



Prof. Mr. Michael Parkinson

***CBE. Director of the European Institute for Urban Affairs, John Moores
University, Liverpool, United Kingdom.***

FINAL KEY SPEECH

Madrid, 27 de abril de 2010

Buenos días. Gracias. That, I think, is the extent of my Spanish. My apologies. Thanks very much for this invitation. For three reasons. This is a very important conference, and it's very nice of the Ministry of Housing to invite me here, and let me thank Eduardo Santiago for his efforts in all of this. Secondly, I came to Madrid 50 years ago for the first time. It's wonderful to be here to see how much has changed, and so that's great. And thirdly, the great virtue of being a professor at an international conference is you go around meeting your old friends. It's essentially a professional mafia, so it's very nice to have that invitation. On the other hand, it's a hard job. You've already had two days of this. I didn't hear everything that was said yesterday, I'm sure many professors said many things, so I may be saying different things, so if we agree, that's fine. If we disagree, I think that's even better. The second thing is, it's difficult to talk about integrated urban regeneration, because as I've sat here through these two days, I've realised we don't agree on what it is. Some people think it's about fixing small neighbourhoods. Some people think it's about developing national strategies for cities and places. Is it local? Is it national? I think there's an uncertainty there. So I think what we say in these cases is: we're not sure what it is, but we know it's a very good thing indeed, so we're going to do it. The other thing is, at the end of two days, pretty much everything has been said. But I'm reminded of a very senior American politician who never became president, but he said to me, "Michael, always remember at this stage of the conference, everything has been said, but it hasn't been said by everybody". So I'm going to say it again, if I may.

I'm not going to summarise the debate. What I'm going to do is reflect on three questions, based upon the work I've been doing on the edge of policymaking, both for the UK Government and European Commission over the last 20-30 years. And I'm going to ask three questions. It's going to take about 30 minutes, and my apologies to the translators, I'm going to speak quickly. So three questions.

Integrated urban regeneration. What has actually worked in Europe in the last 20 years since we've been doing it? Secondly, the past and the future are different countries. The world has changed dramatically. And what are the new challenges in that new global order for those of us trying to do integrative urban regeneration? My third question, I've heard a lot about different countries while I've been here. I haven't heard a great deal about Europe and the European Commission, not so much along the themes of the Toledo Convention, so I'm going to end up talking about the role of Europe and the European Commission in promoting integrated urban regeneration in the future. So there's my three questions. Integrated urban regeneration. What

works? How did we get to here? We've been at this probably for about 20 years. Obviously, European countries and cities differ, they're not the same. But we have converged on some key principles. The Commission of the European Union has encouraged these principles. National Governments increasingly have encouraged them, and of course cities themselves have experimented, and as I sat this morning and listened to Bologna, and looking at Rotterdam and our colleague from Sevilla, it's quite clear a lot of this is a kind of experimentation, local people on the ground, pushing forward this idea.

In terms of national policy trends, it's quite clear, unlike certain American presidents, I don't think Europe is a single country. I don't think that Helsinki and Athens are the same places, with the same challenges and same opportunities. There is huge diversity across Europe and in terms of urban policy. But I think if you look at what's been going on over the last 10-15 years, we can see a more explicit focus on urban issues in all national states. We've seen, on the whole, more significance and more power being given to cities in more member states. We've seen more focus on participation and community in terms of bottom-up activity. We've seen more cause for partnership and civic involvement. We've heard a lot about that this morning. We've seen a greater focus on economic opportunity, and what I call the economic competitiveness agenda, as much as on social need and deprived neighbourhoods, and increasingly policy has tried to become "integrated" and more area-based. That's what has been going on. There are lots of examples. I've put a list there of different examples in different countries. In my own country, the UK, city challenge, single generation budget, new deal for community, urban development corporations, I could go on... In France Contra du Ville, in Denmark For tu Loft in Ireland, the area-based partnership for the urban commission. They have two things in common. They're all trying to do the same thing, and on the whole those initiatives no longer exist. They've changed their name. They've changed their functions. We're always reinventing. So all those names have gone, and there are new names which I've learnt in the last two days. But the key thing is to focus on the principles.

They all have similar aims. What they're trying to do, they're all trying to improve what I call vertical policy integration. Basically, the problem is the finance ministry never really gets it. They don't understand about place and territory. And most functional departments, housing, urban, social welfare, education...are always trying to persuade the finance ministry of the need to be vertically integrated. And it's a huge challenge, actually, and I would say in general cities have become better integrated vertically than national governments. I'll leave that with you. Still, departmental barriers in national governments I think are very large. And I have to say, until we can knit together national governments, we won't knit together places. That's horizontal policy integration.

The second thing is vertical policy integration. There are links...all these places are the results of actions by national governments, by regional governments, by local governments, by the private sector, by the community. And the long lines of communication are often quite complicated. So two things integrated urban regeneration is trying to do is build bridges between departments and the public and private sector at local level and from local, regional to national.

The third thing they're trying to do is to link mainstream programmes to area-based initiatives, because as my colleague Keith Thorpe said yesterday, area-based initiatives, maybe of the initiatives I've been listening to here today and yesterday, are very important, but the sums of money are very small. The main money is always in the mainstream programmes, and what integrative urban regeneration programmes have to do is to make sure that the small sums of money in the experimental projects actually influence mainstream money. If not, they will always be at the margin. Also, equally clearly, integrative urban regeneration is trying to link economic and social and physical change, and you find in many countries, sometimes they focus on the economy, on jobs and the labour market, sometimes they focus on the buildings, the downtown, the city centre, the prestige projects, the airports, the fairs. And sometimes they're focusing upon deprived neighbourhoods, particular problems, excluded communities, often but not always, immigrants. And in a certain way, the notion of integration is trying to tie those three together. And it ain't easy. It's also, I think, trying to create more delivery mechanisms. Because let's not confuse ourselves. The need to have integrated urban regeneration is an acknowledgement that very often national governments and national policies have not worked. And we're trying to fix them through integrated urban regeneration. So you're really trying to shift and change a big machine.

And finally you're trying to involve more partners. As many people said today, my colleague from Santiago de Compostela saying, "if it's not participation, it's nothing". Our friend from Seville saying the same thing, and Bologna and Rotterdam. It has to involve more partners.

Is it a good idea? A lot of people say this is the wrong approach. A lot of people say, "if you focus on a small area, you'll simply send the problem elsewhere, the crime and the bad housing will go elsewhere". They will also say, "not all excluded people live in the same place; you can't just focus on one area". It's also argued that it can create dependency if a community of a place gets constant attention, resources...it gets dependent upon it. It's very often one of the criticisms of European funding. You become dependent on the money. A fourth point, really, is, there are many poor places, and if you just focus on one, what about the other places? And of course, increasingly as we realise, the solutions to the problems of deprived neighbourhoods very often are not only in the deprived neighbourhoods, particularly in terms of the job market and labour market. And the argument is "mainstream matters most". I think they are important concerns that we should think about. On the other hand, I think there are some advantages which make it better. So I'm broadly in favour of the principle. I think in a way, place matters, territory matters. You can fix things in a place. Secondly, I think you can address market failure in some of these deprived communities. Thirdly, by these interventions, I think you can increase the capacity and the social capital of those neighbourhoods. Fourthly, you can, if you do it right, link the problems of the deprived neighbourhoods, to the economic opportunities in the surrounding territories, so you can do linkage, and I think you can, actually, in a small place, tie all the actions of partners together, and basically, I think the evidence is from the UK, from Urban, you get greater impact, you get a greater bang for your buck if it's concentrated, targeted, visible and time-limited. However, there are always big challenges. To make this thing work is difficult. And many of my



colleagues this morning said this. First of all, you have to have real political support for the idea. If you don't have real political support, the professionals won't deliver. Secondly, this is long-term stuff. Everyone said it. I think Bologna said that 25 years at least. You need long-term financial institutional support. Not 5 years, 2 years...turn off the tap. Thirdly, it's a challenge to integrate the policies and priorities of national government, local government and regional government and tie those all up. Fourthly, you need to bend the mainstream. You need to make sure the housing money, the transport money, the school money, all supports the integrated urban regeneration. And again, you have turf conflicts. Getting the private sector into these neighbourhoods, these areas are critical, but it presents challenges. And very often integrated urban regeneration tends to be integrating the public sector, when you really do need to integrate the private sector. We've heard many times, "you need to empower communities; it's their place; it's their future; it's their life". If they're not on board with this, it won't work. Achieving partnership: very easy to say, quite difficult to do. And I think also, remember, when we introduce these new mechanisms and projects and delivery vehicles, sometimes there are issues about transparency and accountability and partnership. Do people understand what they are? Can they see them? How do they fit with elected local government? What is their role? There's a kind of democratic deficit. So those kinds of issues.

What happens depends on your own country. The balance of power between central, regional and local. The level of partnership that you have between your public and private sectors, the relationship you have between your finance ministry, your business ministries, your economic ministries, your housing ministries and the political support there is for cross-departmentalism. And this is why integrated urban regeneration is difficult and we are at different points, at different places in time in different countries. Some countries have a long, long way to go. Some places have been doing this for a long time. It works when you have national support. It works when you've got committed local political leadership. It works when you've got a well-managed local government. It works when you have good, professional officers. It works when you pay attention to performance management. These initiatives have to deliver. Otherwise, people say, "they're experiments that don't work that get cut off". They have to be tightly managed and they take time.

What worked for Urban? Okay, it combined existing programmes, it had synergies between individual projects. The community managed and delivered them. They integrated simple management systems. There was cooperation between the partners and there was strong administrative political leadership. When you had the EU urban initiative, those were the success factors. Where it didn't work so well, and the first evaluation which I did, and the second evaluation confirms, if the local community isn't involved, if the procedures and the documents are too complex, the community and the private sector don't want this. And thirdly if the private sector is not sufficiently engaged or committed. The benefits of Urban, were long-term, comprehensive, strategic. It was partnership, multi-annual, community participation. It linked Europe to the citizens. It had project management capacity and it changed national, local policy making. However, there were limits to the first Urban initiative for the Commission, good though it was, the money wasn't very big – it never is, it's usually 10 million euros a year or something – it wasn't very innovative in all countries, it didn't transform policy making in all countries. In some cases it wasn't quick enough; it was too bureaucratic. So I think the evidence is that this is



desirable but it's difficult. We've come a long way. We've got a long way to go. Having said all that, . The past and the future are different countries. The economic and fiscal crisis is something we haven't had for 50 years. And all the assumptions, all the models, all the principles about urban development in the last 10-15 years have been challenged by this. The new world order, I think, the economic crisis, the fiscal crisis, the low-carbon crisis is enormous. It affects different countries in Europe differently. It affected my own country greatly. I suspect my colleagues in Spain will say it affected their country greatly because of the property sector and the financial sector. So it didn't affect everyone the same way, but it has affected Europe. I think three things. In the short term, it's meant that a lot of developmental regeneration, which we've been doing for the past 10-15 years, has stopped. The money has run out and the projects we've done in the past 15 years will not be done in the same way in the future. It won't be paid for in the same way in the future. The banks and the private sector are not going to play the same role. The medium term is, I think that there are going to be huge pressures on public budgets and private sector budgets, and I know from my own experience the first victim of this will be regeneration. Banks will not go and invest in difficult areas. They'll go to safe areas, so the areas that we're working on now become more risky for the private sector. We are going to have to find ways of de-risking those opportunities.

And secondly, I don't want to exaggerate this, but we've already seen the consequences in Greece. This is not a technical, technocratic, narrow issue. I think this poses a huge set of social and political challenges, and we've already seen social disruption strikes and worse in some countries, so I think this lurks, though. In the longer term, do we think the system is broken or fractured or just a bit ill? I don't think anybody knows. I do know, more specifically, the housing models of the last 10-15 years won't work, not at least the way we've done it in our country. You're going to have different models paid for in different ways with a different mix of communities. So the kind of housing we build, we need to think about. Secondly, I don't think we're going to pay for regeneration on the back of extensive, cheap, easy credit from the private sector, and banks in and future. We're going to have to find different ways of financing this very important activity. And we must create new fiscal models which are more innovative, more creative, where the public sector plays more of an investor, risk-taker, leveraging role as opposed to simply giving grants. It's going to have to get more involved in taking risk, but also taking rewards. Because the private sector is going to be very risk averse. So there's new fiscal models. This new economic model. This is too big a question for today. But I think we have had a decade or 15 years built really on consumption activities: leisure, retail, housing, financial services. I don't think that model will work in the next 20 years, and the cities which are based upon that are going to have to diversify their economies; and manufacturing has always mattered, but it just means that high value-added manufacturing, making things, production, is going to be much more important. And that will pose threats as well as opportunities to some of the deprived neighbourhoods we've been talking about, but also some great opportunities for the city centres, which are the drivers of national economies. And I think the public sector...my colleague from Bologna this morning said, "you have to reform the public sector". We're doing it, but I think you have to do more. I think the public sector has to move away from grants to risk-taking, to investment and leverage. So we're not going to do business as usual in the global economy, in the national economy, and therefore in the way that we manage our urban places. So, what does it mean for the UII (Urban Initiative) Is it desirable? Yes. Is it possible? Yes. Does it work? Yes.

Is it transferable? Yes. Must we try? Yes. Will it be easy? No. If you thought it was hard in the last 10 years, think again. But you do have to keep doing it. These principles are right. These places matter.

Finally, my last bit of the conversation. This is about urban sustainability and integrated urban regeneration in Europe. And I haven't heard much about Europe thus far. And I want to say something about its role. What it has been and what it could be and what we might ask of it and also ask of ourselves. Why is Europe involved in this? I did much of the work in the early 90s which got...I wrote the Urban Initiative...and we always said, "look, Europe has to be involved because the cities drive regional economies, the cities are the engines of competitiveness, social exclusion is a drain of competitiveness, the challenges we face in our cities are very often the consequences of Europe, the free movement of people and capital. Anyway, Europe is the place which can do the networking and good practice, and also, EU policies need integrating". I think those are the conventional reasons. I think they've become more important. I think there's an increased urgency because of the economic crisis. I think the role of the EU is becoming increasingly visible. I'm glad to see with Europe 2020 and the thrust the Spanish colleagues are doing in Toledo, pushing forward the urban agenda, is very important. I think in a sense EU and the Commission should get more legitimacy about being involved in this. I think being involved in urban development brings us closer to citizens. The EU can help increase capacity, it can increase learning, and I think in a way it can press towards to what we want, which is a more diverse, balanced European new economic order. So I think the traditional reasons for Europe to be involved in cities' integrated urban regeneration have become more important. If I think about the role that Europe and the Commission and the Union have played in Urban in the past 20 years, since we did the Urban project, I think the Commission has been very important in putting the Urban agenda in the public light, but my feeling has always been one step forward and two steps back. And I think I would like Europe and the Commission in the future of course to be realistic. There are political and financial constraints upon the role of Europe in all of this, but I think Europe should be ambitious, it should set its heights high, and I think it should give real leadership to the debate that we've got to have about the issues we're facing. If I reflect on what happened last time we reformed the structural funds, we were thinking about reform for 2007, I was asked, should we keep the Urban initiative? And I said, "look, it's good; it's not perfect, but it's visible, it's had impact, it's got the right principles, it's popular with the cities, it links the cities to the Union, it's kept the issue in the EU agenda, and the Commission can influence the outcome. Keep it. But if you keep Urban you must give it more resources, make it a bigger area, and it must focus upon competitiveness as well as social cohesion. Jobs and labour market as well as deprived neighbourhoods. But if you don't keep Urban, if you mainstream it, the resources should be ring-fenced, they should be secure, the resources should be bigger, they should be more substantial". I argue that cities should be guaranteed partners in the selection process, in prioritising and implementing and monitoring the programmes. Regions should not unilaterally be controllers of the process and the Commission itself should retain influence on the use of resources. That's what I said 2005-2006. What happened? We lost Urban, in principle. It was mainstreamed. I don't think my conditions were met and so my reading now of where we are is Europe and the Commission don't have a consistent line on urban issues, and I think we need to get a stronger, clearer, consistent line across the whole, not just in your area, which is good, but other parts. Secondly, I think it's clear in general that the cities and the stakeholders

are not sufficiently involved in these processes. The capacity to deliver is a problem. I still think that different directorates have different agendas, which need to be knitted together. We all know about ESF, ERDF, but Innovation, Transport...we need in a sense to have a more coherent, consistent European line like we're asking for a more coherent national line. And I think in a way we need this, if this is going to work, if I'm right, we've had a very good 10 or 15 years where we've done a lot, although we didn't finish the job, and that job is going to become more difficult because of the economic and financial crisis and because the private sector is more risk averse.

My serious point is, I do think now is a very important time for the whole urban agenda, of which integrated urban regeneration is one part, to get put right at the top of the European agenda. I do think that we need to have even more than ever, a coherent European response, so for the EU, I think it's a challenge to change its priorities and culture, to give more integrated action, I think to give more sophisticated leadership on this. And I think I see across many countries a retreat from place, a retreat from territory, as we go back to the old ways of doing things, the conventional ways, the departmental ways. If we're going to do the integrated thing, which is costly and time-consuming and takes a lot of effort, we can't retreat from it and I think the Commission, the EU, should emphasize that. And frankly, if Europe 2020 means we have to be smart, sustainable and inclusive, we're not going to get there unless we have Cities 2020. Five key policy questions. What they should do. The objectives should focus on competitiveness, cohesion and sustainability, but encourage innovation, flexibility and risk taking. Secondly, what they should exploit: higher value-added activities and increasingly promote the idea of city-region, which is a challenge to neighbourhood projects. Thirdly what challenges exclusion: sustainability, connectivity. It's pretty obvious. The policy mechanisms, I think we're going to have to do it differently. I think it has been mainstream programmes of the Commission as well as initiatives. I think you need a policy for places, as well as people. I think the EU needs more levers and we have to work more with variable geography. And in terms of geographical levels, my one comment on small area-based, neighbourhood-based initiatives, they are very good, they are necessary, but they're not sufficient. And I think the debate has to move on to the higher level. We might have a new community initiative called Urban. We might beef up existing mainstream. We might have a new integrated urban development initiative. But I think in the coming two years we must consult and choose on this. There are some false choices. It's not a question of mainstream programmes versus special initiatives. You need both. It's not a choice between opportunity and the economy and competitiveness and high value and innovation and deprived neighbourhoods. You need to focus on both. It is a false choice, between the city-region, which is the functional urban economy, where the big decisions about planning, transport, skills and labour markets should be taken. That's not in conflict with having neighbourhood-based programmes which are looking at the physical fabric of deprived places. You need them both. On the one hand, you need to concentrate but also you need to spread it wide. And if it's not a conflict between grants and loans and risk. The public sector is going to need to do both.

My friend Mateu Turró from the EIB and now Polytechnic of Catalonia is here. Very important in Jessica. I think that's a very important initiative which will become more important in the next decade, where the EU is are providing financial incentives to collaborate. It's flexible. It's an

alternative to grant dependency. It's innovative. It encourages entrepreneurs and it links economic, social and physical. And I think Jessica is one small example of the kind of fiscal innovation we might have to do more of in the future. Three more things, three more slides. So integrated urban regeneration. Various colleagues said this morning, I have three keys, I have five keys. I have 10 keys. You really need visionary city leadership to deliver this. You really need to have effective partnerships. You really need to look at strategically where this fits in the bigger picture. You really need to get the mainstream departments and monies involved. You do need to link regions and neighbourhoods, opportunity and challenge. You do need to tie better all the funding streams which are so complicated. You do need to involve the communities and the private sector and you do need a strong lead from national governments and the EU. I think integrated urban regeneration should not be a policy for poor neighbourhoods. It should not be simply a policy for run-down social housing. It needs to focus upon the economic place as well as the social and physical place. We're learning that. I think you need to support places and people, link to mainstream, scale, make it as big as your work. Contractual relationships are very important. This is very simple. These things are a political deal, based upon trust. And it's got to be a contract. That's all you need. The rest is sheer technicality. If the trust doesn't exist and the contract doesn't work, you can invent any system, any indicators, any visions. It's just political trust. It's long-term. And it's networks.

My last thoughts on all of this, and I'm definitely going home after this. Cities matter before 2008. They drive national economies, regional economies, the European economy and we lag in Europe behind our global competitors. If our cities don't work, Europe fails. That's so obvious, it's trite. I think the crisis underlines the urgency of this. Secondly, I think it's not just an economic, it's a moral imperative. We have many challenged places and communities which are going to go through very difficult times, particularly since the public sector will be cut and the public spending which will be cut will be welfare, and benefits and social housing and deprived places are going to have a more difficult time. Thirdly, we need to insist that place matters. Territory really matters. I heard this from my colleagues this morning. It really matters and some governments don't get that, and I think we need to underline that. We have to move beyond neighbourhoods to city regions. That's where the action has to be. It's more complicated. It's more difficult. But that's where the economic opportunity lies. And I think in a way my thought about much of Europe – it varies – is that we have 19th century boundaries, 20th century government to manage 21st century economies. And it won't work in the next decade. So really, I think we need a lot of leadership from the States and from the Commission. So my final thought to all of this is, I've sat for two days, you have done good work. You are under no illusion of the scale of the challenge, but I think with your capacity and experience, we can go forward confidently. So thank you very much.