to work. Urban transport markets and their related real estate markets are well known to be ones which just don’t work on a free-market basis. And among the main problems in London was that neither the remnants of state regulation and provision nor the first elements of deregulation (notably in land-use) served to regulate the home / workplace / travel relationships of the turbulent 80s boom (SWAIN, 1990). Labour demand and travel demand surged without equivalent investment in capacity. In the context of a long history of low investment in transport we experienced severe safety problems, growth of congestion, discomfort, breakdowns, pollution and delays.

Housing. The combined effect of employment growth, demographic change and income growth (at least in roughly the top half of the income distribution) led to a major surge in market demand for housing which might perhaps have been met eventually had massive supplies of building land been released on the periphery of Greater London. However relaxation of the Green Belt and of containment policies in the rest of the region was paradoxically never on the deregulation agenda so the demand growth seems to have been met mainly by dramatic price escalation and partly by growth in long-distance commuting.

The worsening employment and income position of the poor, faced with escalating housing costs and reduced housing security, led to a parallel growth in homelessness and housing stress.

Offices in the highly regulated planning conditions of London had long commanded rents which by

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78 I have neither space nor the expertise to deal with this issue fully. Two very important contributions to this history are CSE (1979) and Page (1991)
European standards were very high and changed hands as capital assets at relatively low yields. It would be a strong hypothesis that these conditions (and some parallel ones in other real estate markets) have contributed to the extreme volatility of our property markets and serious distortion of our economy through the amount of rent we pay and the de-stabilisation effects of owner-occupier capital gains on spending.\(^{80}\)

These background conditions then combined with expectations of demand growth flowing from the “big bang”, with some (rather overblown) ideas about the obsolescence of existing buildings and with a flood of homeless capital in the world looking for projects - to produce a quite remarkable level of demand in the development markets. We seemed in the mid 80s to be set for a repeat performance of earlier booms.

Here again, however, deregulation intervened in the form of

- (a) central government instructions to local planning authorities to make a presumption in favour of development, backed up with the threat that costs would be awarded against authorities issuing ‘unreasonable’ refusals; furthermore the abolition of the GLC in 1986 and the lapsing of its Community Areas Policy removed another damping effect on the flow of permissions;
- (b) the Docklands (joker in the pack) which was already adding to the office stock and which, when Canary Wharf took off, was interpreted by some as threatening the hegemony of the City;
- (c) the City of London Corporation’s own response to perceived competitive threats in London and in Europe: it enacted a new Plan in 1987 designed to unleash a major building-replacement boom in the City itself. The plan worked.
- (d) a further supply of offices was unleashed through the creation of the B1 use class in the same year which enabled a lot of industrial and warehouse buildings to be switched to office use without constraint.

The market had no way of co-ordinating the consequent flow of supply which peaked at over 1m m\(^2\) per year. Developers, investors and surveyors had been leaning on the closed door of London planning control since 1947; suddenly it was off its hinges and they all fell through. Opposition to further office development was dismissed as ‘unrealistic’, luddite, almost unpatriotic through posing a threat to London’s ‘world city’ status. Academic observers and some of the more independent professionals linked with the markets\(^{81}\) foresaw the inevitable crash but on the whole the developers and banks didn’t. So in 1987 and 1988 it was still possible for new projects to be launched which could only be validated by a sustained boom. King’s Cross was one of these.

**The position of localities on the edge of Central London**

In this context we must remember how vulnerable residents and firms were feeling: vulnerable to displacement by development, to gentrification, to rent increases in all housing sectors and for business premises. There was also, certainly in Camden and Islington, a widespread sense that one could no longer rely on the elected council as protection: some councillors were keen to ride the development bandwagon for a variety of motives and officers were being very cautious indeed about how demanding their councils could afford to be in negotiations with developers. It is thus no surprise that popular direct resistance to some major developer schemes was sustained through the 80s, even though the heyday of resource-support for community development had ended with abolition of the GLC in 1986.

**3. Research questions**

A. To what extent can groups defining themselves in relation to a shared experience of locality be expected to play a significant part in social change?

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\(^{80}\) Some current research by Graham Ive and Marcus Hill at the Bartlett on the comparative volatility of national construction markets may shed light on this. My own inclination is to explore these relationships through the theory of rent, including the concept of absolute rent, conditions for which seem to exist here on a grand scale. The methodological problems of analysing the relationships involved have been indicated by Chambert (1989) and for retailing by Waxman (1989). See also Ball ed (1985). The work of Fitch (1994) on New York seems methodologically very relevant.

\(^{81}\) Members of IPD, for example, warned us most strongly in 1988.
B. Are groupings of this kind always parochial in outlook and nimby in their hostility to wider claims on space?
C. What role do such groups play in relation to elected local government?
D. What are the education and information implications of these community initiatives?
E. What role can we see such initiatives playing in the medium and long term?

4. King’s Cross and other recent London experience
I have written at length elsewhere about what has happened at King’s Cross, as have other participants, journalists and even visitors from abroad, alongside TV news and feature coverage. There is also literature on some of the other cases on the edge of London’s centre, notably Spitalfields and Coin Street. The King’s Cross chronology is summarised in the appendix.

At its briefest, we have a case in which developers Rosehaugh Stanhope (triumphantly building Broadgate at the time), allied with the privatised National Freight Corporation, entered into agreement with BR to undertake a major office-led commercial development on a 40 ha site between (and north of) King’s Cross and St Pancras stations, in an area surrounded by dense mixed-tenure housing and small businesses.

It is not yet clear what role commercial development prospects played in producing the volte face in which BR decided, after all, to bring the TGV line to King’s Cross - albeit without announcing this decision. That was in 1987 when the London office boom and house-price spiral were both going strong. The GLC had gone; Camden Council was in fiscal trouble, lacked confidence in its power to carry decisions against hostile ministers and was working with a Borough Plan of the modern, imprecise and ‘flexible’ type which gives no precise statements of what applicants can expect to be allowed to build. It was thus BR - desperate for revenue - and its advisors who decided what sort of scheme to put forward as the starting base for negotiations. Only much later was Camden able to counter with a Community Planning Brief and by then the die was cast.

As soon as word leaked out, local residents began to organise. The base for this was a scatter of tenants and residents groups, local labour party branches, some amenity societies, transport enthusiasts/reformers, organised homeless people and some key local businesses operating (in some cases very effectively) in the area. Within a few months a network had formed across three or four kilometres and spanning two boroughs. It constituted itself not as a rival to existing bodies but as an ‘umbrella’ linking them - and also welcoming individual adherents.

This group managed to resource itself through a mixture of unpaid voluntary labour, energies from paid community workers already in the area, some small grants from the two London Boroughs, from the London Strategic Policy Unit and the RIBA (some of which was used to hire staff, some to support our research at the Bartlett).

In the years since 1987 this group, and some others acting independently, have managed to maintain a strong head of steam in the locality, demanding a different kind of development on this vast and important site. They have taken care never to oppose development outright but to focus on what is produced and for whom. They fought in parallel against BR’s railway proposals - through the parliamentary private bill procedure - and against the office project.

Only a historian will be able to judge just how effective they have been but at the very least they are feeling that they are on the winning side. On the railway issues, their proposals for a St Pancras terminal for the TGV were finally accepted by government and forced on a reluctant BR. On the property development issues their strategy was to show that, if the developers’ forecast rents were right, then a

83 Notably David and Goliath, a film made by Sue Crockford, 123 Productions, for Channel 4.
84 On Spitalfields see Catterall (1990), Forman (1989) and Spitalfields Development Group (1989).
much more socially and ecologically useful scheme would be viable. The fallback agenda here was that the developers’ expectations were probably wrong, that the boom would bust; thus delay would sink the scheme in market terms, which it did. Certainly these campaigning efforts, supported by LPAC and the timely publication of the EC Environment Commissioner’s green paper on the urban environment, sufficiently strengthened Camden’s resolve to hold out for a better scheme.

The situation now is that two alternative schemes \textsuperscript{86} designed by the RLG are before Camden awaiting permission and that a further scheme based on supporting existing people and activities and developing new interim uses has been prepared. \textsuperscript{87} Since the ‘interim’ before major permanent investments are made could be 5 - 20 years there is much scope for this kind of incremental planning, strongly in contrast to the developers’ ‘Master Plan’.

Conclusions
My conclusions from the King’s Cross experience are the following:

1. At least in the periphery of central London we find a population diverse in many respects: class origin, ethnicity, income level, tenure, employment status, education and so on.\textsuperscript{88} At the micro-level of a few hundred metres this mixing may not be apparent, but at the level of a few km it certainly is.

2. Many people, perhaps the majority, are not normally organised through locality-based groups and, for many who are, the micro-level tends to be important, notably the tenants or residents association. But an external threat continues to have the power to bring such groups, and then larger numbers of people, together to act at a larger scale. The RLG as an “umbrella” group with corporate and individual members is a good example of this type of response to external threat.\textsuperscript{89} The diversity gives it enormous resources in terms of skills, energies, venues and interests.

3. In the literature of the 1970s it was often assumed or found that urban protest movements addressed themselves primarily to the state or local state as adversary. In the King’s Cross case the RLG addressed itself from the outset as much to the private developers, landowners and BR as to the local councils, reflecting the actual (though imprecise and shifting) loci of power. This is wholly right and proper.

4. Much effort, and often considerable skill, went into direct relations with journalists, radio and TV to very powerful effect. Urban struggles of this kind make good stories and coverage helps build local morale as well as wider support. The effectiveness is partly due to the fact that in the public media it is feasible to appeal to common-sense assumptions about common values whereas in the chartered world of committee meetings these could no longer be sustained effectively: ideas of fairness, the right to consultation, the need for equality in any so-called ‘partnership’, the right of people and firms to be free from displacement pressures, the right of local people to determine democratically what happens in their locality and so on. Many of these “rights” have been disappearing in the 80s and some had never really been secured, but all have some embattled standing in the rhetoric of media and political life. Environmental imperatives now provide yet another discourse within which the media can treat urban issues.

\textsuperscript{86} RLG, \textit{A People’s Brief} (1991) and \textit{Towards a people’s Plan} (1992).
\textsuperscript{87} RLG in collaboration with Camden and others, \textit{Interim Uses Initiative}.
\textsuperscript{88} It is a peculiarity of UK cities, contrasting strongly with many other European cities, that the centre is for historical reasons surrounded by council housing. Though most European cities have working class dwellings round their railway stations, this feature of the ‘Inner City’ phenomenon is strongly British.
\textsuperscript{89} The word ‘community’ is very vague and can cause great confusion. There can be some acrimonious disputes between groups, developers and local authorities on the issue of whether community organisations have any rights, whether they ‘really represent the community’ and sometimes about whether there really ‘is’ a community. Some people seem to imply that individuals only have rights if in some sense they constitute a community, which of course is rubbish. This debate is also confused by the continued assumption by people who should know better that London can somehow be divided up into a series of adjoining and mutually-exclusive ‘communities’. Nicholson (1992) for example reproduces Abrecrombie’s famous (1945) map of lozenge-shaped communities in London.
5. A long struggle of this kind can be a powerful educational force at many levels. It finds fertile soil in schools where teachers and students are hungry for good project material and can generate powerful contributions and involve parents too. Equally the experience is a valuable laboratory for universities and RLG has been especially adept at harnessing students and volunteer energy to supplement the meagre resources available through the community technical aid system - even more stretched since the abolition of the GLC.

Equally important is the social learning of the participants. People in all age groups develop skills of chairing, of organising, of computer use, drawing and planning, legal and procedural capability and so on. One of the many victory parties in the King’s Cross saga was to celebrate triumph over BR and their counsel in the arcane parliamentary private bill procedure - a triumph of local learning about railways, engineering, safety, law and procedure. The opposition helped with a steady flow of own goals.

6. Confidence and ability grows, but slowly. For the first two years or so, RLG concentrated on identifying and articulating demands and needs as the basis for criticising Camden’s brief and the developers’ schemes. Only thereafter would a majority support the proactive approach of generating alternatives. In this an outsider - a local developer Martin Clarke - probably played a catalytic role in speeding the process because he took the risk in commissioning the first alternative plan and settling on the necessary compromises. The RLG retained the right to support or reject his solution and compromises continued to seem feasible up to the point where he got cold feet. When he left, the RLG was able quite quickly to move to a position where it could generate its own plans and put them in for planning permission.

7. While the King’s Cross resistance has often been portrayed as nimby and parochial I do not believe it really is. They have taken great care to keep in close touch with groups in Stratford and even in Kent to seek common positions on railway matters. They are also in contact with other London local groups and London-wide transport and environmental campaign groups - though the invaluable rôle which CHiCL played in networking these groups in the early 80s is badly missed. On land use issues - notably the problem of where to put concrete batching and waste transfer plants if they are displaced from King’s Cross - they have gone to great lengths to avoid simply exporting nasty things to other people’s patch. And in structuring their own schemes they have always sought to retain the nation-serving and even international rôle of this bit of London.

It has often seemed that the charge of ‘nimby’ can be levelled against any group challenging the narrow “world city” concept of London’s interests where corporate offices are everything and education, culture, mixed communities, factories, history and ecology are just romantic notions which get in the way. The RLG challenge is not against wider claims on this location but against the domination of just one set of such claims.

8. Finally I am struck by the technical and professional rôle which activity of this sort can play. In the King’s Cross case there have, I think, been a number of innovations:

(a) in the public use of simulation of development finance where we forced the debate over ‘feasibility’ some way out of the closet of confidentiality and helped people get a better grasp of the dynamics of the process they were challenging;

(b) through the depth and sophistication of the ‘planning for real’ and outreach work led by Michael Parkes which led to the People’s Brief, a quite remarkably creative analysis of local needs, aspirations and problems. This then fed through into a highly participatory process of plan-generation. These innovations were acknowledged by an award from The Times / RIBA Community Enterprise Scheme for

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90 Norman Sheppard and Ian Haywood led Martin Clarke’s professional team “KXT” and drew contributions from Michael Parkes, Daniel Mouawad, myself and many others.

91 Campaign for Homes in Central London.

92 There are elements of this view in the analysis by Paul Cheshire (1990).
professional support and by a grant from DOE to CLAWS to enable Michael Parkes to develop a manual of practice in Community Planning\textsuperscript{93}.

(d) The work on interim uses has been guided by a much broader consortium than the locality has seen before: the RLG, existing firms in the area, the two London Boroughs affected (Camden and Islington) and with some cooperation from the land owners. The land owners seem to be realising that modest returns from interim activity may be preferable to awaiting a pot of gold at the end of an (ever-lengthening) rainbow. They could at least have some income towards their maintenance responsibilities and would avoid some of the public odium of greedy speculation.

The interim uses plan, instead of sweeping away the area and replacing it with a better-designed version of La Défense\textsuperscript{94}, should help conserve and develop the existing economy and community and provide a platform for new kinds of social innovation and cohesion. The research for the initiative has brought together an impressive range of social and business initiatives, some already started, others embryonic. A thoroughly “green” version of a garden festival is envisaged as a key element in the initial opening-up of the area, in transforming its public image, making it safely accessible and permeable. A second pilot project would be the restoration of the Fish and Coal traffic administrators’ offices, sometimes claimed to be the UK’s first purpose-built office buildings\textsuperscript{95}. Other schemes include a sports centre proposal which would serve university and school students in term time, community groups in holiday times (with some overlap), intensifying use, mixing sources of funds and fostering cooperation between bodies which have sometimes been mutually-suspicious in the past.

Could we debate the following propositions?

1. Community struggles over development projects are not likely to constitute a generalisable basis for new forms of wide social solidarity because they do not build upon a basis of shared experience - i.e. generally shared throughout the society\textsuperscript{96}. The old solidarity of class was based on a real experience: those classes were, in Edward Thompson’s word “made”. What is shared in a community planning struggle is a local threat, often transient, and a local need. In other respects participants may have contradictory interests. So we don’t have here a universal basis for any replacement for class-based social organisation.

2. However, such struggles can be socially very creative in a number of ways, including the following:
   a. they bring people together who would not normally meet or cooperate: different generations, class groups, ethnic groups, workers and business people and so on;
   b. they can, specifically, put isolated individuals in a position where someone is listening to them, offering interpretations of their predicament which are not fascist interpretations\textsuperscript{97} and can offer people the sense that they can do something about at least some of the things affecting their condition;
   c. they can be creative as well as defensive;

3. Such campaigns are not always nimby-parochial, and can be quite able to champion national / international as well as micro-local concerns, especially when they interact with each other within the city (e.g. King’s Cross / Stratford / Lough Road) or internationally (King’s Cross, Zürich, Brussels, Turin);

\textsuperscript{93} Parkes, M, 1995 Good practice guide to community planning and development, London, LPAC/DOE.
\textsuperscript{94} Norman Foster’s design for the British Rail / London Regeneration Consortium was in many ways a good design exercise within the terms of its brief. The resistance is (a) to the character of the brief he was given and (b) to the appropriateness of a big static master plan in this place and time.
\textsuperscript{95} This proposal revives a mid 1980s proposal made by URBED.
\textsuperscript{96} I am indebted to Dimitri Kotsakis for clarifying this point in discussion; and also to an argument with John Turner, where we did not agree but his passionate belief in the potentiality of community helped produce some clarity for me.
\textsuperscript{97} Sue Crockford, in discussion, made the point that much of the strength of fascist local groups can flow from their practice of listening closely to very deprived people and offering what seems to be an interpretation and an outlet for frustrated energies.
4. Since some of the most dire contradictions of capitalist societies emerge through the property markets and in the structure of cities, they can be a powerful mechanism for social learning about social and economic structures. The gulf between needs and market demands is so great and so tangible that a powerful critique is almost certain to emerge. This feeds, and is fed by, the growing environmental awareness of children in school and their teachers. Thus community alternative plans can help the David and Goliath balance of forces in localities and stiffen the resolve of councillors and officials in local authorities who are often short on arguments even when they are strong on resolve.

5. Local capacity to engage in these creative forms of democratic activity is limited by technical knowledge, money and access to information. The research community should treat community action groups as part of the community of research users and shoulder some of the responsibility for sustaining such work, especially through

- networking;
- research and technical support;
- student training on live projects;
- community access to university resources.

I would conclude by restating a paragraph written in 1991:

"... although many European cities are struggling to generate economic growth without violence to their populations and sustainability – and no-one has ‘the answer’ – our particular mess is probably worse than you could find in Paris, Milan, Madrid or that great new investors’ honey pot Berlin. I am not just arguing that the incremental chaos of London is anathema to socialists but that it constitutes a pretty self-destructive form of capitalism too."

My contention is that community-generated alternative plans are no panacea but they can be a benign virus, putting the passion and the social critique, even some of the strategic thinking, back into urban planning.

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98 The networking is taking off better at a European than a UK level so far and this week sees the fourth annual meeting of INURA, the International Network for Urban Research and Action, started by social scientists and activists challenging the Zürich Hauptbahnhof redevelopment and now linking academics, professionals, activists and local politicians in a dozen countries.
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Appendix
The following abbreviations may be helpful.
KX: King’s Cross
KXRLG / RLG: King’s Cross Railway Lands Group, previously known as King’s Cross Railway Lands Community Development Group
SoS: Secretary of State
LBC: London Borough of Camden, local planning authority for the area
CTRL: Channel Tunnel Rail Link
KXT: King’s Cross Team, a professional practice with partners Norman Sheppard and Ian Haywood, backed by local developer Martin Clarke
EA: Environmental Assessment
LRC: London Regeneration Consortium: the subsidiary (for KX) of Rosehaugh and Stanhope with the National Freight Corporation. (The developers.)
LRC: The London Research Centre.
DEGW: a professional office of planning, architecture and building-use research.
URBED: a professional office, led by Nick Falk, specialising in urban planning and renewal projects, especially re-use of redundant buildings as part of economic development.
<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Event</th>
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<tbody>
<tr>
<td>1987</td>
<td>spring</td>
<td>Channel Tunnel Act passed.</td>
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<td></td>
<td>August</td>
<td>Rosehaugh Stanhope discussions with BR; DEGW pilot studies</td>
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<td></td>
<td>October</td>
<td>Land owners announce competition between 4 developers</td>
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<td>1988</td>
<td>February</td>
<td>BR exhibits drawings by the 2 short-listed firms</td>
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<td></td>
<td>June</td>
<td>LRC/Foster selected by BR as developers/architects</td>
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<td></td>
<td>September</td>
<td>Revised LRC plan</td>
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<td></td>
<td>November</td>
<td>Camden LB holds first King's Cross Exchange (public consultation)</td>
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<tr>
<td>1989</td>
<td>April</td>
<td>LRC submits first application for outline planning permission to Camden</td>
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<td></td>
<td>July</td>
<td>Camden holds second King's Cross Exchange</td>
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<td></td>
<td>October</td>
<td>RLG publishes <em>People or Profit?</em></td>
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<td>1990</td>
<td>April</td>
<td>Martin Clarke commissions KXT</td>
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<td></td>
<td>May</td>
<td>RLG Planning for Real starts</td>
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<td></td>
<td>July</td>
<td>House of Commons passes Bill on to Lords after long hearings and with modifications</td>
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<td></td>
<td>September</td>
<td>Third LRC outline planning application</td>
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<td></td>
<td>November</td>
<td>KXT 'Planning Weekend' UDAT held at UCL</td>
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<td>1991</td>
<td>February</td>
<td>LBC's expected decision again deferred, pending negotiations. Strong pressure on Council to declare themselves 'minded to approve'</td>
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<td></td>
<td>June</td>
<td>Rosehaugh and Stanhope merger talks announced. Later dropped.</td>
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<td></td>
<td>Autumn</td>
<td>EC Environment Commissioner instructs UK to halt a number of projects including KX and CTRL because EA is inadequate.</td>
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<td>SoS Environment announces commitment to East Thames Corridor development and to “Arup” route for CTRL to KX via Stratford.</td>
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<td>LBCamden under increasing pressure from LRC to grant permission. Threat of appeal against non-determination if no decision by end of year</td>
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<td></td>
<td>Dec 13</td>
<td>RLG submitting two alternative plans to LBC</td>
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<tr>
<td>1992</td>
<td></td>
<td>LBC says it is &quot;minded to grant&quot; LRC permission if and when various conditions are satisfied - notably that the railway works go ahead</td>
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<td></td>
<td></td>
<td>Rosehaugh ceases trading, insolvent</td>
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<td>1993</td>
<td></td>
<td>Government creates Union Railway Subsidiary of BR and tells it to evaluate alternatives for routes and terminals; St Pancras favoured, + overland connection from Stratford</td>
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<td>RLG pursues &quot;planning for real&quot; exercises on a new plan based on interim uses.</td>
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<td></td>
<td>Sept</td>
<td>Interim Uses Initiative published.</td>
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<td>Union Railway reports, favouring St Pancras but with complex junctions to bring Kent commuters in too.</td>
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<td>1994</td>
<td></td>
<td>Government confirms route: invites private bids to build it and also develop stations.</td>
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<td>BR withdraws Kings Cross Bill from Parliament.</td>
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Impact and cost benefit analysis

Some background on Cost-Benefit Analysis.
This section is an introductory note about what cost benefit analysis (CBA) is. It may be helpful for newcomers, or to remind those who studied it long ago.

This introduction is from a strongly critical perspective: bear this in mind.

CBA is essentially part of a “middle of the road” economics and is thus criticised both...

• from the right - for putting the interests of “society” at centre stage and thus implying a general questioning of “the market” as the touchstone. There is rarely a complete rejection from the right, however, since CBA offers ways of quantifying benefits to individuals. Thus for example it has remained dominant as the way of justifying and ranking highway investments (on the basis of the aggregate impacts on individuals) throughout the 1969-97 period;

• from the left - for being effectively a way of extending the logic of markets to non-market spheres and containing the same built-in bias towards the rich as markets have. It is also criticised for being essentially about marginal adjustments to the status quo and quite unfitted for projects which seek to change the structure of relationships. But from the left too there is rarely a wholesale rejection since CBA (and some of its derivatives) do at least offer a framework for a social rationality, for transparent decisions and an informed debate about values and priorities.

How does CBA differ from financial appraisal?
Purely financial appraisal techniques, aimed at profit-maximisation or at cost-minimisation can be used validly and uncontentiously where:
(a) the objectives of the organisation are such that profit-maximisation or cost-minimisation (perhaps with some constraints operating) is a true statement of the criteria for decision; and
(b) all the prices and costs involved are regarded as the appropriate and valid measures of the values which should be placed on these items; and
(c) no account needs to be taken of consequences other than those reflected in the prices and costs; and
(d) the concern is only with the total of costs or benefits, and not with the distribution of effects between individuals or groups.

Financial appraisal is thus concerned with the organisation, taking account only of the implications for itself arising from courses of action. It is concerned with the organisation’s ’private’ costs and benefits (sometimes termed ’Internal’ costs and benefits).

In planning decisions, and in many other public policy fields, it has become common to
• extend the basic principles of financial appraisal to take account of ‘social’ costs and benefits (i.e. effects which extend beyond the conditions in the above list) and
• take account of the distributional consequences of decisions.

There are severe philosophical and practical problems in so doing but the techniques of cost-benefit analysis are now widely used. This section summarises these techniques.

The philosophical background

Welfare economics and the neo-classical background
The conceptual basis of Cost Benefit Analysis (CBA) is drawn from Neo-Classical Economics (NCE) by way of that part of the subject called Welfare Economics.

The roots of welfare economics lie in general equilibrium theory, an interdependent set of propositions and deductions about the workings of capitalist economies. The essential characteristics of the general equilibrium situation are that
• consumers exercise their autonomous preferences and consume precisely those combinations of goods and services which content them best within their income constraints;
• through these actions alone producers are nudged into delivering just that bundle of products which leaves the consumers most contented;
• through the operation of labour, capital and land markets this process is simultaneous with the selection by firms of the optimum technical processes, the optimum combination of inputs;
and workers are able to balance leisure and paid work as they wish. The state is expected to be active in aggregate economic management (at least during the period in which Keynes' ideas were dominant), in setting the legal framework and so on, but scarcely otherwise.

The distribution of earned income is determined by the interplay of demand and supply of skills; the distribution of unearned income is partly the result of savings behaviour, partly of historically and externally-determined ownership patterns. The overall balance of income between owners and workers is determined mainly by the technical processes in the economy and by past savings patterns. [This is a gross simplification but I believe it to be fundamentally accurate.]

Welfare economics is an elaborate mechanism for coping with the evident untruth of many of the assumptions contained in general equilibrium theory, and for trying to deal systematically with some of the income distribution questions which arise from it.

A short note like this must cut corners. In the next three sub-sections I concentrate on the three main problems which flow from the philosophical foundations of welfare theory: the treatment of value, the problem of market 'imperfections' and the treatment of consumers' preferences.

**value**

Welfare economics is, amongst other things, a theory of value. As such it rests upon the entire framework of NCE and in particular on the proposition that, in equilibrium conditions, the consumer gains equal marginal value out of each marginal pounds worth of goods (s)he buys; furthermore, since all consumers are buying their goods at the same prices, the equilibrium prices prevailing in the economy are the true measures of value.

Many economists have challenged this argument as illogical and others have argued that the conditions required for its validity do not arise. Marxists hold that market prices (exchange values) correspond neither to real use values nor to the underlying social value which reflects the human labour necessary for things to be produced. However, the neo-classical argument is the basis for the 'price = value' approach in welfare economics and is thus carried over into CBA, subject to adjustments.

**market 'imperfections'**

For general equilibrium to apply in its own terms a number of strict conditions must obtain, including the following:

- divisibility in production and consumption (i.e. everything must be adjustable in small increments, not 'lumpy')
- perfect knowledge of the present and future among producers and consumers;
- perfect competition;
- the setting of prices at the level of marginal costs in, eg, state enterprises;
- absence of 'externalities' (explained below).

These conditions call for suspension of disbelief on a large scale and of course it is not suggested that they do actually prevail. Much of the detail of welfare theory is taken up with devising avoiding action for each of the imperfections. This avoiding action is complex because of what is known as the problem of the second best. It has been shown that, if optimality conditions are breached anywhere in the system (eg if there is some monopoly pricing), then it is no longer necessarily useful to aim to satisfy optimality conditions elsewhere. Partial attempts at approaching optimality in one part of the economy are known as 'second-best solutions' and in some circumstances they can be shown to make the overall distribution of resources 'worse'. For example if the electricity utility overprices its energy then it may be just as well for gas to be overpriced too. Another example would be in housing: if one category of housing is heavily subsidised then efforts to remove subsidies in another sector (motivated by the NCE principle that prices should bear relation to costs) may be counter-productive.

**consumers’ preferences**

Welfare theory shares with NCE its reverence for consumers’ preferences, treating these as the
definitive source of ideas of value and satisfaction. The problem raised by this reverence is whether it is justifiable in the light of what some would see as the massive disrespect shown by advertising and other social pressures on consumers.

**The practice of cost-benefit analysis**

CBA proceeds essentially by trying to make adjustments for all the sources of market 'imperfections' which crop up in actual economies. Insofar as this can be achieved then public sector decisions can - and should - be taken on the same basis, and using some of the same decision criteria, as decisions in private firms. Thus discounting over time applies just as much to CBA as to private investment appraisal. The differences lie in the kinds of costs and prices used and to a lesser extent in the choice of decision criteria.

**The Search for Acceptable Prices**

Adjustments can be made to market prices to allow for the presence of taxes and subsidies and other 'distortions'. Prices reflect not just the costs of producing things and the preferences of consumers but also the distribution of purchasing power among consumers. Thus things demanded by high-income consumers will, other things being equal, command higher prices than things demanded by low-income consumers.

Many important effects will not be priced in a market at all, or are borne by others than those who pay for the processes involved. For example a factory may select a process which creates noise and smells in respect of which it does not have to compensate its neighbours. Such effects are termed *externalities* or spillover effects. The economics of environmental assessment is conventionally approached in this way.

One of the problems is that many of the things which people consume are indivisible (= lumpy). Thus people cannot possibly be exactly balancing the marginal unit of their consumption against the price of the goods. You either have a car or you don't. Housing is a clear example: one cannot adjust the size, quality or location of a house easily except by moving and many people will put up with a great deal of 'misfit' between their house and their needs before they face the costs and disruption of actually moving. In such cases the price being paid by the consumer can be taken as no more than an estimate of what her consumption is worth to her and it is said that she may be enjoying a 'consumer's surplus': some value over and above what she is actually paying (or a negative one).

Much research is devoted to estimation techniques for valuing items which are not directly traded - such as travelling time, various kinds of 'amenity', the saving of lives etc. One common approach is to apply the concept of 'opportunity cost': what is foregone by failure to save someone's life? The results of such exercises can be helpful but in other cases they can be ludicrous examples of the mechanical approach which this kind of economics essentially takes to value - for example the death of a young, qualified, male professional would have a very high cost whereas the death of a pensioner could be a positive benefit.

A further approach is through what are called 'revealed preference' studies. These try to deduce what value people place on some variable by analysing the choices they make when confronted by a trade-off against some other variable (usually cash). Most of the estimates of the value to be placed on marginal savings in journey times are derived this way.

Since it is argued that people value some things but don't actually use them, some analysts also try to estimate "existence value" - the value I place on the existence of something - a rare species or an old church - even if I never see it.

**Compensation and Decision Criteria**

Since CBA is essentially extending into a social realm the approach to decisions devised for the private realm, it uses decision criteria similar to those in private project appraisal. The word social is often inserted, for example: the social rate of return, social cost:benefit ratio, aggregate net social benefit (equivalent to net present value).

Whereas in the case of financial appraisal all the (private) costs and benefits are by definition borne by the firm, in CBA the (social) costs and benefits may be widely spread and typically the losers
and the beneficiaries are distinct groups. Simple aggregation of costs and benefits amounts to setting off my gain of £10 in reduced travel cost against the loss of £8 imposed on someone else who lives beside the new motorway and thus saying that the 'net' benefit is £2.

Welfare economics has grappled, not very well, with this problem. The main writers have been Pareto, Hicks and Kaldor. Pareto originally argued that an optimum would be reached when no more changes could be made which made anyone better off without making someone worse off. This “Pareto optimum” has been criticised because it is so weak: there are so few possibilities from which no-one suffers. A modified and more powerful criterion is that the optimum is reached when no further changes can be made which leave anyone better off after all the losers have been fully compensated by the gainers, at the losers’ own valuation of their losses. (But what if the compensation is calculated by the analyst but not actually paid?)

Measuring the amount by which the losers would need to be compensated is also a problem. If they are to be left as well off in their own judgement after compensation as before they suffered the involuntary cost then they may judge that only a very large (even infinite) sum would do. Logically this sum would have to be inserted into the scheme and any individual could effectively veto a scheme. Some arbitrary cut-off is usually used, removing the veto, but also the logic.

The other problem is decision criteria: is it valid to add the separate valuations of individuals? In particular is the rich person's pound the same as the poor person's?

The treatment of distribution
We have seen how prices in the market, and thus in CBA, reflect income distribution. This is the major distributional problem in CBA. In addition the effects of schemes being considered are liable to fall differentially on different groups within society.

These problems have been tackled in practice in the following ways:

i by ignoring them. CBA is seen as 'neutral' and it is the business of the state, not of economists, to regulate income distribution. Welfare theory holds that distributional ("equity") effects can be considered quite independently of “efficiency” effects, though this view was challenged strongly by, among others, Dobb.

ii carrying out the analysis in the normal way but seeking to identify the kinds of people who are the beneficiaries and losers from the various schemes so that the incidence can be taken into account in the decision - usually described as being taken by a distinct class of people called ‘decision makers’. Nathaniel Lichfield has pioneered such approaches in the urban field.

ii explicitly weighting all the values in the analysis, using some set of weights which strengthens poor people's valuations and weakens those of the rich.

iv rejecting the CBA framework entirely. The usual response is to adopt a goal-achievement or objective-achievement approach in order to escape from the problem of pricing.

Formal and effective incidence: resource costs and transfers
As in the study of taxation, we can distinguish between the formal - or initial - incidence of a cost and the effective - or ultimate - incidence. For instance if a shop is adversely affected by high property tax or by pollution the effect is initially on the shopkeeper. If, though, the landlord finds at the next rent review that (s)he can only get a much reduced rent for the shop because of the adverse change, then the effect has been shifted from the shopkeeper so the ultimate incidence is upon the landlord. An alternative would be for the shopkeeper to pass all or some of the cost on to the customers in higher prices (if they would pay them). Again the ultimate incidence would differ from the initial incidence.

Thus for distributional reasons alone it is important for incidence to be considered carefully. With planning schemes this will often shift attention somewhat from occupiers to owners of land (though the theoretical basis for this shift may be uncertain).

The other strong reason for being careful is to avoid double counting. In the example of the shop it would be erroneous double counting to include both the initial adverse effects on the shopkeeper and the effects passed on to the landlord and/or customers. This is especially a problem in the
evaluation of urban regeneration projects. If the investment (e.g. the Jubilee Line in Docklands) increases the attractiveness of property in the area served, the initial benefit may be experienced by households and firms which occupy the property. But if this works through into higher rents, some of those households and firms will be displaced by others and there will be a complex pattern of final winners (certainly including property-owners) and losers. CBA is attempting to measure the real resource costs and benefits of schemes and to exclude payments which are merely transfers unrelated to resource flows. Pure transfers need to be excluded.

We could roughly link the CBA terms with the terms used in today’s urban project evaluation:

formal incidence = initial incidence = “outputs”
final incidence = “outcomes”

**Balance sheet and objective-achievement approaches**

A variety of alternative techniques exist, particularly for the comparative evaluation of complex plans (as distinct from single-function projects). The principal alternatives are Lichfield’s ‘Planning Balance Sheet’ and his more recent versions which are termed ‘Community Impact Appraisal’.

These approaches are distinctive in that they
• distinguish the social groups affected by costs and benefits, in order to keep distributional effects explicit and clear;
• try to include all effects
• use a mixed system of valuation: money values derived from market prices, imputed money values (e.g. for time savings in transport), physical measures (e.g. accidents averted) and where all else fail an ordinal ranking or a qualitative judgement.

Maurice Hill’s ‘Goal-Achievement Matrix’ and a number of derivatives which resemble the Lichfield approach in some ways but
• entirely avoid money values
• concentrate on measuring how much a scheme would achieve “goals” or “targets”
• often place points-weightings on the goals.

While these alternative approaches have been very influential and valuable they are open to the criticism that, when you start adding up the items you run up against the complete logical invalidity of so doing. The aggregation process implies that so many trees are equivalent to so many lives saved, so many dollars saved and so on.

**Current developments**

Some extremely interesting work seeks to find ways of bringing assessments of social need in to a calculus alongside conventional accounting conventions. Other important work is in ‘environmental economics’ (mostly extending CBA in to the energy and pollution fields) and critiques of it.

**Questions for this workshop**

The following questions are suggested as a framework for this workshop. Those intending to join this workshop are asked to give some thought in advance to how they think these questions should be answered.

1. Should “urban regeneration” be thought of as (or mainly as) a local instance of **employment creation**, so the cost benefit analysis is in terms of
   • net new job creation (per unit of social cost or exchequer cost)
   • the protection of established jobs which might otherwise go
   • income or consumption growth
   • some other measure of employment creation, investment, inward investment?

2. If “yes” then how are projects best evaluated ex-ante and ex-post? In particular
   • is it right to assume that total UK employment is unaffected and local projects simply move the jobs around?
   • and if jobs are “just” moved around there could still be important effects - through a geographical distribution which brings jobs closer to homes, or through helping firms move to more modern and efficient premises, or to transform their technology and labour relations (e.g. Fleet Street to the Docklands EZ)
   • or should we be trying to find evaluation techniques which can distinguish real net growth in the economy, through drawing unused resources into production?
• Should rising property rents and values be viewed as a sign of success (because it indicates demand growth) or of failure (because of the adverse effects on the households and firms which occupy space)?

3. Many “urban regeneration” projects seem to address a wider aim of reducing poverty or “deprivation” or “exclusion”. How can this loose concept be expressed in precise enough terms for evaluation? In particular
- CBA is notoriously weak on distributional questions. Can it be useful here?
- is relative or absolute poverty the desideratum?
- should benefits to the most deprived people be valued more highly than benefits to those rather higher up the scale?
- should the distribution of benefits between ethnic groups be examined explicitly?

4. How can CBA sit alongside the evaluation of “non-economic” achievements, e.g.
- empowerment of dis-empowered groups, ‘capacity-building’;
- strengthening of representative (or participatory) local democracy;
- innovations in local social ‘partnership’ working.
- What other objectives should be considered for inclusion, either as desiderata in their own right (e.g. safety) or as useful robust proxies for other variables?

5. Over what geographic scale should the impacts of local projects be estimated?
Projects are often promoted as contributing national, regional and micro-local benefits. In fact, though, we have many cases where only micro-local benefits (e.g. ‘local jobs for local people’) are actually counted, which can lead to highly irrational biases, especially in employment projects.

Report of the workshop discussion
The group of 18 people came well-prepared to the discussion which was accordingly fruitful and which reached a remarkable degree of consensus. Those present included old hands and beginners, people from central and local government, private and voluntary bodies, economists and others and members of various ethnic groups. Some of the points of agreement reached in discussion were rather broad, others very focused and precise. This summary goes from the general to the particular.

Broad perspective: the need for analysis
There was broad agreement that systematic analysis, and attempts both to monitor and evaluate projects and programmes was essential - despite the problems and pitfalls - as a necessary step towards...
- coherent resource allocation in conditions of scarcity
- effective feedback of “results” in an “experimental” field where society is trying to learn from success and failure
- accountability and transparency.

Cost benefit analysis
Strict CBA, with money-values attributed to all possible effects, was generally regarded as of very limited applicability in our field. Some of the specific limitations mentioned were the following:

CBA tends to have a systematic bias of a regressive kind, so that benefits (and costs) enjoyed by higher-spending groups are emphasised compared with those to lower-spending groups - and this bias is fundamentally in contradiction with the inclusionary (or egalitarian) thrust of urban regeneration.

It is not good at handling second-round (indirect and induced) effects from interventions - and these effects are frequently the prime purpose of the projects and programmes being evaluated.

CBA is fundamentally best in cases where the effects being measured are marginal changes to an existing situation, so that coefficients and values deduced from current behaviour can be extended to the valuation of a new situation within unchanged structural conditions. But urban projects are frequently trying to challenge structural relationships and apply different value systems.

An important instance of this is in the environmental sphere where CBA has been good at estimating - for example - the incremental benefits of highway investments through savings in
journey times. But the cumulative effect of a large number of investments (each individually validated by CBA) has been to reinforce a distributed and car-dependent pattern of urbanisation which is now seen as environmentally hard to sustain. In other words the sustainability objective requires evaluation methods which can accord positive importance to structural changes.

Finally it was pointed out that CBA is by its nature highly individualistic - treating society as no more than an aggregation of individuals. Thus those objectives of urban regeneration which are to do with collective capital, shared space, capacity-building in new forms of partnership and so on will tend to be ignored.

Despite all these limitations, however, it was pointed out by some participants that CBA (cost-benefit ratios in particular) can validly be used in certain kinds of situations - e.g. in comparing alternative means of achieving some specific objective, especially where the choice is between different time-scales or balances between capital and revenue spending.

Theory and diagnosis
The motto of the discussion could well have been Bertrand Russell’s saying “There’s nothing as practical as a good theory.”

Many speakers echoed Aaronovitch’s insistence on the central importance of theory in making evaluations. All urban regeneration interventions are based upon some theoretical propositions or, in other words, on a diagnosis for which a treatment is being attempted. A few examples:

• a training programme may be based on the hypothesis that what is preventing a particular segment of the population from entering appropriate employment is their lack of training.
• accessibility improvements will enable people to extend the area over which they search for jobs.
• a programme to expand owner-occupation in a council housing area may be based on a proposition that many local families who migrate out of the area are reluctant movers who only leave because there are few opportunities to purchase in the locality.

While these logical assumptions embodied in policies and projects may often be implicit, they are of fundamental importance. A number of speakers emphasised that
(i) if the theoretical (or diagnostic) basis of a project can be made explicit then some ill-conceived projects might be avoided before they start;
(ii) the monitoring and evaluation of projects and programmes can be designed in a much more precise way to test or refine these assumptions and to estimate the outputs and impacts which were being sought from the project,
(iii) that the results of evaluations which are framed in these terms can be of the greatest value as “social learning” – valuable feedback from one project or programme to influence the next,
(iv) and that findings which evaluate the occurrence (or not) of theoretically-expected outcomes can more readily be interpreted for their applicability in other situations - in other regions or different economic or social situations.

Much of this discussion arose in the context of employment-oriented projects where a number of practitioners expressed concern that projects were failing because they were based on inadequate theorisation (diagnosis) of local concentrations of high unemployment. Such concentrations can be the result of one or more of the following:
• firms, and thus jobs, are being priced out of an area (as commercial space availability shrinks or rises in rent) or being displaced in other ways;
• or they can be the result of high (real or perceived) travel and search costs for jobs where strong labour demand exists but is remote from the locality,
• or they can be the result of discrimination by employers on ethnic or age grounds or against people from particular estates,
• or they can result from poor access to credit for local businesses and self-employed people,
• or they can be purely the result of a mis-match of local skills against local labour demand.

In such cases, policies and interventions are usually designed on the basis of inadequate diagnosis. Those preparing projects often place emphasis on training because at least this ensures that any benefits which do arise are directly enjoyed by the residents of the locality. Intervention aimed at other hypothetical causes is likely to distribute its benefits widely over the city region.
It was pointed out that a lot of heroic assumptions are usually made in project evaluation, both about chains of logical cause-and-effect and about the quantitative coefficients involved (e.g. local multipliers, likely employment and population densities in persons per square metre of floorspace). Many analysts just quote the assumptions made by earlier analysts and these are rarely verified in the monitoring process. An example of the design of an impact study in which logical relationships and coefficients are laid bare for study is the Jubilee Line Extension study (see Annexe).

**Integrated programmes**

Much is made of the integration of policy and of interventions in contemporary urban regeneration - from the regional offices and the “single” budget to the preparation of many local interventions. It was pointed out that much of this is more imaginary than real in the sense that financing for projects usually has to be assembled from multiple sources, each earmarked for some specific purpose - housing, policing, transport etc. The integration is usually only at the level of the project - but in these cases can be very important, at least in the way the project is theorised (see above) and promoted. It is therefore very important that the putative benefits from integration are captured by the evaluation - i.e. that the evaluation tries to establish whether the hoped-for benefits of integration do actually arise.

The example was given of the fashion for “mixed-use” developments where conventional valuation tends to evaluate each component separately and disregard the supposed advantages of juxtaposition and multiple activity.

**Practical problems of methodology**

Many speakers spoke (often from bitter experience) of their need for systematic guidance on all sorts of matters of methodology, including the following.

1. The need for an adequate baseline of data describing the relevant situation at the inception of a project. This is often absent or very sketchy indeed, or relies purely on old census data. Part of any project or programme budget should be earmarked for this.

2. Methods of tracking local experiences are desperately needed - methods which are more cost effective than tendering big research projects to consultants on a one-off basis. It was suggested, for example, that use could be made of longitudinal panels - repeat surveys of the same sample of residents and firms over the years of a project’s life. It was also suggested that local people could be trained to work as interviewers and data gatherers which keeps the income within the area and diffuses some very transferable skills.

3. Methods for harnessing local knowledge. A great deal of knowledge about any locality lies in the heads of residents, public officials, enthusiasts, local historians, business people and others. a number of projects (e.g. in SRB) are set up with new staff recruited from outside, and often intentionally act at arm’s length from established organisations. They can pay a heavy price in ignorance for this isolation.

4. One of the reasons for devolution to SRB and other local initiatives is supposed to be that they can learn about local needs, conditions and opportunities. It therefore follows logically that these projects should be able to change their plans as they go along, and reflect what they learn in changed priorities and thus modified output measures. It was felt to be highly desirable that Government Offices and other patrons should accept this and welcome reasoned arguments for changes in output targets.

5. Guidance would be welcomed on the need to include people in target beneficiary groups in the design of projects and in the subsequent monitoring and evaluation. Many practitioners spoke of projects aimed to benefit ethnic minorities but where scarcely any members of these minorities were engaged in the process at all.

6. After long discussion about the many ways in which the struggle to “meet” output targets can distort the work of projects, it was suggested that projects should be invited to comment in their reports on whether and how they considered that their output targets were distorting or inhibiting them in achieving the best possible set of final impacts.
Annexe: Chains of cause and effect in impact evaluation

The diagram below formed part of a submission to London Transport on how the long-term evaluation of the Jubilee Line Extension (JLE) should be designed. (Brian Martin, David Banister and Michael Edwards, 1994, unpublished). The diagram outlines some of the hypothetical chains of causation through which the desired “urban regeneration” benefits of the JLE might be secured - relationships which would need to be probed as part of monitoring and evaluation.

Key relationships between transport, enterprise profitability, property markets, land-use change and employment

Short bibliography


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For high-level criticism of CBA’s basic philosophy there is no beating DOBB M, 1969, Welfare Economics and the Economics of Socialism, Cambridge, CUP, and if you get really interested his 1973 Theories of Value and Distribution since Adam Smith, Cambridge, CUP. (NB Part 1 of the 1969 book is the relevant bit.)


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