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Department of Architecture

Delivering Sustainability:
Development Control in a
Market Economy

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Abstract

The concept of Sustainability relates to the continuity of environmental, social, and economic aspects of humanity, and to the protection of the biodiversity and ecology of the natural environment. It was born out of a growing realisation that the scope of humanity's adverse impact onto our planet was greater than its regenerative capacity, and that current levels of development could not be sustained without significantly affecting the development of future generations. In urban areas, the environmental, economic and social dimensions meet most strongly. As cities are the driver of a nation's economy, economic considerations have in the past been given priority over environmental and social aspects. Cities are therefore the focus point of any sustainability strategy. With the adoption of Agenda 21, national and local governments committed themselves to develop a framework which includes the strategic implementation of economic, social and environmental measures in order to achieve full economic potential, social justice, equality of opportunity and environmental protection. Fifteen years after the adoption of the Agenda 21 programme, the results are not consistent. Whilst some environmental aspects have been addressed, the social and economic aspects of the programme have been largely ignored. The private sector has so far portrayed an unwillingness to develop towards the goals set out in local regeneration strategies. The aim of the research is to create an understanding of the economic forces against which regeneration strategies have to be created. It also aims at creating an understanding of the priorities of sustainable development in a political context, as this can be far removed from the utopian view of sustainability. Furthermore, the research provides a discussion of the legislative context in which the conflict between the private and public sector interest unfolds, and provides examples of local strategies and recent developments.

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Chapter 1

Introduction

1 Introduction

With the adoption of the UN Agenda 21 programme in 1992, national governments committed themselves to implement national and local measures aimed at sustainable development. The concept of sustainability, which relates to the balance of environmental, social, and economic aspects of humanity, and to the protection of the biodiversity and ecology of the natural environment, was born out of a growing realisation that the adverse impact of human activity onto our planet exceeded its regenerative capacity, and that current levels of development could not be sustained without significantly affecting the access to natural resources of future generations.

In urban areas, the environmental, economic and social dimensions meet most strongly. Approximately half the global population lives in cities, and the current trend leads to the assumption that this percentage will vastly increase over the coming decades. Cities are growing, sprawling out into the surrounding areas, accompanied by new infrastructure which is necessary to import all required resources from an increasingly global hinterland. This puts enormous stress onto our environment: increasing amounts of resources have to be imported from greater distances. In the UK, conurbations require ecologically productive land, sea and other water-bodies of up to 260 times the size of the area they occupy.¹ In the case of Greater London, this area equals to nearly twice the size of the United Kingdom. Greater Glasgow currently requires an area nearly the size of Scotland to sustain itself, approximately 160 times the area occupied by the conurbation.

At the heart of the concept of sustainability is a fundamental set of values which requires “parallel care and respect for the ecosystem and for the people within”.² The goal of sustainability is derived from this set of values, and can be summarized as the

¹ This figure is based on the area of the Greater London conurbation, the number of inhabitants and the average ecological footprint of the UK. Greater London has an area of 1579 km² (157.900 ha) and a population of 7,517,700 (this equals to an average density 47.6pph – 2006 data). The ecological footprint of the UK is 5.56 global hectares per person; therefore 41,790,412 global hectares are required to support the population of Greater London. This equals to roughly 260 times the size of Greater London. The area of the UK is approximately 24,482,000 hectares. The calculation for Glasgow has been carried out in a similar fashion.

² MMSD Work Group 2 (2002) “*Seven Questions to Sustainability: How to Assess the Contribution of Mining and Minerals Activities*” Canada, International Institute for Sustainable Development, p.7

combined achievement of human and ecosystem well-being. The success of any development therefore needs to be judged on its contribution to both the human and environmental aspects of sustainability. The concept of sustainability is therefore much more than environmental protection: it is a concept that has as much to do with achieving well-being for people and ecosystems as it has to do with reducing environmental stress or impacts, and implies the need to achieve a net environmental and human benefit.

1.1 Sustainability in context:

The political background of urban development

Human and environmental well-being has to be balanced against economical aspects relating to the human activities of production, distribution, exchange, and consumption of goods and services. Sustainable development therefore aims to achieve full economic potential, social justice, equality of opportunity and environmental stability.³ Urban areas, which not only put increasing stress on the environment but are also often marked by spatial segmentation, dependency on transport provision, urban deprivation, traffic congestion and social seclusion, are the focus point of sustainable development plans.

In the past, economic considerations have been given priority over environmental and social aspects. During the 1970's and 1980's, it was believed that a free market economy will dispense with inefficiencies in a more deliberate and quick manner than any legislating body could, and that less government interference in private economic decisions such as pricing, production, consumption, and distribution of goods and services would result in a more efficient and hence more competitive economy.⁴ It was believed that a deregulation of the market would not only result in increasing private sector efficiency, but would also result in an increase of economic activity which would ultimately lead to a significant reduction of unemployment,

³ United Nations (1992) *Agenda 21: Programme of Action for Sustainable Development - The Final Text of Agreements Negotiated by Governments at the United Nations Conference on Environment and Development (UNCED) 3-14 June 1992, Rio De Janeiro, Brazil*, available to view online at <http://www.un.org/esa/sustdev/documents/agenda21/>

⁴ Wikipedia (2006) *Laissez-faire* available online at <http://en.wikipedia.org/wiki/Laissez-faire>

which was considered to be the main factor contributing to social deprivation.⁵ This belief was put into practice with a comprehensive deregulation policy programme during the Thatcher regime. Not only was the private sector left to operate on its own will, governed only by the laws of profit generation, but many publicly owned assets were sold off or transferred to private companies in an attempt to increase efficiency. ‘Privatisation’ and ‘Private Provision’ became public policy key words, and large elements of the urban public realm and infrastructure were sold off to profit-seeking companies or to various types of public-private partnership. It was the public sector’s desire to attract private investment and to relieve its financial burdens by utilising private resources.⁶ The result was a shift towards market-led economies.

Local authorities were advised to rule in favour of development, unless clear reason for refusal could be given.⁷ The white paper “Lifting the Burden”, published in 1985, typified the new philosophy by cautioning public servants and planning professionals to be more favourably inclined to new development.⁸ Although the previous style of local authority governance was now criticised for being prescriptive, heavy handed and interventionist,⁹ many local authorities were exhorted to adopt an enabling role to deal with market failure. National policies re-orientated towards the removal of physical and institutional constraints facing the private sector. Central Government believed that overly burdensome planning controls, local government bureaucracy and political interference, excessive land reclamation or building refurbishment costs, environmental degradation and inadequacies in public infrastructure all contributed to the lack of private sector confidence and had to be counteracted. It became the government’s self-imposed task to create an environment in which the private sector could flourish, and this was thought to be best achieved through a diminishment and degradation of the public sector.

⁵ Department of the Environment (1985) “*Lifting the burden*” White Paper, Cmnd 9571. London, Stationary Office

⁶ Loukaitou-Sideris, A. and Banerjee, T. (1998) “*Urban Design Downtown: Poetics and Politics of Form*”, Berkeley: University of California Press. P.87

⁷ Department of the Environment (1980) “*Development control - policy and practise*”. Circular 22/80. London, Stationary Office

⁸ Department of the Environment (1985) “*Lifting the burden*” op. cit.

⁹ Evans, R. (1997) “*Regenerating Town. Centres*” Manchester: Manchester University Press

The reply from the private sector was immediate. The new permissive attitude towards new developments paved the way for a property boom during the 1980's. Merger and take-over activities in the trading sector were at a historical height. In an increasingly competitive environment, companies attempted to outplay their rivals through an increase in marked presence. The heart of the city, the centre of all trading activity, was the most desirable location for new business establishments. Growing numbers of companies operating on the national or international market focused on buying or renting spaces in inner city locations. Space, however, was limited, and prices for retail locations in the city centre increased by an average of 13.5 % per annum, reaching its historical height in 1989.¹⁰

This had two impacts onto the urban form. As retail locations in the city centre became rare and hardly affordable, out of town locations were created, which benefited from cheaper and readily available land and became viable by an increasingly mobile consumer society. In inner cities, the disrespect for the local context during the redesign of shop fronts, especially in heritage centres, became a major factor in the decline of town centre attractiveness. Furthermore, despite the aim of deregulation policy, the retail sector failed to improve unemployment rates. Although technological developments had raised productivity and lowered overheads, the number of workers in the retail industry declined from 2.3 million in 1982 to 2 million in 1994.¹¹

Since then the debate about the appropriate roles of the private and public sector intensified, as did the relationship between the state and the market. With uncontrolled and privatised developments, urban design was mainly dependent on private initiatives. As the private sector aims at good returns in investment, urban design interventions were exclusively designed for prospective owner-occupiers and tenants rather than with consideration for the wider public. And while opportunistic developments became disjointed, episodic and lacked any larger public purpose or

¹⁰ Clifford, G. (1994) *"The Retail Development Process, Location, Property and Planning"* London: Routledge

¹¹ Evans, R. (1997) *op. cit.*, p.21

vision, public policy became increasingly reactive rather than proactive.¹² The lack of strategic planning of public infrastructure combined with a worsening economic situation soon led to an increasing frustration of the private sector. In semi-rural areas, this development was paralleled by a growing concern about worsening traffic congestion and an increasing number of peripheral developments.

By the end of the 20th century, out-of-town developments had started to show their full impact on traditional town centres. Not only did out-of-town developments divert considerable amounts of trade away from the town centre, but it also disadvantaged non-car owners, and added to the economic cost of congestion.¹³ It was soon evident that the government had to take a different turn. Market-led development with little or no intervention could no longer be justified. In 1990, the government committed itself to town centre regeneration.¹⁴ It was believed that a wider mix of uses and accessibility through public transport would prove environmentally and economically more successful, and the government started to promote reinvestment into the town centres. Some local authorities pioneered collaborations with business interests in order to adopt a more comprehensive approach to the management and maintenance of town centres. This step was taken as it was no longer deniable that purpose-build out-of-town centres were able to employ a more efficient private management, and it was hoped that the new collaboration could provide an effective response.

¹² Loukaitou-Sideris and Banjeree, op. cit., p.280

¹³ Verdict Research (1993) *Verdict on Out-of-town Retailing* London.

¹⁴ Department of the Environment (1993) *PPG6: Town Centres and Retail* London: Stationary Office

1.2 Sustainability in a market economy

Despite local governments' efforts to counteract problems created by decades of industrial restructuring, deregulation, comprehensive development, privatisation and private provision policies, many problems still persist and are concentrated in urban areas. These issues are wide ranging and include spatial segmentation, social seclusion, private transport dependency and traffic congestion, the persistence of derelict brownfield or under-used land and high rates of unemployment.¹⁵ Cities are therefore the focus point of any sustainability strategy. Since the adoption of Agenda 21, national and local governments are required to generate a framework for the development of urban areas which includes the strategic implementation of economic, social and environmental measures to achieve full economic potential, social justice, equality of opportunity and environmental protection.¹⁶ Whilst local plans are developed to provide a framework that aims to solve urban problems and ensure the transition to sustainability, private sector investment is seen as an essential component in the delivery of urban regeneration and represents a central theme in current government policy.¹⁷

Despite the need to direct investment in a way which conforms to the overall aims set out in sustainable development plans, there has been no reversal of the 1980's market-deregulation policy. As urban regeneration is perceived as a high risk, low return investment, it has until recently been largely avoided by developers. Only areas which displayed strong rental growth and high occupier demand have seen a recent input of private sector investment, but with little concern for social and environmental issues. The concept of sustainability is still perceived as a financial constraint for private investors, and recent development has only conformed to an absolute minimum of social and environmental considerations.

¹⁵ Urban Task Force (2005) *"Towards a Strong Urban Renaissance"* London: Urban Task Force

¹⁶ Glasgow City Council (2001) *"Developing the sustainable City"* Development and Regeneration Services, Glasgow, Stationary Press

¹⁷ Scottish Executive (2006) *"Re-think: People and Place"* Edinburgh: Blackwell

1.3 Author's Background

The interest in the subject of sustainability and private sector development grew out of the author's personal experience both in the private sector and in public sector master planning. The author's private sector experience includes 5 years of work within the retail sector, firstly in Bluewater, Europe's largest retail and leisure development, and later in Glasgow city centre. During this time, it became clear to the author that the majority of development decisions did not comply with public policies. Development seemed to be driven purely by profitability, and issues relating to sustainability seemed to be ignored in favour of increased returns on investment. The author felt that the implementation of sustainability is a matter of global urgency, and although public policy seemed to fully embrace the concept of sustainability, many planning decisions did not comply with the concept as an entity. The desire to investigate the relationship between private sector development and public sector control, and to investigate what factors influence planning decisions, grew out of this experience.

1.4 Aim of the Thesis

The research was carried out in order to find methods that would help to avoid unsustainable planning decisions which had been common practice in the past, and to develop an understanding of the importance of a target-based approach in the delivery process of sustainability. The research therefore aims to generate an understanding of the economic forces against which regeneration and sustainability strategies have to be created. It also aims at creating an understanding of the priorities of sustainable development in a political context, as this is far removed from comprehensive definition of sustainable development created at UN level.¹⁸ Furthermore, the research provides a discussion of the legislative context in which the conflict between the private and public sector interest unfolds, and provides examples of local strategies and recent developments. It is hoped that the author's experience in the creation of this thesis can be used to generate more commitment

¹⁸ United Nation (1987) *Report of the World Commission on Environment and Development: Our common Future* UN General Assembly document A/42/427, New York

from all sectors to implement target-based strategies to fully achieve sustainability, and to generate a widespread public understanding of the concept of sustainability.

1.5 Research Methods and Approach

The investigation into private sector development and public sector control was carried out in three stages. The first stage comprised an extensive literature review to investigate the meaning of sustainability, and to fully understand the areas which need to be addressed if sustainability is to be achieved. The literature review included the main United Nations documents and agreements, from the 1972 UN Conference of the Human Environment to the Brundtland Report and Agenda 21. It further included publications of different theories on social justice and sustainability in economic models. The literature review showed that there is a comprehensive and very detailed definition of sustainable development, and that it is clear what challenges need to be tackled if sustainability is to be achieved.

The second stage consisted of an investigation of implementation strategies on international, national and local level, largely through a review of recent treaties, agreements, legislations and guidance notes. It became clear that the comprehensive sustainability framework created at UN level was not fully implemented into national policy, and that local efforts did not fully reflect the goals described in national policy. This stage of the research showed that in protecting national and local economic needs and aspirations, necessary legislation and targets are not implemented to the required extend.

The third stage consisted of a comparison of different planning approaches to highlight worst and best practice scenarios in order to create an understanding of why and how some cities achieve partial success, and why others have virtually failed to guide private sector development towards sustainability. The two cities which were chosen for comparison were Dublin and Glasgow, as it became clear that a successful analysis of planning control had to be carried out by choosing cities which were governed by a similar governance and legislative system. Historic similarities and comparative socio-economic problems prior to the implementation of

sustainability strategies were also seen as essential elements in the choice of comparable cities. In order to highlight significant differences in planning approaches, cities in different nations were the preferred choice. Glasgow was chosen because of the author's personal professional experience of master planning within the city. Dublin was chosen for comparison as both cities share a similar historic background: both cities were centres for manufacturing and shipbuilding, with successful periods during the 18th and 19th century and economic stagnation during the 20th century. In both cities, the economic crisis peaked between the 1960's and 1980's, and both cities started to publish comprehensive development plans in order to stimulate a rehabilitation of the cities' economic and social values. Although Glasgow's development plan was equally ambitious as its Dublin equivalent, its outcome is very different.

The analysis of the different planning approaches taken in Glasgow and Dublin was carried out through the study of development plans and guidance notes, as well as current and recent private sector developments. This included case study site visits, semi-structured interviews with professionals in the field of planning in both Dublin and Glasgow, the participation in debates at Scottish Urban Regeneration Forums, RIAS and Clyde Waterfront conferences and GIA talks. Personal professional experience was used to combine the results of the literature review with the sustainability frameworks developed by the UN to generate a target-driven approach that would pursue not trivial action programmes but the key actions that need to be taken in order to achieve sustainability.

1.6 Thesis Structure

Reflecting the chosen methodology, the thesis begins with an analysis of the concept of sustainability in order to create an understanding of the issues involved, and to highlight different perceptions of current issues. This chapter (chapter 2) consists largely of literature-review based research and is divided into the three main aspects of sustainability, namely the environment, social justice and the economy. The research shows that environmental problems can be linked to today's increasing individualism which has the objective of increasing personal wealth rather than having a shared concern for the environment. Environmental problems are currently covered intensively by the media and the majority of the population acknowledges their existence, but consumer behaviour shows little sign of change. This is partially due to the difficulty in breaking old habits, partially due to a lack of information and knowledge about what can actually be done by the individual, but also due to the fact that these changes which require a certain amount of effort will not bring any immediate rewards, nor will these rewards be visible in our generation.

Social issues on the other hand do not receive as much media attention, and are mostly hidden. Unlike people affected by dramatic changes of their environment, people affected by social deprivation find often not much sympathy within the surrounding society. As will be shown in this chapter, the lack of sympathy is born out of a denial of any sufficient societal responsibility for the disadvantaged in our urban communities. There is an uncertainty about the level of support a welfare state should offer. On a psychological basis, the welfare state, as will also be shown, can be perceived as ineffective, as it takes away stimulants within humans which would make a person want to fulfil their needs on their own accord. On the other hand, there is an undeniable responsibility of the better-off to those adversely affected by the actions of society.

The chapter will furthermore show that the economy of the United Kingdom and Ireland holds a unique position within Europe: the Anglo-Saxon model of corporate governance which completely divides shareholders and stakeholders creates the preference of short-term profit over long-term viability. This has negative impacts on

urban development, as high-profit developments such as up-market housing or prime office space became the focus of developers, ignoring middle- and lower market needs. Furthermore, the current economic system shows a severe lack of any responsibility for any external environmental or social cost created.

The third chapter discusses the governing bodies, from the UN and EU to national and local governments, which are able to regulate development. It shows that hardly any real commitments had been made since the adoption of Agenda 21 and the World Summits on Climate Change. Furthermore, the chapter highlights the unique position of the United Kingdom within Europe: Local Authorities, which carry most responsibilities in the delivery process of sustainability, have no legislative powers to regulate development. Although both the United Nations and the European Community decided that Local Authorities were best suited to create tailor-made strategies ensuring future sustainability, it is doubtful if this can happen if costs are being transferred to the private sector. Sustainable development is perceived as less profitable through higher investments (for environmental standards) and lower returns (in mixed-use and socially mixed areas). The chapter highlights the vagueness of current International and National policy and describes international differences in law which make some local authorities more effective.

The fourth chapter generates an overview of risk factors and stimulants for private sector investment. It shows that areas which are most in need for development are likely to be ignored by private sector investors, as they display many factors which are perceived as financial constraints and increase investment risks.

In the fifth chapter, the cities of Dublin and Glasgow stand in comparison. Historical similarities in industrial activity and the resulting decline of available labour in both cities created a very similar atmosphere in both cities during the 1980's. These similarities were succeeded by two different series of planning approaches. Although Dublin, being a national capital, English spoken but within the European Union, had an advantage over Glasgow, this advantage only partially justifies the positive development Dublin achieved in the areas of transport, inner city regeneration and

mixed-use development. In the same time-span, Glasgow was successful in regenerating parts of derelict inner-city space, but failed to implement any significant strategy in the fields of the environment and social cohesion. Whilst Dublin's strategy was backed up by specially set up authorities with significant legislative powers, which consisted of a consortium of academic, private sector and public sector consultants, Glasgow's local authorities struggled to execute any strategies outside the norm, despite attempts to implement its environmental and social cohesion policy. Dublin's social cohesion policy however also failed after pressure from the private sector, showing that both cities are working against significant market forces.

The thesis concludes in the sixth chapter. It argues that the present trend cannot continue, as it is very likely to lead to a significant increase in environmental and social problems which will also have a direct negative effect on the economy. The democratic political process which precedes and informs the creation of policy throughout Europe currently leads to insubstantial strategies being implemented. Although cities display a high degree of diversity and complexity nationally and across Europe, there is a need for an obligatory target-based approach in National, European and International policy concerned with the regulation of development, but regional, national and increasingly international competitiveness currently prohibits the implementation of strict measures. There is a potential for a consumer led sustainable development, which would in turn change the providing market. The thesis argues that the creation of consumer demand for sustainable development in the spheres of the environment, social cohesion and local economy, together with the internalisation of external costs, would yield better results than any attempt to change market-forces from the outside.

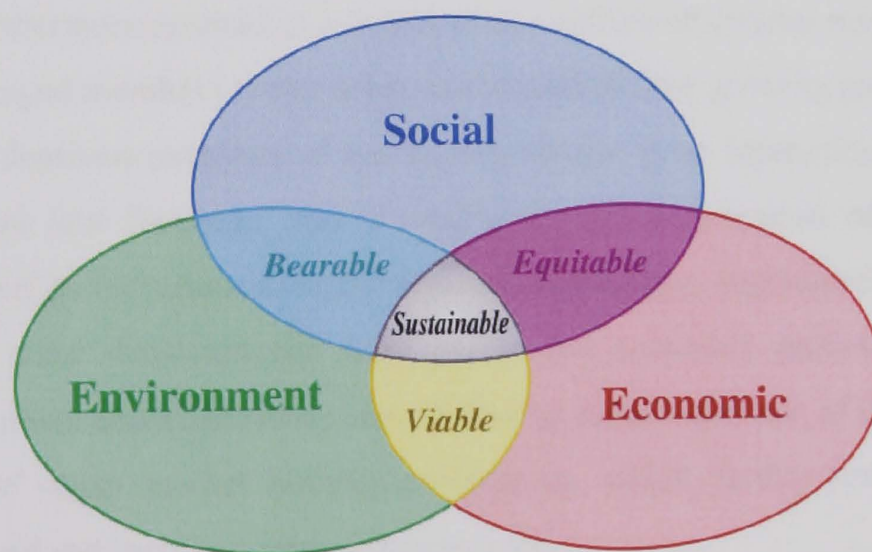
Chapter 2

Sustainability: The ultimate goal?

2 Sustainability: The ultimate goal?

“Towards Sustainability” is a key term found in almost every recent governmental publication. Being defined as a “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”,¹⁹ sustainable development focuses on three key areas: the economy, the environment and social justice. (Figure 2.1) Sustainability strategies are setting out a number of commitments to achieve a shared goal of sustainable development, which ultimately translates into a society living within its environmental limits, marked by justice, which meets the diverse needs of all people in existing and future communities and which, whilst promoting social cohesion and inclusion, creates equal opportunity for all. This comes after a realisation that during the past decades western societies in particular have lived far beyond their means, putting increasing stress on resources and environmental systems, causing the loss of biodiversity and a change in climate; it comes after a realisation that even today entire communities are still caught in a cycle of degradation and poverty, communities which are marked by a lack of community pride in their area, poor environmental quality and health, high crime and unemployment levels, and multiple inequalities.

Figure 2.1 Sustainable Development



¹⁹ HM Government (2005) *“One future, different paths. The UK shared framework for sustainable development.”*. Defra. London: Stationary Office, p.6

There is an urgent need to achieve global sustainability: we are currently depleting irreplaceable natural resources and exploiting the global biosphere beyond the natural regeneration capacity of our planet. If such development persists, the absolute disappearance of vital natural resources is inevitable, which in turn could threaten the future existence of humanity. There are many causes behind this development, which can almost exclusively be attributed to the emergence of individualism with the main objective to increase personal wealth and comfort. Such development is predominantly found in the developed world, and includes the satisfaction of excessive consumption levels and excessive travel and transportation levels. The associated issues are manifold, ranging from congestion and pollution - which in turn seems to be the cause for ozone layer depletion and climate change - to deforestation, soil erosion, the loss of bio-diversity, fish stock depletion, droughts and general fossil mineral and fuels depletions. Although the impact of environmental damage is now clearly visible and accountable, there seems to be a persistent lack of care for the impacts of our actions, in part because the problems have not as yet severely affected the developed world, but also because there is still a significant lack of information and knowledge of what individuals are required to change if such issues are to be thoroughly addressed.

The emergence of prevailing individualistic goals in favour of the pursuit of personal wants has furthermore resulted in a denial of any sufficient societal responsibility for the disadvantaged members of our urban communities. The growing gap between the affluent and deprived members of our society results in an increasing alienation of those who are less fortunate, and is visible in the stratification of cities which expresses itself in the urban form through an increasingly segmented layout which secludes the most disadvantaged from social and economic participation. Urban layouts are further characterized by the continuing suburbanisation of the countryside as a result of upper market housing preferences, which further limits ecological productive land and increases import dependence.

The shift towards a market led economy has resulted in a severe lack of responsibility for any external environmental and social costs. The pursuit of

economic growth is still seen as the prerequisite of any functioning nation, and is favoured even at the expense of large-scale natural resource exploitation. Since the market is not held responsible for external costs, it continues to provide for all consumer needs in the cheapest possible way, even if that includes the exploitation of cheap labour markets outside the developed world which results in significant transportation needs, further enhancing environmental pollution and the congestion of transport channels. There is currently no balance between economic viability and sustainability, and a significant shift in government control is needed.

The following chapters investigate the environmental, social and economic dimensions in detail. All aspects of sustainability have so far failed to be comprehensively mainstreamed not only into public behaviour and private sector developments, but also into national governance. Whilst there is a severe need to implement measures which will ensure the transition to sustainability, there seems to be a resistance at both the individual and national level. Each element is explained and discussed from different viewpoints, in an attempt to find universally valid definitions and to highlight aspects which remain a question of political debate.

2.1 Environmental Stability

"The fifth revolution will come when we have spent the stores of coal and oil that have been accumulating in the earth during hundreds of millions of years... It is to be hoped that before then other sources of energy will have been developed... Whether a convenient substitute for the present fuels is found or not, there can be no doubt that there will have to be a great change in ways of life. This change may justly be called a revolution, but it differs from all the preceding ones in that there is no likelihood of its leading to increases of population, but even perhaps to the reverse." ²⁰

The incorporation of environmental objectives into the scope of urban planning was always met with many obstacles. Although an urgent need of implementing new measures to reduce our impact on the environment was highlighted on the Earth Summit in Rio de Janeiro in 1992, and subsequently objectives were negotiated and set out in the Kyoto Protocol in 1997,²¹ urban planning remained weak in the delivery of environmental strategies. Furthermore, some developed countries, such as the USA, remain exempt from the targets set out in the protocol. In most cities, urban planning remains a pro-growth strategy, supporting the government's main objective of economic growth, and the few measures implemented to ensure a transition towards environmental sustainability remain heavily constrained by economic imperatives. Achieving sustainability is in many politicians' views still synonymous to restraining economic potential, and only now attempts are made to break that link.

"We must recognize that economic growth and the protection of our world for the future go hand in hand. The challenge is to make economic growth sustainable, breaking the link with environmental damage." ²²

Unlike the US, most European governments can rely on a fairly widespread public support, fuelled by constant pro-environment media coverage and reports. Although

²⁰ Darwin, G. (1953) *"The Next Million Years"* Doubleday, New York: Garden City, p.210

²¹ United Nations (1998) *"The Kyoto Protocol to the United Nations Framework Convention on Climate Change"* in "Review of European Community International Environmental Law", Vol. 7, Issue 2, Page 214, July 1998

²² Scottish Executive (2005) *"Choosing Our Future"*, Edinburgh: Blackwell, p.14

the public is still divided into those who believe in a personal duty towards society and presume responsibility for future generations, and those who live according to the more liberal notion of “life is for living”, the latter group remains in the minority. However, the debate about environmental issues remains a fairly young one. We are only now seeing the effects of a century of de-forestation, over-consumption and heavy pollution. The first European ecology party emerged in Britain only in 1973, and it took another ten years until the German greens “Die Grünen” entered the federal parliament with 5.6% of the public votes. Throughout the 1980’s and 90’s, public supporters of a green party were often perceived as leading an “alternative” lifestyle outside the general cultural norm and were in many peoples’ eyes the last remaining offspring of a hippie generation.

Only during the last decade has environmentalism sprung into the public eye and spurred widespread support for ecologically conscious political parties. Particularly in Western Europe, the Green Parties have continued to gain in popularity. Amongst the nations with the highest election results for the European Green Parties are Austria (2002: 9.5%), Finland (2003: 8%), Germany (2005: 8.1%), Luxembourg (2004: 11.58%) and Switzerland (2003: 7.4%).²³ All other major parties have incorporated environmental strategies into their political agenda.

The constantly increasing support for ecologically conscious parties can be seen as a public reaction to a growing number of health risks (cancer, asthma), natural disasters (flooding, earth slides, severe storms and arctic glacier retreats) and third world poverty, which are frequently covered in media-reports, and which extensive recent research has linked to our neglecting way of dealing with our surrounding environment. We are more than ever before aware of the consequences to our actions, about the impact they leave on others, and the strains they leave on our environment.

²³ European Federation of Green Parties (EFGP) “*National election results since 1979*” available online at <http://www.europeangreens.org>

*“The past 20 years have seen a growing realisation that there are models of development which are simply unsustainable. We live in a world coping with the consequences of climate change and many resources strained by patterns of production and consumption. (...) Sustainable development, across the UK, is not an option. It is a necessity.”*²⁴

The latest addition to an ever growing political manifesto is the finding and implementation of efficient new measures to achieve sustainable development. Recent debates about environmental stability however show the difficulty in translating fundamental questions of sustainable development into practical political questions. This is the same on both the national and international level and demands a prioritisation of sometimes conflicting political agendas.

2.1.1. International Debates on Climate Change

Sustainable development's current headline message is that long-term environmental stability, poverty relief and economic development can and should be mutual goals. This concept represents a significant advance on the debates of the 1970's and 1980's, when environmental protection and economic development were often regarded as conflicting aims. But although the concept has changed, the old perception of sustainable development remains; on a national level, the additional costs of creating sustainable transport networks, the costs involved in making buildings environmentally friendly, and the costs of providing free public services to those unable to afford them are seen as factors which hinder economic growth.

On an international level, the debate is equally fierce. Pressures from developed countries which demand the restriction of rain-forest deforestation are perceived as unfair by developing countries, who want to achieve an equal level of economic activity as in the developed world. As well as being the most bio-diverse reserves on our planet holding about half of all the worlds' species of plants, animals and insects, the Latin-American and African rainforests provide the vast majority of the world's

²⁴ Tony Blair, Prime Minister, in HM Government (2005) *“One future – different paths. The UK's shared framework for sustainable development”* Defra, London: Stationary Office, p.1

vital oxygen-supply and are therefore regarded as being in urgent need of protection.²⁵ For the African and Latin-American nations within a tropical climate however, de-forestation could provide a much needed economic boost through the export of woods and the creation of new farmland.

*“Many observers in industrialised nations accused the developing world of over-exploiting vital 'global' resources through deforestation and other drastic forms of resource depletion, (...whilst) developing countries, for their part, eyed environmental policies warily as a threat to their economic development options. In their view, industrialised countries were to blame for most environmental problems, and it was hypocritical of them to expect to deny poorer countries the right to pursue the same level of industrial development.”*²⁶

In the developed world, the public opinion of “who is to blame” only changed over the course of the last decade. In 1993, Anderson and Gaber noted that “for the British public, environmental problems happen elsewhere, often in developing or former Eastern bloc countries”.²⁷ Equally in 1990, after the German re-unification, the West German population saw the scale of air pollution through the burning of brown coals in the former German Democratic Republic as the main contributor to environmental pollution, and attention was drawn away from issues within the western part of the newly formed country. Images portraying outdated, badly built and heavily polluting power plants and factories within the eastern blocs of the Former Soviet Union had circulated in the media, which contributed to the western public’s opinion that the cause of environmental problems had to be found elsewhere.

Since then, public opinion has partially changed. We are now seeing a much more broadened view of the implications of our own actions onto the global environment, addressing environmental problems as a global issue with local solutions. In 2001, a report by the Intergovernmental Panel on Climate Change gave the first scientifically

²⁵ WWF-UK (2007) “*Amazon attraction*” available online at <http://www.wwf.org.uk>

²⁶ Hertin, J. and Scoones, I. and Berkhout, F. (2000) “*Who governs the global environment?*” available online at <http://www.gecko.ac.uk>

²⁷ Anderson, A. and Gaber, I. (1993) ‘*The Road from Rio: The Causes of Environmental Antisatisfaction*’, *Intermedia*, 21, (6), 27-9

credible insight into existing and prognosticated atmospheric changes caused by anthropogenic processes.²⁸ Observations found that the global average surface temperature had risen by 0.6° Celsius during the 20th century, making it likely²⁹ to be the warmest century during the past millennia.³⁰ Temperatures in the lowest 8km of the atmosphere had risen by 0.1° Celsius per decade since the 1950's. It was also observed that snow cover and ice extent in the Northern Hemisphere had decreased by about 10 to 15% since the 1950's, and that it was likely that the thickness of Arctic sea ice declined by around 40% in the same period. In the meantime, the average sea level rose between 0.1 and 0.2 metres during the 20th century. Cloud cover was likely to have increased by 2% over mid- to high latitude land areas during the 20th century. It is very likely that precipitation has increased by 0.5 to 1% per decade in the 20th century over most mid- and high latitudes of the Northern Hemisphere continents, and it is likely that rainfall has increased by 0.2 to 0.3% per decade over the tropical (10°N to 10°S) land areas.³¹

Although changes in climate occur as a result of both internal variability within the climate system, and both natural and anthropogenic external factors, the 2001 report found new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activities. The report argued that “in the light of new evidence and taking into account the remaining uncertainties, most of the observed warming over the last 50 years is likely to have been due to the increase in greenhouse gas concentrations. Furthermore, it is very likely that the 20th century warming has contributed significantly to the observed sea level rise, through thermal expansion of sea water and widespread loss of land ice.”³²

²⁸ IPCC (2001) *Climate Change 2001: The Scientific Basis. Contribution of Working Group I to the Third Assessment Report of the Intergovernmental Panel on Climate Change* [J.T. Houghton, Y. Ding, D.J. Griggs, M. Noguer, P.J. van der Linden, X. Dai, K. Maskell, and C.A. Johnson (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, p.881

²⁹ Throughout the report, the following words had been used where appropriate to indicate judgmental estimates of confidence: virtually certain (greater than 99% chance that a result is true); very likely (90–99% chance); likely (66–90% chance); medium likelihood (33–66% chance); unlikely (10–33% chance); very unlikely (1–10% chance); exceptionally unlikely (less than 1% chance).

³⁰ IPCC (2001) op.cit., p.2

³¹ IPCC (2001) op.cit., p.4

³² IPCC (2001) op.cit., p.10

The report continued to make projections of atmospheric concentrations of greenhouse gases and aerosols, in order to project the future climate. It concluded that human influence will continue to change the atmospheric composition throughout the 21st century, and projected a rise in global average temperature and sea levels. These changes were found to be likely to influence more extreme weather conditions in areas around the globe, causing landslides, altered patterns of agriculture, and even the expansion of tropical diseases. It has to be said that the extent and likelihood of these consequences is still a matter of considerable political controversy, and, in the details, a matter of some scientific uncertainty.

It might be for that very reason that our society seems very slow to react. Although news from around the world tells us otherwise, global warming did as yet not have a dramatic negative effect on many people in the developed world, and many people are unsure about their role in reducing greenhouse gas emissions. Public awareness is however a good starting point to trigger the necessary changes. We are now more than ever aware that the greenhouse gases we produce in the developed world have a direct influence on other countries around the globe. In 2004, the UK produced 575.4 million tonnes of CO₂, but its land was only able to absorb 16.3 million tonnes of it, less than 3%.³³ The remaining 559.1 million tonnes of CO₂ were pumped into the atmosphere, allegedly contributing to land being devastated by drought in Ethiopia, melting polar ice caps in the Canadian High Arctic, and the drowning of low-lying communities in India.³⁴ It has become more and more apparent that we are all sharing one planet, and that our actions are directly affecting people in far away countries, an idea which was fairly remote a decade ago.

“The roots of environmentalism in the Northern media are in the speeches of politicians, lobbying on the part of the scientific community, and in appealing images of wildlife on TV. Environmental concern in India stems from immediate anxieties such as drought and famine. Environmental stories are presented in terms of their relationship to development. Environmentalism for its own sake is strong only among

³³ HM Government (2006) “UK Greenhouse Gas Inventory 1990 to 2004: Annual Report for submission under the Framework Convention on Climate Change” Department for the Environment, London, Stationary Office, p.11

³⁴ Time Magazine (2006) “Special Report: Global Warming” London. Issue: April 3rd, 2006. p.30 ff.

a tiny English-speaking elite. For most Indians, the West's global environmental concerns are seen as a new breed of colonialism. The notion that there is 'one world' is remote in both countries.”³⁵

Recent research has however shown how our global climate is connected, and that a slight unbalance in one part of the globe can have devastating effects. Excessive production of carbon dioxide mainly in the developed world has already led to an increase in its presence in our atmosphere, from a previous 280 part per million (p.p.m.) 150 years ago, to today's 381 p.p.m. During the last Ice age, the atmosphere's CO₂ concentration was just 180 p.p.m., which is claimed to have dramatically cooled the earth's surface.³⁶ The increase of carbon dioxide concentration is believed to have already caused a substantial increase in surface temperature. Of the 20 hottest years on record, 19 occurred in the 1980's or later. According to NASA scientists, 2005 was one of the hottest years in more than a century.³⁷ Data from Canadian and European satellites showed that Greenland ice is melting at an increasing pace, with 220 cu. km draining into the sea in 2005 alone, compared with 90 cu. km in 1996.³⁸ This is very likely to be a direct result of the atmosphere's carbon dioxide concentration. The melting of ice adds to the rise in sea levels caused by warm water expansion, but the effects are largely being seen elsewhere. Low-laying coast-land in Bangladesh is most likely to be affected, as large parts of it could be flooded or devastated by storms. The most severe effects will be felt by the many poor communities who inhabit these lands, and have no means to prepare or move away from these areas, as already happened during the Tsunami disaster in 2005. Earth seems to act like a living organism, and if it becomes unbalanced, it reacts very quickly.

Although some scientists have already predicted some of the climate changes we experience today, as well as the fact that we are living beyond the capacity of our planet, future changes are extremely difficult to predict. The consequences we

³⁵ Anderson, A. and Gaber, I. (1993) *"The Road from Rio: the Causes of Environmental 'Antisappointment'."* In: *Intermedia*. Vol. 21, No 6, pp.27-29.

³⁶ Time Magazine (2006) *"Special Report: Global Warming"* London. Issue: April 3rd, 2006. p.30 ff.

³⁷ Time Magazine (2006) *"Special Report: Global Warming"* London. Issue: April 3rd, 2006. p.30 ff.

³⁸ Rignot, E. (2006) in Time Magazine *"Special Report: Global Warming"* April 3rd, 2006. p.30 ff.

already experience today, as well as growing danger of living on a planet which might have unpredictable reactions to the still growing strains we put on its capacity, has already led to some important inter-governmental agreements which were drawn up to reduce the impact onto our environment. The Kyoto protocol of 1997 marked the start of a list of these agreements. It came into effect on the 16th February 2005 and provided the first ever framework for international action with binding targets and timetables for reducing greenhouse gas emissions. With 150 countries having ratified it the Protocol represents a very important milestone in tackling climate change. But the Kyoto Protocol is just a first step, mapping action for the first commitment period (until 2012). The world's largest emitter – the US – and a number of other countries have made it clear that they will not participate in the Kyoto process, making it vitally important that we enter into discussion with all parties on action beyond 2012.

The Gleneagles Summit which was held in Perthshire in July 2005 saw the key world leaders agreeing for the first time that climate change is a man-made problem requiring a rapid response. The UN Climate Change Conference in Montreal held in December 2005 saw over 180 countries accepting the “sometimes difficult compromises to launch a stronger and forward-looking global effort to fight climate change”.³⁹ The Clean Development Mechanism, which allows for the transfer of advanced technologies to the developing world, was strengthened and agreed upon, and many developed countries agreed to take on new commitments when the current emission targets under the Kyoto Protocol expire in 2012. In September 2000, all 191 Member States of the United Nations signed up to support the Millennium Development Goals, which not only addressed the root causes of environmental degradation – such as escalating poverty – but also included a specific goal on environmental sustainability. Indicators have also been developed which will help monitor governments' progress on achieving these goals by 2015. Currently, the United Nations plays an important role in setting up and measuring goals, but their attainment remains the task of national governments. Fears have however already been raised about the effectiveness of these measures in an increasingly competitive

³⁹ Dimas, S. (2005) “*Climate change: successful conclusion of UN Conference in Montreal.*” European Commission Press Release. MEMO/05/473

international market. In 1996, Professor Ulph argued that governments could be tempted to ignore international guidelines in order to boost their own country's international competitiveness, and calls for international environmental policies:

*“Recent debates over trade liberalisation raised concerns that with more competitive international markets governments may have incentives to engage in “ecological dumping”, that is setting less stringent environmental policies in order to give their domestic producers a competitive advantage. This led to suggestions that to counter such ecological dumping there should be attempts to harmonise environmental policies across countries, or at least to set minimum environmental standards. Recent economic analysis, based on imperfect competition and strategic trade policy provides some support for the possibility of ecological dumping, but not for proposed harmonisation policies. The major economic objection to harmonisation is that countries may differ significantly in their ability to cope with pollution, and this should be reflected in differences in their environmental policies.”*⁴⁰

Ulph suggested international policies with national values, but argued that this could prove difficult for international agencies, which not necessarily have all the information about a nation's environmental capacity. The carbon emission targets, which were agreed at the climate conference in Kyoto a year after Ulph's suggestions, were pieced together from a mix of environmental concerns, political pressures, economic interests, ethical considerations, and scientific advice. More general difficulties stem from the challenges that globalisation poses for the operation of national and international institutions.⁴¹ It is already not unknown that companies faced with high costs derived from strong environmental policies could opt to re-locate in less expensive nations, opening a possible market for countries that can afford or that are willing to implement less demanding policies. Russia for instance, with its vast amount of carbon dioxide absorbing forest land, could afford much weaker environmental policies and requirements, and could therefore attract companies trying to escape the costs involved in environmental upgrading.

⁴⁰ Ulph, A. M. (1996) *“Environmental Policy and International trade when Government and Producers Act Strategically”*. Journal of Environmental Economics and Management, Vol. 30(3), p.265

⁴¹ Ulph, A. M. (1996) *Ibid*, pp.265-281.

2.1.2. International Debates on Ecological Footprints

Apart from the anthropogenic impact on the world's climate and its associated damage to our planet, the earth faces intensifying strains caused by an increasing global population. The world's population increased from 2.556 billion in 1950 to 6.073 billion in 2000, an increase of more than 100% at an average growth rate of 1.723%. It is projected to continue to increase at a slower average annual growth rate of 0.825% until the year 2050, resulting in a world population of 9.224 billion.⁴² The earth's biologically productive capacity equals an area of 11.3 billion global hectares. Based on today's population, this gives an average of just 1.8 global hectares per person (ghpp), compared to today's average of 2.2 ghpp, not taking into account space needed for other species.⁴³ Although sources slightly vary, it is generally agreed that for the past two decades we have been living above the earth's biological capacity, therefore humanity has been reducing nature's capital faster than it is being generated. Mathis Wackernagel, who has pioneered and developed a system of measuring the amount of sustainable ecologically productive land and water areas a human population would hypothetically require to provide the resources it requires in order to both support itself and to absorb its wastes, given prevailing technology, has labelled this requirement the Ecological Footprint.⁴⁴

⁴² U.S. Census Bureau, International Data Base. Statistic based on year 2000 Census Data. Growth rates are calculated using the formula: $r(t) = \ln [P(t+1) / P(t)]$. Mean growth rates calculated by the author. Data available at <http://www.census.gov/ipc/www/worldpop.html>

⁴³ WWF (2004) *The Living Planet Report 2004* Switzerland: Ropress

⁴⁴ Wackernagel, M. and Rees, W. (1996) *Our Ecological Footprint: Reducing human impact on Earth* Philadelphia, New Society Publishers

Figure 2.2: Humanity's Ecological Footprint: 1960 – 2001

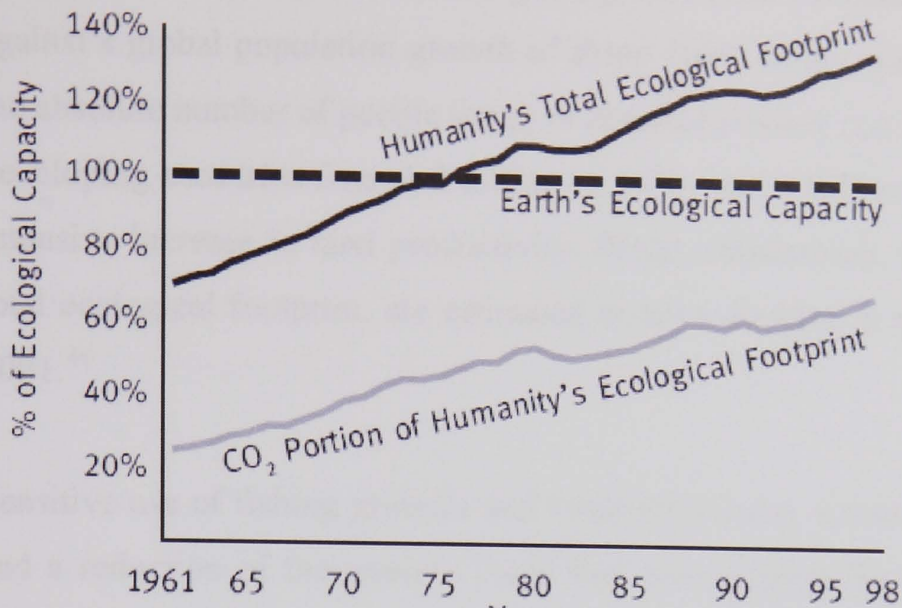
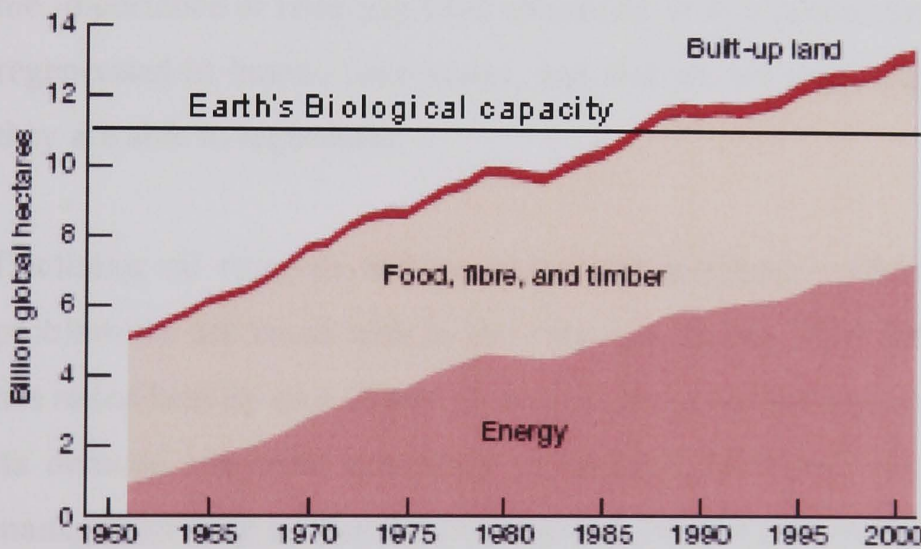


Figure 2.3: Humanity's Ecological Footprint: 1961 – 1998



As can be seen in Figure 2.3, the majority of humanity's ecological footprint currently comes from carbon dioxide deposits and fossil fuel consumption, according to a WWF report based on 2001 data as much as 56%.⁴⁵ Both Figure 2.2 and 2.3 display that the energy footprint, dominated by fossil fuels, was the fastest growing component of the global Ecological Footprint between 1961 and 2001, increasing by nearly 700 per cent over this period. Humanity's food, fibre, and timber footprint

⁴⁵ WWF (2004) "The Living Planet Report 2004" Ropress, Switzerland, p.14

grew by 42 per cent between 1961 and 2001, with the largest increases in the use of fishing grounds (98 per cent) and grazing land (186 per cent).⁴⁶ This has to be seen against a global population growth of about 100% in the same period, and a drop in the absolute number of people living in absolute poverty (on less than \$1 a day) in all developing countries from 1.5 billion in 1981, to 1.1 billion in 2001,⁴⁷ showing an intensive increase in land productivity. Water withdrawals, the final element of the total ecological footprint, are estimated to have doubled in the period from 1961 to 2001.⁴⁸

Sensitive use of fishing grounds and fossil freshwater, a trend towards re-forestation and a reduction of the world's fossil fuel consumption back to 1970 levels would have the largest impact on our total ecological footprint and see the world's population living within the earth's biological capacity. The fossil fuel footprint does not suggest that carbon sequestration is the key to resolving global warming, but it points out the lack of ecological capacity for coping with excess CO₂, and underlines the importance of reducing CO₂ emissions. It also points out that fossil fuels are not regenerated in human time scales, and that we are depleting them much faster than they are able to regenerate.

Declining oil reserves and an associated declining production could indeed be a problem we are faced with in the very near future. Over the past decade, humanity has relied heavily on a steady oil supply, and since the beginning of the industrial age its demand has been constantly growing. Until today, oil production has largely managed to keep up the pace of demand, but the peak of oil production is by some currently believed to be reached in around 2006.⁴⁹ Dr. Marion King Hubbert, who pioneered the estimation of energy resources and the prediction of their patterns of discovery and depletion, calculated that the fossil fuel era would be of very short duration. His thesis was first made public in 1949. In 1956 he predicted that U.S. oil production would peak in about 1970 and decline thereafter, and in 1976 he

⁴⁶ WWF (2004) *"The Living Planet Report 2004"* Ropress, Switzerland, p.12

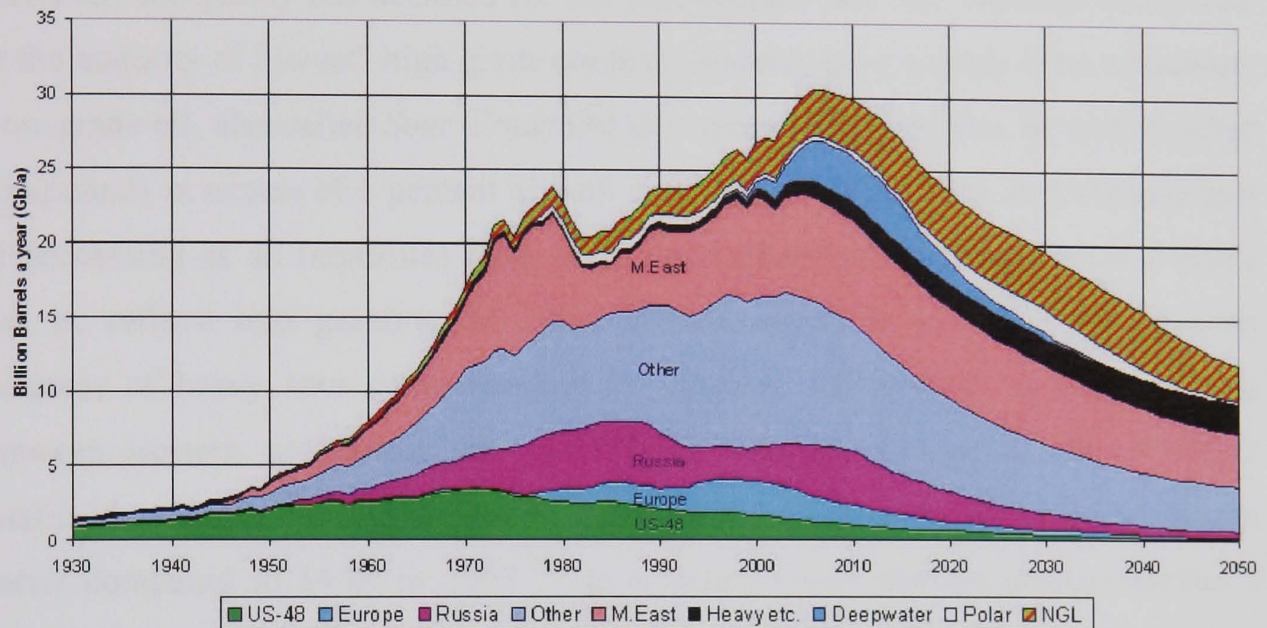
⁴⁷ World Bank (2004) *"World Development Indicators 2004"* available at www.worldbank.org

⁴⁸ WWF (2004) *"The Living Planet Report 2004"* Ropress, Switzerland, p.16

⁴⁹ Duncan, R. (2000) *"The peak of World Oil Production and the Road to Olduvai Gorge"* <http://dieoff.org/page224.htm>

predicted the peak of global oil production in 1995.⁵⁰ His early predictions proved to be of very high accuracy, with the United States reaching their peak in oil production in 1971. His prediction for the peak of global oil production seems to be a decade early (Fig. 2.3), mainly due to the required complexity of his method: advanced technology has now increased production and helped the discovery of new reserves, but the consumption of oil of a growing global population have grown intensely.

Figure 2.4: Hydrocarbon Depletion – Oil and Gas Liquids 2004 Scenario



The depletion of hydrocarbons (e.g. coal, petroleum, natural gas, and oils) is still subject to disagreement, caused by conflicting views held by “optimists” and “pessimists”. “Optimists” argue that rising oil prices will lead to better technology and a fast increase of oil exploration and production, but the usage of advanced technologies in the excavation of oil already took its toll: In the 1940’s, the extraction of oil required an energy equivalent of a one hundredths part of its yield, today in is one tenth of it.⁵¹ Pessimists, influenced by geological considerations, expect that it will become increasingly difficult to balance the increase in demand by a sufficient rise in supply. Global oil consumption has risen steadily since 1983, and in 2004 it reached a record high of 80757 thousand barrels daily, an 18.38% rise in

⁵⁰ Grove, N. (1972) "Oil, the Dwindling Treasure" in the National Geographic, June, 1974. Washington D.C., National Geographic Society

⁵¹ Manning, R. (2004) "The daily Oil" Lettre International, issue 65, p. 46-50 available online at http://www.lettre.de/archiv/65_Manning.html

consumption over one decade. Consumption growth in 2004 was the largest in volume terms since 1976 and grew by almost 2.5 million barrels per day (3.4%), more than double the 10-year average rate.⁵² The largest increase of oil consumption was in the Asian market, with an increase of just under 16% in China's oil consumption. World oil production per capita remained constant.⁵³ Although it already peaked in 1979, after which it declined nearly 5% in a 4 year period, per capita oil consumption remained constant ever since.⁵⁴ At the current level of consumption, today's proven reserves would be sufficient for the next 40 years. However, oil quality has declined for the past decades and will continue to decline, as the majority of "sweet" high grade crude oil reserves have already been exhausted. Low grade oil, also called *Sour Crude Oil* as it contains free sulphur or other sulphur compounds in excess of 1 percent as well as carbon dioxide,⁵⁵ has an increased cost of processing as all impurities have to be removed before this lower quality crude can be refined into gasoline. In 2004, limited capacities to refine the growing volumes of heavy sour crude resulted in widening differentials in market prices between western and eastern oil, as OPEC controlled oil reserves are of higher quality than European and American crude oil, reaching a difference of \$7.95 per barrel compared to \$4.29 in 2003.⁵⁶ As a result, Saudi Arabian output reached a record 10.6 million barrels per day, and OPEC continued to gain in market shares as its output rose by 7.7% to 32.9 million barrels per day, controlling 40% of the oil market.⁵⁷ OPEC's share in the amount of global proven oil reserves, which today amounts to 1188.6 thousand million barrels, currently stands at 74.9%.

⁵² BP Amoco (2005). "Putting energy in the spotlight" Statistical Review of World Energy, available online at <http://www.bp.com/downloads.do?categoryId=9003093&contentId=7005944>

⁵³ From 1945 to 1973, oil production per capita grew steadily at a speed of 3.45 % per annum. Between 1973 and 1979, growth slowed to 0.64 % per annum. See Richard C. Duncan, 2000. "The peak of World Oil Production and the Road to Olduvai Gorge" <http://dieoff.org/page224.htm>

⁵⁴ Walsh, J.H. (2005). "World Per Capita Oil Consumption. 1965 – 2004" available online at <http://pages.ca.inter.net/~jhwalth/oilcapv.pdf>

⁵⁵ American Petroleum Institute (1996) "Introduction to Oil and Gas Production". Book One of the Vocational Training Series, Fifth Edition.

⁵⁶ BP Amoco (2005) *ibid.*

⁵⁷ BP Amoco (2005) *ibid.*

In 1989, R. Duncan presented a paper concerning what he called the *Olduvai theory*.⁵⁸ His theory tried to explain the 1979 peak in per capita oil consumption and the subsequent decline. It argued that energy production per capita will fall to its 1930 value by 2030, thus giving what he calls the Industrial Civilization a lifetime of less than or equal to 100 years. Although his theory is somewhat disputed, it is nevertheless worth mentioning. Duncan used global data published by BP Amoco to forecast a peak in oil production for 2006. He argues that Industrial Civilisation began when energy production per capita reached 30% of its peak value. If no further increase is anticipated, the peak value of energy production per capita was reached in 1979, at the energy content equivalent to 11.15 barrels of oil. In 1930, average energy production per capita was 30% of its average value in 1979, thus marking the beginning of the Industrial Civilisation. He argues that in the two decades following 1979, energy production per capita declined by an annual average of 0.33%. He forecasted an average annual 0.7% decline during the years 2000 to 2011. Duncan continues to predict that in 2008 OPEC oil production will reach a 50% share in the global market, and its share will continue to grow in the future. This he calls the OPEC crossover event. From then onwards, he forecasts a sharp decline in world energy production, on average 5.44% per year, and that by 2030 average energy production per capita will reach 1930 levels, thus marking the end of the Industrial Civilisation.⁵⁹ Duncan sees the usage of electricity as the quintessence of the Industrial Civilisation, arguing that electricity supplied 42% of the world's energy end-use, compared to 39% of oil. As the production of electricity requires the energy equivalent of three times its end value, Duncan believes that frequent power cuts will appear immediately after falling energy production.

There are several discrepancies in Duncan's theory which do not match up with today's data. Walsh for example states that in 2004 per capita consumption reached a new peak, 1% higher than the initial 1979 peak.⁶⁰ The 2005 BP Statistical Review of World Energy also places the OPEC at a market share of 40%, making a 2008 crossover event very unlikely. Duncan did not pay much attention to alternative

⁵⁸ Duncan, R. (2000) *ibid*.

⁵⁹ Duncan, R. (2000) *ibid*.

⁶⁰ Walsh, J. (2005) *ibid*.

energy production, including nuclear power, or to advances in energy efficient technology. His thesis can be seen as a worst-case scenario which, if no future efforts and advances are made, is plausible.

Over the past 22 years, annual oil consumption could have been projected with reasonable accuracy by multiplying the world population by the factor 4.49, but with a projected average annual population growth rate of 0.825% until the year 2050⁶¹ it is doubtful that this constancy will last. The peak in global oil production is estimated to occur somewhere between today and 2038, but it will occur sometime during the next decades.⁶² What actually happens once that peak is reached remains subject to speculation. On environmental grounds, a decline in oil production could help to solve the carbon dioxide problem, as less oil would be consumed; however, oil is likely to be replaced by natural gas and coal. Coal is a more carbon-intensive source of energy and natural gas is the reverse, and combined they roughly equal the carbon-intensity of oil. A decline in oil production furthermore means a rise in fossil fuel prices, as the demand will be higher than the supply from conventional sources, even though demand should be constrained by higher prices. Walsh argues that “a higher and more predictable price for oil should assist in the control of emission by making more environmentally acceptable substitutions both less costly and risky to implement”.⁶³

The transport sector, still relying on “mobile” (e.g. liquid) fuels, should still be able to get sufficient supply, although this might come from non-conventional methods of fuel excavation and could result in a further increase in price. Fuel-efficient vehicles will be high in demand to offset the extra cost. This is long overdue, as despite immense technological progress during the past decades, motor vehicle fuel efficiency rates only rose from 14 miles per gallon (mpg) in 1966 to 23 mgs in 2003, an increase of only 65%. (Figure 2.5) This increase did in the past not offset the

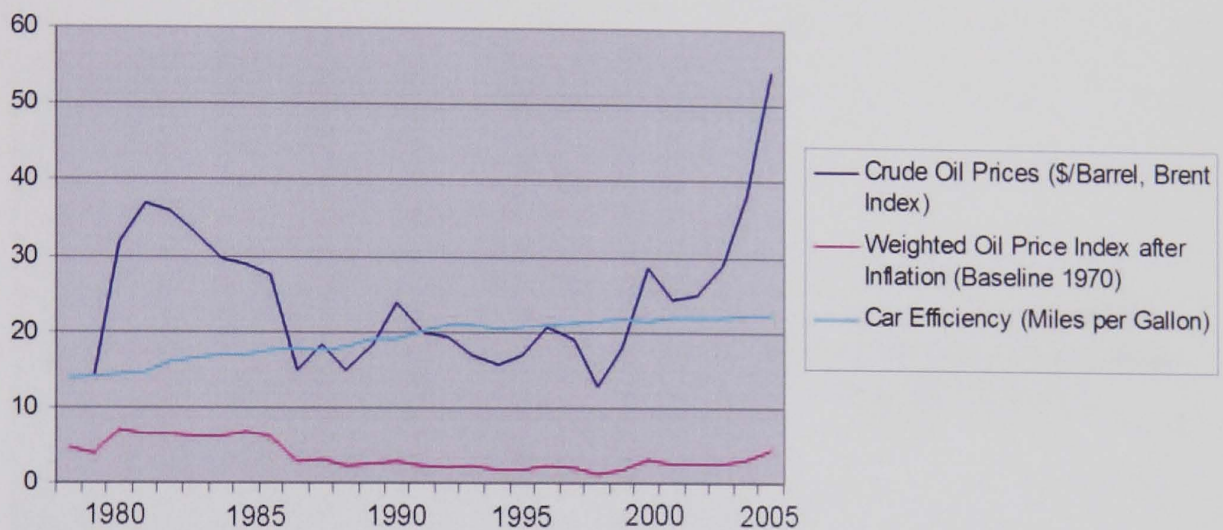
⁶¹ U.S. Census Bureau, International Data Base. Statistic based on year 2000 Census Data. Growth rates are calculated using the formula: $r(t) = \ln [P(t+1) / P(t)]$. Mean growth rates calculated by the author. Data available at <http://www.census.gov/ipc/www/worldpop.html>

⁶² Walsh, J. (2002) “*The World Energy Situation after the Peak in Conventional Oil Production has passed*” in Canadian Association for the Club of Rome, “*Proceedings: Analysis of the Human Predicament*” Series 3/Number 3, March 2002.

⁶³ Walsh, J. (2002) *ibid.*

increase in petrol prices, which three-folded since the 1970's, however, taking currency inflation into account (but not taking into account fuel duty, VAT and oil processing costs), in real terms the price of driving a car gradually decreased by 85% from its peak in 1979 until 1998, after which it increased to half of its 1979 value by 2005. (Figure 2.6) Despite record oil prices, we are still far away from the problems which occurred during the 1980 oil crisis.

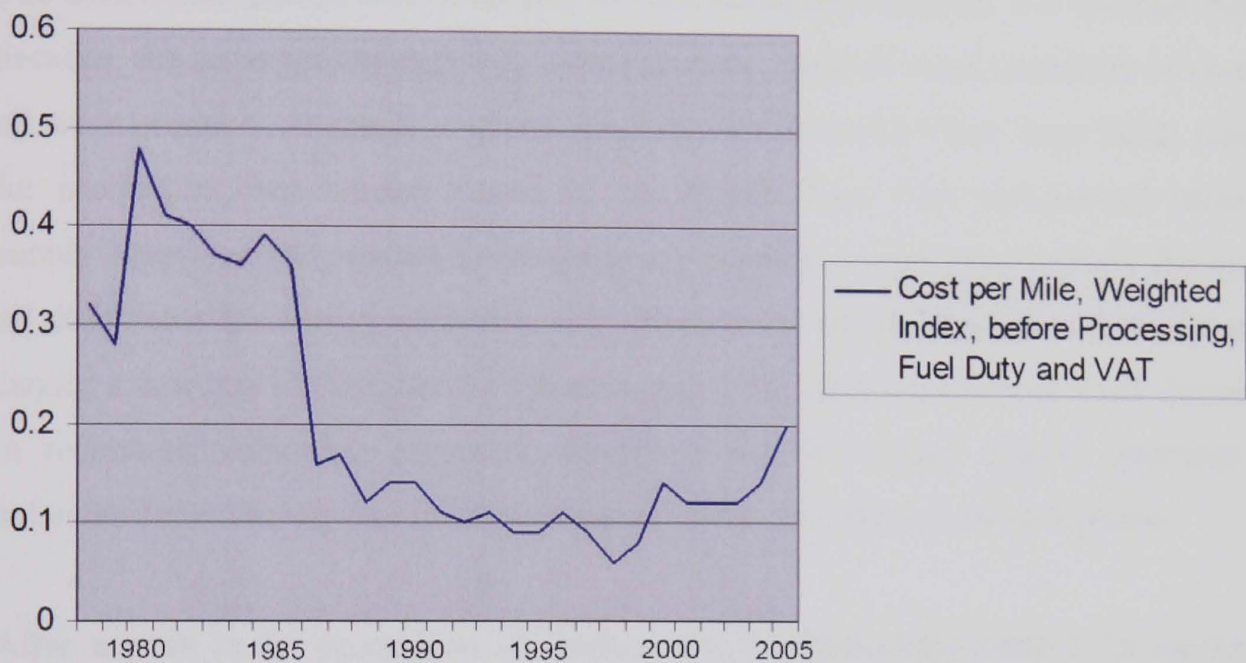
Figure 2.5: Crude Oil Prices, Weighted Oil Price after Inflation and Car Fuel Efficiency



In the past, a sharp rise in oil prices seemed to have spurred development in car fuel efficiency. Fuel efficiency rates for passenger cars and vans, pickup trucks, and sport utility vehicles rose noticeably from the late 1970s through the early 1990s and again from 2000 through 2003, a development which seemed to coincide with high oil prices during Middle East wartime. Truck fuel rates, which are much lower than other vehicle rates, remained generally flat throughout the period at five miles per gallon. This might be because an increase in transportation cost could be offset against the purchase price of the transported product. The current sharp rise in fuel cost should however lead to a new development in vehicle fuel efficiency, as current developments are, unlike Middle East wartime, permanent and irreversible. As an increase in fuel efficiency brings with it an automatic reduction in carbon dioxide emissions, this should see a positive movement towards the necessary overall net-reduction in atmospheric greenhouse gasses. A trend towards Hybrid-Gasoline and

Diesel-Powered Electric Vehicles is also very likely, with several vehicles already on the market. Fuel-cell equipped vehicles are expected to go into large-scale production by 2010. This trend has already been confirmed by a plummet in sales figures for sport utility vehicles (SUV) in the United States. High gasoline prices seemed to have prompted customers opting for more fuel-efficient vehicles instead of the typical American vehicle which consumes twice the amount of fuel than a standard passenger vehicle.⁶⁴

Figure 2.6: UK Index of Average Cost per Car Driven Mile



A general shift from conventional energy resources towards alternative non-conventional methods and means in all energy sectors is inevitable. Although it is not very likely that Duncan's prophesied near apocalyptic future vision will occur, a mismanagement of this transition could result in an economic slowdown or a recession. Which, if any, energy source will be dominant in the future, is impossible to predict. The rapid development of technological systems and many uncertain issues involved in the accelerated production of non-conventional energy resources renders an accurate prediction impossible. As carbon dioxide emissions should be limited, it would be unwise to encourage the production of carbon-bearing non-

⁶⁴ BBC News 24 (2006) "Fuel fears puncture US car sales" 02/06/06. Available online at <http://news.bbc.co.uk/go/pr/fr/-/1/hi/business/5040562.stm>

conventional sources of energy to substitute for conventional oil. A move towards nuclear power is likely, but will be met with substantial public protest. Alternative means of energy production, such as solar-, hydro- and wind-powered generators, are likely to increase in efficiency and decrease in initial investment cost, and should therefore increase in numbers. These means are however unlikely to provide a significant proportion (over 30%) of future energy demand. Current trends in nanotechnology research could see the emergence of previously undiscovered means of energy creation, but this remains subject to mere speculation.

The transitional period will be subject to continuing uncertainties. For the past three decades, the oil supply system was out of balance, because large quantities of costly oil were produced although cheaper supplies were available from large fields ready for production, but located mainly in the Middle East. This imbalanced inverse supply behaviour has resulted in irregular and impulsive wide price swings. Because oil dominates the energy economy, this affected the energy system as a whole and caused a non-equilibrium state in the economy. Only during periods of weak demand in recessions and other economic downturns did the energy system approach a balanced state. During future times of uncertainties, this behaviour will persist.

After a peak in oil production is reached, (and acknowledged that it is reached) energy prices will be generally higher. As there is no longer any reason for the present unstable inverse supply pricing practise to persist, the energy system will behave more rationally and will be easier to predict. This should have an overall positive effect on the economy, as long as alternative means of energy production can be found.

2.1.3. National Debates:

Greenhouse-gas emissions and fossil fuel

The threat of diminishing oil resources and the resulting rise in all fossil fuel markets has already left its mark in the energy supply sector. In the UK, soaring prices of natural gas, which is used by a high proportion of British households for heating and cooking appliances, resulted in a shift towards coal-fired electrical power stations. The rise in natural gas prices came after it emerged that the UK felt severe pressures on its own natural gas supplies in the North Sea and needed to import gas from Norway.⁶⁵ The usage of coal in fuel powered electricity generators grew from 39.6 million tonnes in 1999 to 50.9 million tonnes in 2003, an increase of near 30%. At the same time, the usage of natural gas remained largely the same, at 282 GWh in 1999 compared to 284.7 GWh in 2003.⁶⁶

In Europe, this trend is similar. Alstom, Siemens and General Electric, the three biggest power equipment makers, were all experiencing a shift towards coal-fuelled power station equipment. Of the 120GW of new power orders in 2005, 20-30 per cent were for gas-powered plants while 30-40 per cent were for coal-fuelled generators. Coal's re-emergence as a primary fuel for power generation is a reversal of recent trends: gas as a fuel for electrical power equipment was most popular between 1997 and 2001, when gas was the preferred fuel for 60-70 per cent of new power stations and coal for 20-30 per cent. It is now expected that about 40 per cent of the orders for electricity turbines in the next decade will be for coal-powered units, with the share of gas-fired plants falling to between 25 per cent and 30 per cent.⁶⁷ This trend is also evident in the US, where companies have submitted plans to build 120 plants that burn coal.⁶⁸ Coal-fired power stations in the UK have the highest capacity compared to others, including nuclear power stations.

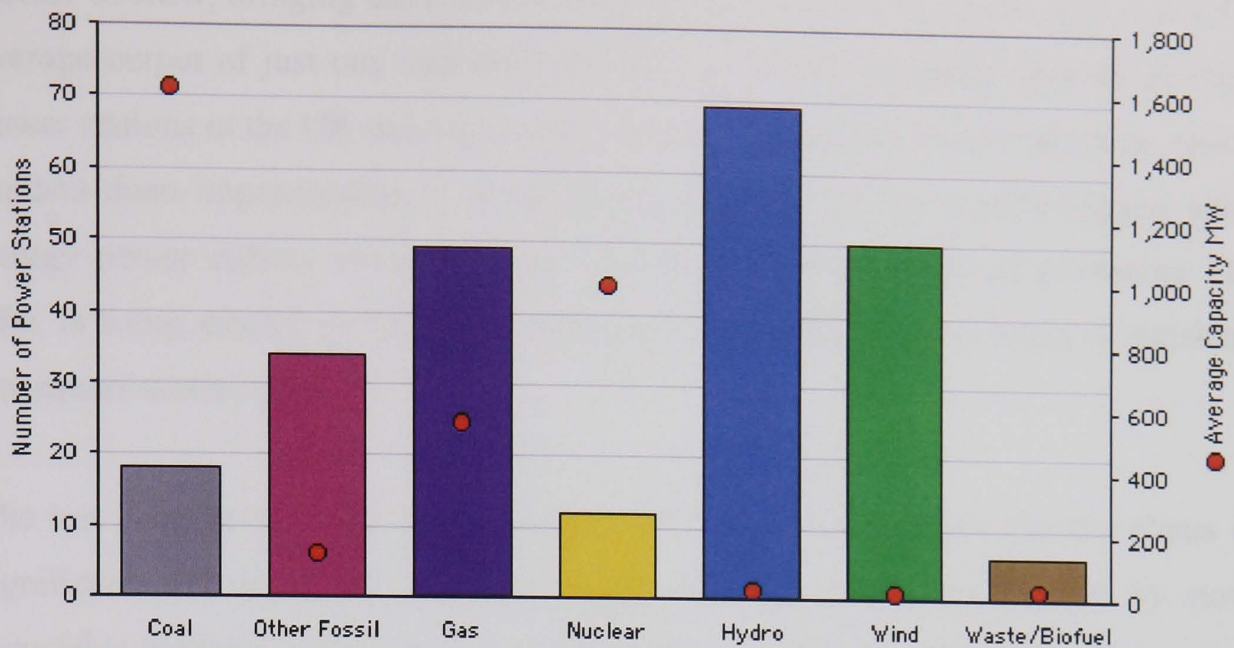
⁶⁵ Newsbusiness (2005) "*Gas prices to rise still further*" Post Date: 13/12/2005, available online at http://www.newbusiness.co.uk/article/13/12/2005/gas_prices_up_3350.html

⁶⁶ Digest of UK Energy Statistics (2005). "*Fuel used in Generation*" Chapter 5. URN No: 05/87a19

⁶⁷ Marsh, P. (2006) "*Power companies predict return of coal*" in Financial Times, FT.com. Post Date: 16/01/2006. Available online at <http://news.ft.com/cms/s/0b0dc0da-8635-11da-bee0-0000779e2340.html>

⁶⁸ Gardner, T. (2006) "*Fear of CO2 regime helps spur US coal rush*" in Reuters, 31 May 2006. <http://today.reuters.co.uk/News/CrisesArticle.aspx?storyId=N30416591>

Figure 2.7: UK Power Stations: Total Count / Average Capacity



Environmentalists already fear that this trend will mean that Britain will not meet its own carbon dioxide targets. Coal is rich in carbon and contains many impurities, and produces about double the amount of carbon dioxide for every kilowatt-hour of electricity produced compared with gas. However, like other fossil fuels, the global coal reserves are expected to diminish and ultimately vanish in the near future, although it is expected to last longer than crude oil. A trend towards natural gas can therefore only be a temporary solution, until alternative renewable means have been found.

Figure 2.7 shows the current poor performance of renewable energies in the UK. Although the most numerous, hydroelectric stations have an average capacity of just 20Mw, compared to coal powered stations with an average of 1600Mw. In a densely populated country like the UK, there is little opportunity to build large hydro plants like the UK's biggest in Sloy with a 153 Mw output. The majority of hydro plants within the UK are very small.

Energy harvested through wind farming is even less. The largest wind plants in the UK are two offshore farms off the coasts of Norfolk and north Wales, each generating only 60Mw. Two more of similar capacities are in construction. Onshore wind plants can currently produce 764Mw but are largely scattered around the

country in small installations. More are in construction, which will account for a further 600Mw, bringing the combined wind energy total to 1910Mw, just above the average output of just one coal-fired power plant.⁶⁹ The complete absence of solar power stations in the UK can easily be explained by the lack of solar radiation, which renders them impracticable. It comes as no surprise that the world's biggest solar energy power station, covering about 250 hectares and capable of producing 116 Mw, is being erected in Portugal, which provides 1,890 kilowatt hours of sunshine per square metre a year.

The low number in count and output of biomass/waste-powered electric plants is significant and could be expanded upon: Biomass plants are fuelled by non-recyclable biomass, waste wood, tree branches, yard clippings, left-over crops, wood chips, bark and sawdust from lumber mills, and can even include used tires and livestock manure. A thorough division of household and industrial waste into recyclable and non-recyclable biomass would be needed and could further lead to a reduction in the need for landfill sites.

Although power stations using alternative energy such as wind-, solar- and hydro-power are environmentally friendly, not all environmentalists agree with their installations. Because of the huge amount of space required, the installation of wind-farms, which are predominantly installed in rural areas or off-shore, was always met with protest from local residents, hill-walker associations and other groups attached to the beauty of the landscapes. The obliteration of attractive vistas aside, environmentalists argue that wind-farms are destructive to local wildlife, and the same counts for hydro-powered or even wave-powered plants. This effect however could be minimised through careful planning and ecological assessments which should be carried out to survey the flora and fauna of prospective wind farm, wave-power or hydro-power plant sites.

An approaching of a possible energy crisis has been acknowledged by most European governments. In the UK, new plans are seriously looking into an expansion

⁶⁹ Sustainable Development Commission (2005) "*Wind Power in the UK*" available online at <http://www.sd-commission.org.uk/>

of nuclear energy production, as no alternatives are likely to be found in the near future.⁷⁰ In its energy review in July 2006, the government states that a reversal of the *phasing out* policy on nuclear power seems practicable as modern technology paved the way for safe and efficient power stations, producing significantly less waste than early generations of nuclear reactors by volume. The report does not present solutions for the nuclear waste problem, but states that “work is underway to tackle the legacy of nuclear waste”.⁷¹ This rather unimaginative u-turn in energy and environmental policy is a sign of desperation of a government faced with a problem it finds impossible to solve: A radical change in environmental policy forcing both industry and individuals to reduce energy consumption and carbon dioxide output is perceived as dangerous to the economy, and would be met with a storm of resistance by the many lobbyists surrounding the government. A gradual reduction in energy consumption through gentle and easily digestible new policy combined with a promise of non-subsidised, safe and future-proof energy and a certain sweet-talk of the nuclear waste problem seems to be the preferred option.

The promise of a non-subsidised solution to the energy problem has raised eyebrows with most of the industry experts. In the 1950’s, the construction of nuclear power plants came with the promise of energy “so cheap there would be no bills”.⁷² In the end, construction was always delayed and heavily over budget, and the plants delivered far less energy than promised. Still today, experts believe that nuclear power is not feasible without heavy subsidy.

Nevertheless, small steps have been taken to gradually reduce carbon emissions, fossil fuel depletion, and a possible dependency on middle-east energy supplies. In the transport sector, measures have recently been implemented to encourage a move towards more environmentally-friendly transport, and include a cut in vehicle road-tax up to 100% for the least carbon-producing vehicles and a congestion charge in city centres. Encouraging people to walk or cycle manageable distances in their

⁷⁰ Department of Trade & Industry (2006) “*The Energy Challenge*” TSO, Norwich.
Available to download at <http://www.dti.gov.uk/energy/review/>

⁷¹ Department of Trade & Industry (2006) *ibid*, p.118

⁷² Toynbee, P. (2006) “*For the right, nuclear power is the answer*” in *The Guardian*. July 20, 2006. London. Page 9

everyday life has been subject of many government-sponsored advertising campaigns, as it will not only reduce fuel consumption and carbon emissions, but also benefits the individual financially (saving money on fuel, parking and transport costs), mentally (helps reduce stress), and in their overall health (keeps the person fit). Campaigns like this see some success, as they are primarily perceived to benefit the individual.

General energy consumption, such as heat, light and electricity for other appliances, is also an area which is slowly being addressed. Saving energy is the starting point for reducing carbon emissions, and companies, individuals and governments have to take responsibility. In its 2006 energy review, the UK government committed itself to make the government estate of buildings carbon neutral by 2012,⁷³ in a bid to lead by good example. This commitment is however questionable as the review already declared that any shortfall to government targets would be “offset by a payment into a central fund and ploughed back into sustainable energy projects.” It remains to be seen if this financial punishment system can work for an elected government working towards targets which are to be achieved in a period that will see at least two national elections. A detailed plan with annual targets and no offset option seems the more logical plan, as the performance of the government could be measured immediately.

Using financial punishment or rewards are in today’s EU and National policy important instruments to encourage business to cut emissions and to save energy. The EU Emissions Trading Scheme (ETS), which came into effect in 2005, and the UK wide Climate Change Levy (CCL), which was already introduced in 2001, are the main instruments to deliver this objective. The EU ETS is one of the policies being introduced across Europe to tackle emissions of carbon dioxide and other greenhouse gases. Each EU Member State was required to produce a National Allocation Plan (NAP), setting out the total quantity of greenhouse gas emission allowances it intended to allocate in a certain period. These allowances had to be in terms with the Kyoto agreement and had to be reduced over the period of the

⁷³ Department of Trade & Industry (2006) “*The Energy Challenge*” TSO, Norwich. P. 13

agreement. Each year, governments were required to allocate allowances to permitted⁷⁴ individual business installations. Allocated allowances are reduced annually. A business could use up, save or sell these allowances, or would be forced to purchase unused ones from other EU businesses if emissions reached above allowance levels. Although this system allows individual companies to exceed individual emission targets, the environmental outcome is not affected because the amount of allowances allocated is fixed. The trade price for additional allocations is market-based, pushing the price up if demand is high and the amount of available allocations low.

Although the CCL is an additional tax on businesses which is added to their energy bills, it operates in a similar way. The revenue raised by this tax is redistributed back to businesses by reducing the level of National Insurance contributions, so that the measure is described as 'revenue neutral'. However, it is not neutral in each case, since a business with many employees and a small energy requirement will obviously benefit, whilst a company with a high energy requirement and few employees will feel the financial effect of the increased taxation.

In July 2006, Environment Secretary David Miliband suggested that schemes like the ETS and CCL could be extended to individuals. Although this future vision currently seems a little far fetched and could not be implemented in the near future, it could have potential in the less than a decade. Financial punishment for those wasting energy and rewards for those living in a sustainable manner could indeed become an effective and equitable tool to make individuals aware of their own role in climate change. Until a system like this becomes viable, governments are trying to provide individuals with more information and clearer incentives to make better use of energy. Getting people to invest in home-improvements such as wall and loft insulation, double glazing and the avoidance of cold-bridging, all elements which are now standard requirements in new-build homes, are an important factor in the message the government tries to bring across. Although these improvements, as well as simple changes such as the use of energy-efficient light bulbs, appliances and

⁷⁴ An installation has to hold a greenhouse gas emissions trading permit in order to qualify for the scheme.

heaters, are cost effective in the long-run, people are still apprehensive about the initial investment cost. The initial cost of an energy-efficient long-life light bulb typically lies around £5, compared with a normal light bulb at a cost of merely 50 pence. The government has therefore decided to take steps to “phase out the least efficient light bulbs, remove the most inefficient white goods from the market and limit the amount of stand-by energy wasted on televisions, stereos and other consumer electronics”.⁷⁵

Energy consumption and carbon emission are however not the only problems the UK is facing if it wants to achieve environmental sustainability. The government also needs to look at how we produce and consume agricultural products such as food and timber. According to the Department for Environment, Food and Rural Affairs (Defra), cars, lorries and planes emitted a record 19 million tons of carbon dioxide a year transporting food designated for consumption in Britain, although only 10 million tonnes of which were emitted within the UK. This represents 1.8 per cent of the total annual UK CO₂ emissions. According to Defra research, consumers travel an average of 136 miles a year by car to shop for food and the quantity of food transported by heavy goods vehicles has doubled since 1974. Food transport now accounts for 25% of all heavy goods vehicle kilometres in the UK.⁷⁶

This shows that importing agricultural produce has a far greater impact on the environment than expected, especially compared to locally grown organic produce. Over the past century, Britain has grown into a certain dependency on imported agricultural products, and changing this trend will prove difficult.

⁷⁵ Department of Trade & Industry (2006) “*The Energy Challenge*” TSO, Norwich. P. 13

⁷⁶ Department for Environment, Food and Rural Affairs (2006) “*Report sheds new light on Food Miles*” Available online at: <http://www.defra.gov.uk/news/2005/050715a.htm>

2.1.4. UK's ecological footprint

In 2001, the United Kingdom's national footprint was 5.4 global hectares per person (ghpp), compared to the World's average of 2.2 ghpp and the earth's bio capacity of just 1.9 ghpp. These figures were based on a global population of 6148.1 million, and a UK's population of 59.1 million. Since 1961, our global population has more than doubled from 3080 million, and the majority of the increase in the world's total ecological footprint has derived from this movement. Britain has only seen a slight increase in population, up from 52.37 million in 1960, an increase of just 12.8%, equalling an average annual increase of just over 0.31%.⁷⁷ Based on 2001 data, Great Britain required 319.12 million hectares of biologically productive land and water-bodies⁷⁸ for its population. Great Britain's potentially productive land area is only 24.29 million hectares,⁷⁹ minus build-up areas (about 2 million hectares⁸⁰) and high altitude land areas.⁸¹ In 1997, the Great Britain's biologically productive land was merely 10 million hectares, leaving a large national ecological deficit.⁸² Britain therefore heavily relies on foreign resources to satisfy its population's current patterns of consumption.

Even if all of Great Britain's land would be biologically productive, Great Britain would be required to substantially reduce its ecological footprint in order to achieve sustainability, not taking into account any future increase or decrease of its population. According to the U.S. Census Bureau, demographic indicators confirm a relative stagnation of the British population from 2040 onwards, by which time it will have risen to 64.46 million. By then, the U.K. would require 348 million hectares of biologically productive land and water-bodies if each member of its population continued to have on average the same impact on the environment as

⁷⁷ DfE. (2006) "UK Greenhouse Gas Inventory 1990 to 2004: Annual Report for submission under the Framework Convention on Climate Change" p.11

⁷⁸ Der Fischer Weltalmanach (2003) CD-ROM Data. Fischer Taschenbuch Verlag. Frankfurt.

⁷⁹ Der Fischer Weltalmanach (2003) *ibid.*

⁸⁰ WWF (2004) "The Living Planet Report 2004" Ropress, Switzerland

⁸¹ Note: Not all of Britain's land is biologically productive, but has the potential to be productive in the future. Britain's agricultural land has declined from 7,175 thousand hectares (tHa) in 1961 to 5,917 tHa in 1999. Grazing land has decreased from 12,505 tHa in 1961 to 11,251 tHa in 1999. Most of the gained land is now unproductive grass land. This trend could potentially be reversed. Forest land has increased from 1,725 tHa in 1961 to 2,390 in 1995.

⁸² Redefining Progress (2002) "Ecological Footprint: Moving sustainability from concept to measurable goal" available at http://www.earthday.net/footprint/pdf/ef_english_color.pdf

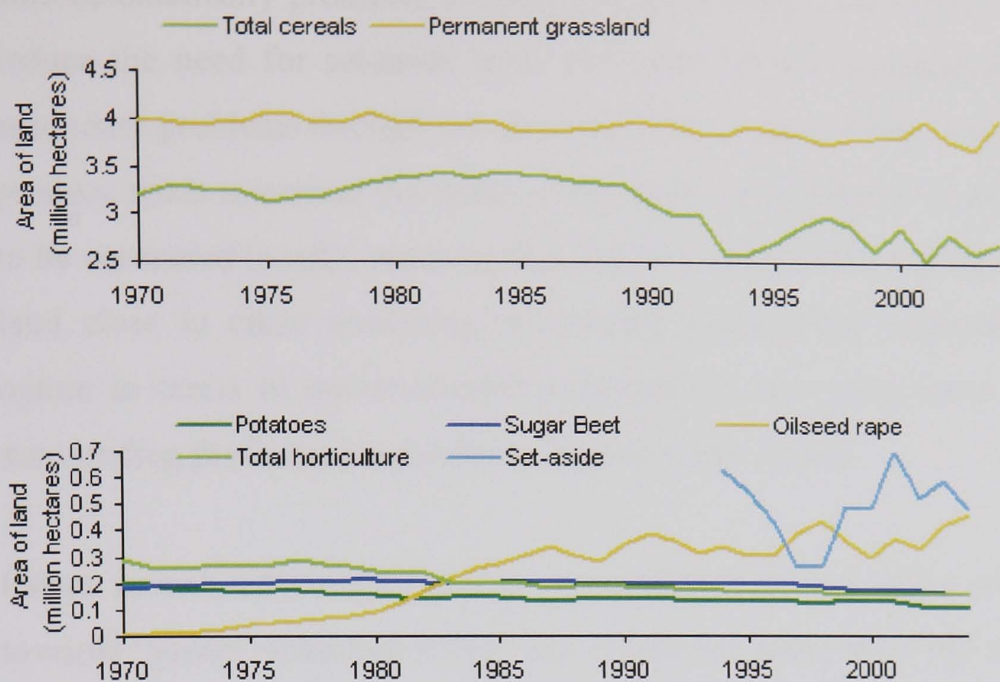
today. To achieve relative sustainability in 2040, Britain would be required to reduce its national footprint to 3.7 ghpp, a reduction of about a third of today's rate. If no change in land use is considered, Great Britain would be required to reduce its ecological footprint to 1.55 ghpp by 2040 in order to be able to live of its own land.⁸³

Farm subsidisation, such as the ones implemented under the EEA adopted Common Agricultural Policy (CAP) originally introduced in 1962, have today led to a certain under-use of potentially productive land. The introduction of a CAP was driven by a strategic need for food security in Europe, which led to a deliberate increase in domestic food production and reduced dependence on imports. In some areas the intensification of agricultural production led to environmental damage. As a result a number of reforms have been introduced to CAP, including artificial constraints on production such as milk quotas and compulsory set-aside, price cuts and payments for environmentally beneficial forms of farming. Although measures now being introduced under the CAP are implemented to protect biologically diverse habitats which support local wildlife, the current system is only a small step on the UK's way into sustainability. Great Britain still imports twice as much live stock and food produce as it exports.⁸⁴ Although this might partially be due to the UK's desire for "exotic" foods, it proves that the UK is currently not producing enough food for its population.

⁸³ These figures have to be seen with some caution. The world's biological productive capacity is based on its average productivity. Certain elements, for example fishing grounds, agricultural land or forest land for timber production and carbon dioxide absorption, vary in their productivity from country to country. Although Britain's agricultural land is probably more productive than the world's average, forest land and fishing grounds are probably less productive. As no definite figures on land productivity are readily available, the author has decided to continue using average figures for the United Kingdom.

⁸⁴ Der Fischer Weltalmanach (2003) *ibid*.

Figure 2.8: Agricultural Land Use in England and Wales



The availability of cheaper imported produce is the main reason for this trend. Certain fruit types aside, which will not grow under British conditions (e.g. citrus and pineapple), food could and should be grown and consumed locally. Despite this, the UK saw a 4 percent drop in live stock and the production of cereals during 2005.⁸⁵

Although productivity of agricultural land has increased by 2% between 2004/2005, the area of agricultural land used declined 7% in the same period. Freed-up land was either used to grow crops for a limited number of non-food or animal feed uses or left alone for environmental purposes, as this land qualifies for subsidies under the CAP. Set-aside land is land taken out of production to reduce the risk of food surpluses, while increasing the opportunity for environmental benefits, as wildlife can regenerate on unused agricultural land. It was introduced in order to break the link between farm subsidies and production, and to get farmers away from over-production and into the production of safe high quality food. The increase in agricultural land productivity however shows that farmers still favour the more productive and hence more profitable intense farming methods to the more

⁸⁵ Department for Environment, Food and Rural Affairs (2006) "2005 harvest: Final estimates of cereal production UK" available at <http://statistics.defra.gov.uk/esg/statnot/cpssur.pdf>

environmentally friendly but less productive organic methods. Organically farmed land automatically promotes a wildlife friendly biologically diverse area, and would reduce the need for set-aside land. Intensely farmed agricultural land also causes secondary problems through the environmental impact of food transportation, as food produce tends to exceed the needs of the local areas. Organic produce however tends to be consumed locally, reducing the carbon impact on the environment. Agricultural land close to cities producing organically grown food is therefore the preferred option in terms of environmental sustainability, but cities have lost most of their surrounding productive agricultural land to urban sprawl.

Urban sprawl, which is a result of low-density land use and a consumer preference towards “green” suburban living, has intensified since the 1960’s and has only now slowed down, due to a new “back to the city” trend after the regeneration of city centres.⁸⁶ It has however already left its mark on the countryside, and this mark is unlikely to be reversed in the near future.

2.1.5. Environmental Stability: Summary

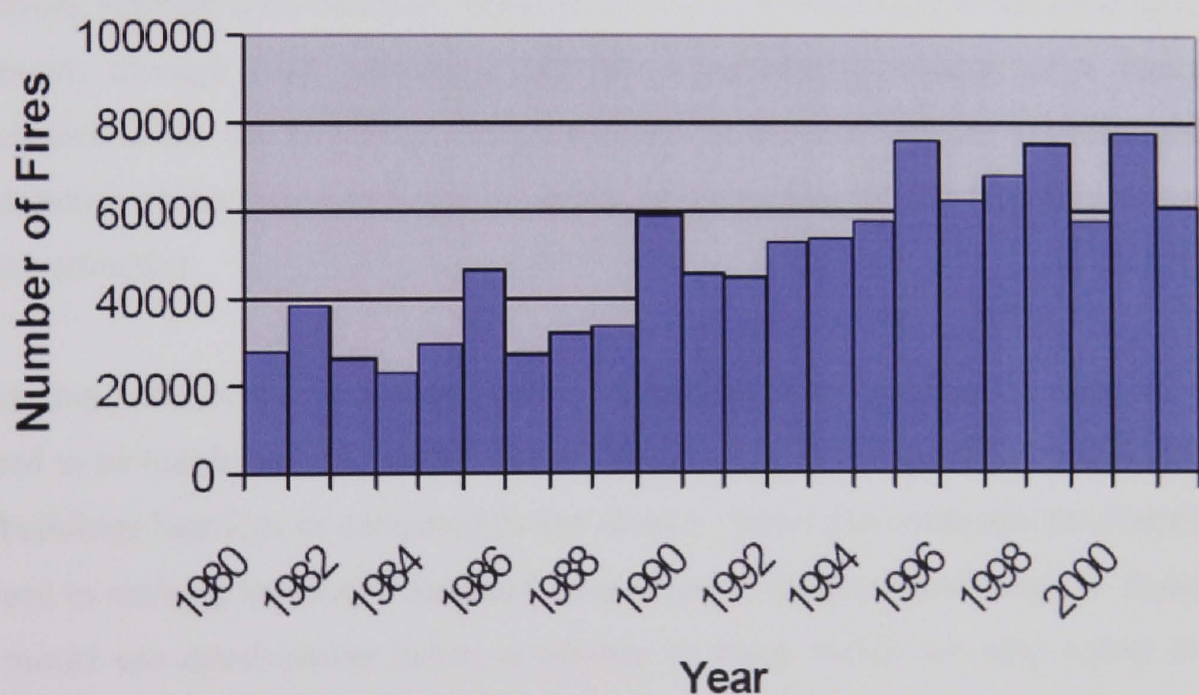
In the past, environmental policy has only been successful if the public was convinced that problems occurred as an immediate result of their actions. Urgent problems, such as the enlargement of the ozone hole, have been met with some instant reactions, in this case a ban of ozone depleting gasses. Public support was fuelled by the immediate danger of an increased risk of skin cancer caused by the UV light passing through the ozone-depleted atmosphere. However, alternatives were at the time available and a ban of ozone-depleting gasses was possible without major economic disruption.

The risk associated with a build-up of greenhouse gasses is well known but was until now only thought to have an immediate negative impact on countries south of the European latitudes. Increased levels of forest-fires in the southern regions of Europe during the past five years (Figure 2. 9) combined with increased storms and flooding

⁸⁶ Christie, L. (2006) “Return to Cities” CNN news, June 15, 2006. Available online at CNNMoney.com

and increasing temperatures in summer months throughout Europe, have made people aware of their own role in climate change.⁸⁷ However, although most people recognise their own responsibility, many look up to the governments to take some action. The impact of climate change attributable to human activities has as of yet not reached levels in European countries which would endanger people's comfort zones. However, climate change has already influenced wildlife behaviour, evident by the migration of wildlife to cooler northern and southern areas. The government's current policy of providing information is therefore simply not enough. Although certain changes in consumer behaviour would have a beneficial effect both on the environment and the consumers wallet, the majority of consumers have over the past decades displayed an increasingly indolent behaviour pattern, a trend which will prove difficult to reverse. A change in consumer behaviour can only be triggered if the financial incentives would have a far greater impact as it has today.

Figure 2.9 Number of Fires in the EU Mediterranean region



Another trigger could be the direct link of consumers' behaviour to their own health. Modern medicine has already linked the development of asthma and other respiratory illnesses in children to exposure to nitrogen dioxide, a pollutant caused by vehicle

⁸⁷ European Communities (2002) „Forest Fires in Europe“ Institute for Environment and Sustainability, Italy.

emission. Asthma was already proven to be the main cause for child absenteeism in school, linking increased levels of car usage to lower levels of education. In the USA, Asthma accounts for 14 million lost school days annually. It is the leading cause of school absenteeism attributed to chronic conditions.⁸⁸ Despite this, and despite the increase in fuel and parking cost, there has been an increase in the average amount miles travelled by car. It is therefore imperative for the government to implement restrictive measures. Although restrictive measures are commonly seen as non-democratic and incompatible with our society, the current environmental situation seems to demand drastic measures. Financial measures such as an increase in fuel, gas and energy prices as well as the implementation of congestion charges, toll roads and parking fees could make energy use the domain of the rich, and are therefore opposed for social reasons.

Immediate measures to reduce the consumption of fossil fuels and cut greenhouse gas emission should therefore include an expansion of the current public transport network together with financial incentives to use it. A restriction of the existing road network through road narrowing and the simultaneous creation of a network exclusive to the use of public transport would increase private car travelling times and reduce public transport travelling times, hence making the use of public transport more attractive.

Housing policies are already in place to reduce the environmental impact, but will need to be toughened up. A high density housing policy is required as it will reduce a buildings heat loss as compared to low density. Some new measures are already in place to increase building's Standard Assessment Procedure (SAP) ratings. Equally, a mixed use development policy is already in place, which not only makes more efficient energy use through its 24hrs use, but is also seen to increase safety for the same reason. Policies of in-fill projects which could potentially reduce urban sprawl, and hence reduce travelling distance whilst freeing up land, are also in place. These policies are however non-binding and up to the local authorities to implement, and

⁸⁸ Cambridge Consultants Limited (2003) "*Taking the tears out of asthma*" available online at http://www.cambridgeconsultants.com/news_pr96.shtml

are seen more as guidance notes. The implementation of binding legislation would be more effective.

Other measures should include the promotion of locally grown agricultural produce, as it reduces imports of products and the associated fuel consumption, as well as measures to make recycling compulsory. The City of London has already made the disposal of recyclable packaging into non-designated waste bins illegal, and this could be extended throughout the country.

The issues of urban development are crucial for a global sustainable development. The future of humanity will be shaped largely by urban conditions. The quality of life for generations to come will depend on whether or not governments find ways of coping with the impact of a possible energy crisis and if it can find a way of combating greenhouse gas emissions and general pollution. Urban planning is today more than ever a crucial tool to implement measures to ensure a sustainable development in urban areas, but needs to be given more authority. There is a pressing need to address issues arising from a change in today's climate, an over-consumption of fossil fuels and the strain we put onto the biodiversity of our planet. The issue is however not just urban planning or the spatial design of our cities. It is just as much urban life-styles, production and consumption patterns, mobility and transportation systems. As long as we live in a system which puts individual choice amongst its highest priorities, we have to ensure that that choice cannot compromise our ability to achieve sustainability. We need to ensure that each individual can take full account of their impacts on the ecosystems - and make them aware that these impacts go far beyond the local level.

2.2 Social Justice and Welfare

Social Justice is a concept aimed at the delivery of a just society, which gives individuals and groups fair treatment and a just share of the benefits of society. As such, the concept remains fairly vague, as it is left to individual interpretation to determine which level of fairness or justice is exercised. Currently, the term Social Justice is used by many different people and groups and represents many different ideas, including different definitions of associated problems and different ways of reaching a solution. The following chapter offers a debate of differing viewpoints and suggestions for a universal definition.

2.2.1 Historical Background and Contemporary Debates

The concept of social justice can be traced back as far as the fourth century BC when the Greek philosopher Plato rebuked the young Chalcedonian Sophist, Thrasymachus, for asserting that justice would be whatever the strongest would decide it would be.⁸⁹ For Plato, the concept of justice was one of the cardinal virtues on which a state rests, and is derived from the remaining three cardinal virtues of wisdom, courage and moderation. Virtues, which derive from the Greek word *arete* meaning “excellence of any kind”, are universal and therefore form a constant. If the state would truly master these three virtues, it would be able to define justice and apply it to society, not distinguishing between poor and rich, male and female, old and young. In the philosophical sense, social justice differs from the concept of justice as applied in the law, as state-administered systems that label certain behaviours as unacceptable and enforce a formal mechanism of control can produce results that do not match the definition of social justice. If social justice is seen as a universal concept, it also has to be clearly distinguishable from more informal concepts of justice embedded in the systems of public policy and morality, as they differ from culture to culture and therefore lack universality. In a classical sense, social justice could therefore be described as a way to define basic human rights.

⁸⁹ Thrasymachus is well known for his remark "Justice is the advantage of the stronger." See Waterfield, R. 1993. "Plato. The Republic". Oxford University Press. Chapter I.

The contemporary political philosopher John Rawls (1921-2002) confirmed Plato's definition of social justice as an apolitical philosophical concept. According to Rawls, all people must honour human rights, both internally and in their own domestic order, and externally in their relation with other people or human populations. Rawls identifies eight principles which, taken together, constitute the *Law of Peoples*.⁹⁰ These are universal and apolitical, and affirm basic human rights to subsistence, physical security, personal property, formal equality under the law, freedom from slavery or forced occupation, and sufficient liberty to sustain a meaningful freedom of religious practice and thought. Unlike the thirty articles strong Universal Declaration of Human Rights⁹¹ (UDHR) adopted and proclaimed by the General Assembly of the United Nations in 1948, Rawls's approach seems rather minimal.

Rawls however continues to define his principle. The right to subsistence and personal property, the only economic rights Rawls lists among his basic human rights, are enforced by the definition that "all people have a duty of assistance to ensure that the basic needs of all persons are met and that these basic needs must be understood in terms of the economic and institutional resources necessary for persons to take meaningful advantage of the rights, liberties, and opportunities of their society",⁹² Rawls interprets the right to subsistence as a right to a "minimum economic security" including "general all-purpose economic means" sufficient to make "sensible and rational use" of the liberties afforded within one's own political order.⁹³ Although Rawls does not directly give humans a right to have their basic needs fulfilled, his interpretations appear to have him committed to a human right to an economic and social minimum relative to the decent or liberal democratic domestic order to which one belongs, but a minimum beyond what typically comes to mind when one thinks of mere subsistence.

⁹⁰ Rawls, J. (1999) *The Law of Peoples* Harvard, USA: Harvard University Press

⁹¹ General Assembly of the United Nations (1948) "Universal Declaration of Human Rights" Available online at <http://www.un.org/Overview/rights.html>

⁹² Rawls, J. (1999) *ibid.* paragraph 38, note 47.

⁹³ Rawls, J. (1999) *ibid.* paragraph 65, note 1.

With his interpretations Rawls goes beyond article 25.1 of the UDHR which states that “*everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care, and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control*”,⁹⁴ as the article fails to define the level of security one is entitled to receive. Despite Rawls’s demand that social justice has to be by definition apolitical, his ideas have been adopted by those who lie on the left side of the political spectrum. The European Green Parties, for instance, interpret Rawls’s definition of social justice to describe one of its “Four Pillars”, which form the foundation of the party, and demand the right to be entitled to basic human needs.⁹⁵

Unlike their classical counterparts, modern visions of the concept of social justice include a certain human right to fulfil a person’s basic needs. Although this modern concept continues the demand to be apolitical, social justice now derives its authority from the codes of morality prevailing in each culture, and therefore cannot be universal. If basic needs are, as Rawls demands, means to be sufficient to make sensible and rational use of the liberties afforded within one’s own political order, then those needs would change according to the political order one finds oneself living in.

The inclusion of a right to be able to fulfil one’s basic needs into the philosophical concept of social justice is a fairly young concept. It requires a system that already removed an individual’s freedom of being able to provide these basic needs on their own account. It demands a society in which poverty prevails not only because of an individual’s physical or mental lack of strength, but also because of a system in which all resources necessary to make a living are unobtainable to those either born or fallen into poverty. With all available land being in private ownership, those unable to afford to buy or rent land were incapable of growing food for themselves,

⁹⁴ United Nations General Assembly (1948) op.cit.

⁹⁵ Global Greens (2006) “*The four pillars*” available online at <http://www.globalgreens.info/>

and were left to starve or steal if no paid work was available. During the Renaissance, theft was punished with death, but although such a high sentence was given to such a small crime, it did not deter people from stealing. The Humanist Thomas More (1478 – 1535) already recognised this problem in his book *Utopia*,⁹⁶ where his character, the Portuguese traveller Raphael Nonsenso, argues that the provision of a certain minimum standard for the poor would reduce the theft rate:

*“This method of dealing with thieves is both unjust and undesirable. As a punishment, it's too severe, and as a deterrent, it's quite ineffective. Petty larceny isn't bad enough to deserve the death penalty. And no penalty on earth will stop people from stealing, if it's their only way of getting food. In this respect, you English, like most other nations, remind me of these incompetent schoolmasters, who prefer caning their pupils to teaching them. Instead of inflicting these horrible punishments, it would be far more to the point to provide everyone with some means of livelihood, so that nobody's under the frightful necessity of becoming, first a thief, and then a corpse.”*⁹⁷

It is however the Spanish scholar Juan Luis Vives, a close friend of Thomas More, who is generally credited with the introduction of a new concept of social justice that, for the first time, included a systematic approach to the provision of food, shelter and medical care for those unable to provide for themselves.⁹⁸ He is later to be regarded as the father to the idea of a guaranteed minimum income.

In his perhaps most important 1526 publication *“De subventionem pauperum”*,⁹⁹ Vives shows himself as an organiser of public relief. He proscribes mendicancy, expels poor strangers from the city, obliges the natives to work, recommends apprenticeship for those who have no trade, advocates asylums for the mentally

⁹⁶ Moore, T. (1963) *“Utopia”* (1st Latin edition, Louvain, 1516), English translation by Paul Turner. Harmondsworth. London: Penguin Books

⁹⁷ Moore, T. (1963) *ibid.* pp. 43-44.

⁹⁸ Although Vives approach consists of a complex set of measures, which, in its entity, did not exist in his time, elements of Vives approach had already been introduced in several European Cities.

⁹⁹ Literally “The Relief of the Poor”

disabled, schools for foundlings from the age of six, and provides for the administration of all this by voluntary gifts, the sale of the products of labour of the poor, the revenues of the hospitals, and taxes on rich ecclesiastic communities.¹⁰⁰ In his later publications, notably *De Tradendis Disciplinis*,¹⁰¹ Vives' main objective, public welfare, is stressed again and again. "*Public welfare is the first of all subjects we should study, and once we have acquired appropriate knowledge we must make it serviceable to the public good*".¹⁰² Unlike some of his contemporaries, who saw poverty either as a result of laziness and stupidity, or even as a God-given burden, Vives lists amongst the causes of poverty "*wars with the ensuing economic distress; continuous increase of population; a wrong basis in our economic system; and above all, insufficient education*".¹⁰³ For Vives, education was the key that would lead to a life out of poverty. He believed that it is essential for all teaching to begin in the mother tongue until this is well mastered; thereafter, a second modern language and a classical one should be learned. With that, Vives pioneered the modern vision of "equal education opportunity" as a long-term strategy out of poverty, but the immediate problem of poverty still existed. This, Vives planned to overcome with a separate strategy.

For Vives there were several classes of indigent people that had to be dealt with. The first group consisted of orphans, the elderly, sick and physically or mentally disabled. This group had to be cared for by the authorities, through establishing proper homes and shelter for them, and administering these properly. In that respect, Vives's approach was similar to that of the church, which redistributed a small part of the collective gains in caring for the ill and the poverty-stricken. The second class consisted of poor people living and working from home, but which were unable to create sufficient recompense to meet the bare necessity of life. These people were entitled to some help from the council, but had to undergo a thorough investigation.

¹⁰⁰ Dewitte, Alfons. (2004) "*Poverty control in Bruges between 1250 and 1590*". London: Routledge. Published in: *City*, Volume 8, Number 2, July 2004, pp. 258-265(8)

¹⁰¹ Vives, J.L. (1531) "*De Tradendis Disciplinis*" De disciplinis libri XII: Septem de Corruptis Artibus; quinque de tradendis Disciplinis (Unknown Binding)

¹⁰² Vives, J.L. (1531) *ibid*

¹⁰³ Vives, Juan Luis (1526) "*De Subventionem Pauperum, Sive Sive de humanis necessitatibus*" English translation of part II only by Alice Tobriner: *On the Assistance to the Poor*. Toronto & London: University of Toronto Press ("Renaissance Society of America Reprints"), 1998

A third group comprised the homeless, who had to state their reasons why they were begging and could even be put in jail, but were still entitled to a certain level of medical help. Although Vives clearly stated that those capable of working could not hope for any support, “it was common practice for people to feign infirmity or leprosy in order to claim the benefits of poor relief”.¹⁰⁴ Vives however states that those falsely pretending to be ill should be punished after a doctor’s examination.

As mentioned earlier, the finance for Vives’s comprehensive strategy was to come from voluntary gifts and taxes, but Vives saw these contributions as a matter of honour and pride: “*And just as in a wealthy family it were a disgrace for the father to allow anyone to go hungry, or naked, or to be disgraced by rags, so it is similarly unfitting in a city by no means needy that the magistrates should permit any citizens to be harassed by hunger and poverty*”.¹⁰⁵ Vives projected that his strategy would only require an initial financial input, as the beneficiaries of his scheme would, through their work, be able to contribute to it. Vives prescribed hard work, as it ensured that “*being busy and engrossed in their work, they will abstain from those wicked thoughts and actions in which they would engage if they were idle*”. Vives believed that his scheme would not only stop people from engaging in petty crimes to feed their hunger, but would furthermore contribute to a general sense of order in the cities. Indeed, he continued, this concern should consistently extend to those born rich. According to Vives, “*Emperor Justinian was right in imposing a law that forbade everyone to spend his life in idleness*”.¹⁰⁶ If the poor cannot be parasites, why could the rich? As well as directly influencing the English 1597 “Act for the relief of the poor”, Vives’s views on public welfare were “until recently the basis for Belgian social legislation”,¹⁰⁷ and, as Roscher and many others have noted,¹⁰⁸ form the universally accepted basis of the social science of today.

¹⁰⁴ Dewitte, A. (2004) op.cit. p. 264

¹⁰⁵ Vives, J. L. (1526) “*To the Consuls and Senate of Bruges*” in: Trueta, Joseph. 1946 “The Spirit of Catalonia” Oxford: Book Barn Ltd.

¹⁰⁶ Vives, J.L. (1526) op.cit.

¹⁰⁷ Le Petit Bleu, Brussels, 6 May 1897

¹⁰⁸ Roscher, W. (1878) “*Principles of Political Economy*” 2 volumes; New York: Henry Holt and Co.

Vives's systematic approach to relieve people from poverty can be seen as the first attempt to assist people in being able to meet their own needs. He solved the problem of poverty by putting everyone to work; even the elderly, sick and blind could be given light occupations. Such an approach was viable and was adopted in several European cities; however, it required the society to be able to provide everyone with paid labour. During Vives's time, labour was low-paid and plenty. Merchants in the already capitalist system, relying on manual labour rather than machinery, were able to lower wages to an absolute minimum. Long working hours, minimum wages and unpaid sick-leave ensured maximum profitability, however, nothing stood between the worker and starvation except a willingness to work. Today, a modernised, more moderate version of Vives's approach inspires political groups on the centre-right side of the political spectrum, who in order to boost economic performance and therefore create new workplaces, demand longer working hours and more flexibility from workers without pay increases.

It was not until the 18th century that a loss of available labour through mechanisation resulted in large-scale urban poverty. In England during 1842, fuelled by economic depression, the Anti-Poor Law movement took hold.¹⁰⁹ Unemployed workers, who were not able to receive benefits, stormed and attempted to burn down the workhouses of the poor, who, as they believed, were unjustly housed and fed. Despite miserable conditions in the workhouses, "cramped and unhygienic", "the inmate's diet miserable, even by workhouse standards", were "young pauper-children were beaten up" and the sick in the infirmary where "left unwashed for days on end",¹¹⁰ those with no employment and no entitlement to receive benefits felt they were treated unjustly.

During this time, poverty became a much larger urban problem. A combination of invention and competition resulted in such a huge loss of labour that Vives's envisaged provision of the bare necessities of life through labour could no longer be

¹⁰⁹ Higginbotham, P. (2004) "*The poor Laws*". Available online at <http://users.ox.ac.uk>

¹¹⁰ Higginbotham, P. (2004) *ibid.*

guaranteed. Although the loss of labour is often seen as a direct result of a capitalist system that is driven by profitability, capitalism in itself was by that time already a fairly old system. The arrival of capitalism in European cities can be dated back to the twelfth century and Alain de Lille's (1128 – 1202) remark, "*Not Caesar now, but money, is all.*"¹¹¹ Already by that time, De Lille observes a departure from traditional values. His observation "*mass of metal secures honour*" must be seen as a shift away from a society based on traditional values such as wisdom and courage towards a society that is primarily concerned with financial gain. Honour, highly desired, could now be created through wealth alone.

It was however not until the end of the 17th century that capitalism had reached its most absolute form. As Mumford observed, capitalist forces, now free of the crown's monopolistic control of the medieval town, expanded in every direction. Merchants and bankers created the main stimulus to urban expansion, and new industries and "*technological improvements simply cancelled out all medieval restrictions*".¹¹² From the dawn of the 18th century, these technological improvements were to reduce the amount of required paid labour dramatically, and resulted in large-scale urban poverty that cities never experienced before.

2.2.2 Social justice and urban societies

Forecasting the future of an urban system requires a thorough understanding of the processes generating change and a realistic evaluation of the direction in which the social system as a whole is being moved by those processes. Economic factors undoubtedly generate the most dominant processes and are likely to change dramatically over time, creating a vast array of different possible outcomes for the social system, whilst other factors take a less dominant but nonetheless equally

¹¹¹ "*O shame! Mass of metal secures honour, which is considered in proportion to the metal's weight. Not Caesar now, but money, is all; for like a mediator it runs through the honours one by one, from the smallest to those of the widest scope.*" Alain of Lille [Alanus de Insulis] (1202) "*The Complaint of Nature*" Yale studies in English, v. 36 (1908), Translation of "*De planctu natura*" by Douglas M. Moffat, from <http://www.fordham.edu/halsall/basis/alain-deplanctu.html>

¹¹² Mumford, L. (1961) "*The City in History*". London: Harcourt Inc. p.410

important role. A change in family values and culture, as displayed in recent years, can happen equally rapidly, and the influence on the urban form, in this case expressed through a change in housing preferences, is of great significance. Environmental factors and technological change have in recent years also heavily contributed to the formation of urban space, and despite not being directly linked to the social system, are also influencing it.

The manipulation of these processes through policy to achieve a specific outcome requires a very careful analysis of all current and possible future influencing factors. In 1973 David Harvey argued that *“we really do not have the kind of understanding of the total city system to be able to make wise policy decisions, even when motivated by the highest social objectives”*.¹¹³ Since then, our social system has become a core political issue, and the interests in its research, as well as the volume of publications on this topic, have multiplied. Indeed, the last three decades have seen a new awareness amongst scholars and politicians of the necessity to alter the current system, yet the level of adjustments to policy is relatively small.

Planning ahead to facilitate existing trends was the crucial planning mistake of the 1960's and can be disastrous for the future of the social system, but forecasting future trends and accommodating them into new policy can be equally disastrous when the forecasts prove to be wrong. It might be because of this difficulty that new policy remains fairly weak, as governments have a tendency not to take high risks, but there is still a dispute over the desired outcome of these adjustments. Despite a general agreement that every member of our society should have an equal amount of opportunities from the very start, there is a level of disagreement about the level of support an individual should be entitled to receive if those opportunities are not fully exploited.

¹¹³ Harvey, D. (1973) *“Social Justice and the City”*. London: Edward Arnold (Publisher) Ltd.

With a stagnated economy, it is impossible to distribute more capital to those who in the past were unable to benefit without taking away capital from those who were until now the main beneficiaries. A theory of equal distribution therefore implies either a sudden explosion of a country's economic performance or a certain level of adjustment to current incomes. With a forecasted European GDP growth of approximately one to two percent per annum, just above the level of inflation, we would have to accept the fact that if we wanted to achieve a more socially just society we would also have to accept cuts in current income, but there is still an uncertainty about what we want to achieve and what we are willing to sacrifice for this achievement.

One of the main problems therefore lies in the definition of Social Justice. Justice has to be seen as a principle for resolving conflicting claims. Harvey argues that "*social justice is a particular application of just principles which arise out of the necessity for social co-operation in seeking individual advancement*" and continues that "*the principle of social justice therefore applies to the division of benefits and the allocation of burdens arising out of the process of undertaking joint labour*".¹¹⁴

Harvey saw social justice as a principle to justly distribute capital created as the fruit of production among those who contributed in this process, and includes activities such as distribution and administration. Modern visions of social justice also include the distribution of capital among those who are not contributing to the production process, either due to a loss of workplace outside the individual's control or simply due to a lack of available labour.

¹¹⁴ Harvey, D. (1973) *ibid.*

2.2.3 Social Justice as a political agenda

In recent years, the concept of social justice has been politicised, but different political formations hold different views about what the message of a promotion of such a concept should convey. In a political sense, social justice refers to the overall fairness of a society in its division and distribution of rewards and burdens and, as such, the phrase has been adopted by political parties with a redistributive agenda. Left-wing voices, which use the term to promote a guarantee to equal incomes, have been branded communistic and have been criticised for being antithetical to the notion of equal opportunity, because this interpretation often requires favoured treatment to the arbitrary classes of people. Justice, these critics argue, does not penalize success nor reward failure, but holds all persons to the same standards. Others, more in the centre-left of the political spectrum, see social justice as a concept which promotes equal opportunities for all, through equal free education and financial support for individuals unable to finance higher education. The income gap between unskilled and managerial employers should be lowered, and workers should be secured in their workplace. In this concept, equal levels of education are seen as the key to equal opportunities, a concept agreed upon by the centre-rights who, unlike their centre-left counterparts, do not favour high levels of security in the workplace as companies should be allowed to be flexible in order to be profitable. Profitable companies, they argue, will generate workplaces and provide new opportunities for those willing to succeed.

It is not difficult to criticise each political approach on historic examples. Socialist programmes of post-war Britain appear to have had little or no impact upon the distribution of real income in society. Harvey notes that “*programmes which seek to alter distribution without altering the capitalist market structure within which income and wealth are generated and distributed, are doomed to failure*”.¹¹⁵ Equally, national programmes, which seek to alter capitalist market structures through law and legislation in order to ensure a fair distribution of capital, are bound to meet the strongest opposition and are unlikely to be passed. Conservative

¹¹⁵ Harvey, D. (1973) *ibid.*

programmes, most notably the political philosophy that became known as Thatcherism that was based on privatisation and a deregulation of the market-forces, caused large-scale unemployment and widened wealth-inequalities.

Political philosophies that use the term Social Justice have largely contributed to the confusion over its actual meaning. As political notions are based on an individual's life, experience and education, they are widespread and therefore non-universal. As governments change, so do policies that enforce each government's interpretation of the concept.

2.2.4 The conceptual problem behind social justice

Most people believe that the concept of social justice derives its authority from the codes of morality, and see it as making a charitable contribution to those who are less well off. Tax-funded social justice however asks every member of our society to contribute to this concept - regardless of our willingness - by donating a part of our finances to people we haven't even met. Unlike volunteered charitable contributions, people do not see or feel the benefits of their financial input, and do not receive the same gratitude from those who benefit from their contribution, nor the same "feel good factor" which we all perceive after doing something "good".

If a moral code requires a person to do something that would not be to his or her benefit, then why should that person act in such a just or moral way? Do we have any obligations towards our society, and indeed, does a society actually exist? Many people feel that they have no obligations towards people outside their family and immediate social and cultural circle, and would feel that a society, defined by the borders of a nation, does not exist. As Thatcher describes it: "there is no such thing as society".¹¹⁶

¹¹⁶ Former Prime minister Margaret Thatcher, talking to Women's Own magazine, October 31 1987. available online at <http://briandeer.com/social/thatcher-society.htm>

The English word *society* is derived from the French *société*, which in turn has its origin in the Latin *societas*, meaning a “friendly association with others”, and coming from *socius*, “companion, associate, comrade or business partner”.¹¹⁷ In a broader sense, today’s meaning of society implies that its members share some mutual concern or interest, a common objective or common characteristics. Although as such, society is commonly used as a synonym for the collective citizenry of a country, citizens of today’s multi-cultural nations do not necessarily share any required interest, objective or characteristic which would define them as forming part of a society. Moreover, a trend towards individualism, which favours individual expression and freedom of action over collective or state control, has in recent years contributed to a loss of society. Social justice, as a means of supporting weaker members of a society, could therefore not apply to a nation, as a nation no longer forms a society.

However, even theorists as hostile to the idea of social justice as F.A. von Hayek are prepared to tolerate a basic economic safety net, below which no individual should be allowed to fall.¹¹⁸ This safety net, below which one cannot afford to purchase all the resources one requires to life, would roughly equal to the *Poverty Line*, which originated in 1963 in the American Social Security Administration and was based on calculations by the economist Mollie Orshansky. Today, determining the poverty line is often done by considering the essential resources that an average human adult consumes in one year, and then summing up their cost. This approach is needs based in that an assessment is made of the minimum expenditure needed to maintain a tolerable life. Maintaining a tolerable life is however a variable in that it is up to each individual’s assessment on what is tolerable in his or her own life, and therefore need becomes a relative concept. To allocate resources based on this calculation would mean using needs as a constant and therefore defining a tolerable life for a society, without taking into account an individuals need.

¹¹⁷ Glare, P.G. (edit.) (1982) “*Oxford Latin Dictionary*” Oxford: Oxford University Press

¹¹⁸ Von Hayek, F.A. (1973) “*Law, Legislation and Liberty*” 3 vols, London: Routledge

2.2.5 Needs versus Desire

In everyday language, the term need is used extensively and is a representation of our personal and social lives. We commonly attribute needs to ourselves and others in order to support demands or establish entitlements. Frankfurt argues that “*an assertion that something is needed tends to create an impression of an altogether different quality, and to have a substantially greater moral impact, than an assertion that something is desired*”.¹¹⁹ Need brings with it a certain urgency, it seeks attention and demands special respect, as not attaining a needed good or service appears to dramatically reduce the quality of life of the individual in need. Need is however often used to attain a desire which is not justified out of necessity, and consequently has no moral value.

Need is defined as a circumstance in which something is lacking or necessary, while a person's needs are defined as basic necessities or requirements.¹²⁰ A person might need something to complete a certain task, but the moral value of completing the task might be trivial. A claim supported by *Need* therefore has to be evaluated by the end that gives rise to it. The action that can be performed after a certain *Need* is met is therefore the factor on which the moral value of such *Needs* should be assessed. Certain factors can however trigger an entire row of *Needs*, with each need having an end in itself. In this case it is necessary to unravel the primary factor which gives rise to the need. For example, someone might need £1 to buy a pen. Indeed, that person needs £1 for if he or she cannot obtain a pen for a lower amount, he or she will be unable to buy one. The moral value of meeting this need is however questionable. If the pen however is needed to write a letter, and if writing a letter is necessary to fill out some important forms without which that person would lose a certain entitlement, then the actual end of needing £1 is preventing to lose a certain entitlement. The primary factor (losing an entitlement), which triggered the need to obtain £1, therefore gains a certain importance and has a certain moral value. These primary factors are referred to as the *Ultimate End* of a *Need*.

119 Frankfurt, Harry G. (1998) “*Necessity and Desire*”, in Brock, G. (1998) “*Necessary Goods*”. Oxford: Rowan & Littlefield Publishers, Inc.

¹²⁰ Unknown Editor (2006) “*Concise Oxford English Dictionary*” Oxford: Oxford University Press

The mere fact that something is needed, considered in isolation from the value of the ultimate end, has no independent justification force. As something that is needed is by its nature needed for a purpose, the moral importance of meeting or of not meeting a need must therefore be wholly derivative from the importance of the ultimate end for which it is indispensable.

Taking into account more elementary theoretical considerations, nothing is needed except in the virtue of being an indispensable condition for the attainment of a certain ultimate end. Defining human needs therefore means defining the ultimate ends that derive from the completion of those needs. By defining ultimate ends one would then have to define ways in which to facilitate the achievement of such ends, either by ways of providing them or by ways of facilitating their obtainment through individual actions, e.g. through provision of paid labour. An individual's need arising out of a necessary attainment of a certain ultimate end would most likely vary according to the individual's circumstances; hence the provision of needed items would have to be assessed individually.

Harvey defines needs with respect to a number of different categories of activity, which remain constant over time, and lists nine of them: Food, housing, medical care, education, social and environmental service, consumer goods, recreational opportunities, neighbourhood amenities and transport facilities.¹²¹ It would be the task of society to define minimum quantities and qualities which would equate to needs, but this set minimum would vary according to the social norms at a given time, because needs are categories of human consciousness and as society is transformed, so the consciousness of need is transformed.

Indeed, these minimum quantities have changed over time. Necessary levels of food consumption have over the past century changed from a bare survival level stilling

¹²¹ Harvey, D. (1973) *ibid.*

someone's hunger to a nutritional balanced diet containing meats and imported fruits, while simultaneously the minimum housing requirement changed from a shelter protecting people from the elements to clean, heated and good-sized dwellings. Medical care, once only given to people not being able to afford doctors visits only at the verge of dying is now equally important as a certain level of education, unknown to people from a financially disadvantaged background a century ago. These minimum quantities could be described as one's basic needs, which have changed over the past century from the basic need to survive to today's definition of a basic need of a tolerable quality of life.

Basic needs have changed because the value of what they are needed for has changed. In Harvey's argument social norms will change over time, and therefore the consciousness of need is transformed. A social norm is by definition a pattern of behaviour expected within a particular society in a given situation. The shared belief of what is normal and acceptable shapes and enforces the actions of people in a society. "A norm may or may not have a rational justification or origin. Norms with common sense origins may, over time, lose their original context as society changes: an action that was once performed because it was necessary to survive may over the years become a social norm, even once the circumstances that made it necessary for survival are no longer applicable."¹²² Equally, social norms that lost their original context can over the years become abandoned, generally by younger generations. This will then have a direct influence on the definition of basic needs: If a social norm will become abandoned, so will the need to attain this norm be abandoned, and if a new social norm is created, a new basic need will be formed. A need is therefore directly influenced by social norms, and generally lies somewhere below the "normal" standard defined in social norms.

Over the past decades, social norms have changed as wealth and living standards started to grow. Owning a television set, a fridge or a vehicle, once an unobtainable

¹²² Wikipedia (2006) "*Norm (sociology)*" unknown multiple authors, available online at http://en.wikipedia.org/wiki/Social_norms

luxury for many workers, became a social norm and is now seen as a basic need. Equally, traditional social norms (which were less monetarily orientated) such as being a member of a club, union or religious institution, have now faded and their basic need is being abandoned. In general, social norms appear to have changed from a more socially orientated to a commodities orientated pattern.

If basic needs are indeed based upon social norms and do not just provide the minimum for a basic survival, and social norms are currently based upon the wealth of the people, then basic needs are now also directly linked to the economic performance and the wealth of a country. A general decline of living standards through a decline of the country's economic performance would therefore influence the perceived basic needs, as the social norm would change. Many theorists argue that such a concept of basic needs is intolerable as the term basic, synonymous to essential and necessary, should be seen as such and would therefore form a non-variable norm, which under no circumstances should be lowered. If social justice is based on human needs and human needs are based on social norms prevailing in each culture, then the concept of social justice would lose its universality.

Whilst some people already argue that the current minimum guaranteed income, as defined in the law in order to guarantee a tolerable life according to a prevailing social norm, is too high, some theorists now acknowledge the pressures put onto individuals in a society living increasingly excessive. Robert H. Frank for instance observed that, whilst the wealth gap is widening, it is not just the rich who are increasing their spending.¹²³ Middle- and lower-income earners also increased spending, and according to Frank a great proportion of this finance is used to purchase "luxury" items. Frank argues that "*the increased spending of the super-rich (...) has set a new standard for the near-rich to emulate, and so on down the income*

¹²³ Frank, Robert H. (1999) "*Luxury Fever. Money and Happiness in an Era of Excess*". Princeton, USA: Princeton University Press.

ladder. But although middle- and lower-income families are spending much more than in the recent past, the incomes of these families have not been growing." ¹²⁴

Although Frank looked primarily at the American market, similar trends can be observed in the UK. The *Gini Coefficient* (GC), which is used to measure income inequality and can help quantify differences in welfare and compensation policies and philosophies, shows that income inequalities in Great Britain are amongst the highest in Europe, together with Italy and Portugal. The GC, which is displayed as a number between 0 and 1, with 0 meaning perfect equality and one meaning perfect inequality (where one person has all the income), sees Britain just below the United States. In 2000, Britain had a GC of about 0.37 (up from a GC of 0.23 in 1979), compared to the United States who displayed a GC of about 0.46 (up from a GC of 0.36 in 1979). ¹²⁵ Although the data used to generate the Gini Coefficient can to a certain extent be manipulated by the Governments of individual countries and therefore should be seen with a degree of care, it clearly proves a rise of income inequalities and an associated widening of the wealth gap in the UK.

Frank's argument brings a new dimension to the theory of Needs-based Social Justice. Many people today feel pressurised to own products that are outside their income bracket and would normally be perceived as luxurious, but are now essentials that are needed in order to be accepted in a society. The resulting overspending on credit cards, loans and other forms of borrowing can be observed in the USA and increasingly in the UK, where consumer debt in 2004 hit the £1 trillion mark. ¹²⁶ Although 82.7% of this debt was secured in houses or other assets (mortgages, re-mortgages and secured loans), £177 billion were normal consumer credits. One year later, UK consumer debt stood at £1.13 trillion, an increase of 10.3% on the previous year. Unsecured lending rose by 11% to £190.8 billion and the average UK household debt now amounts to £45.758 including mortgages. Average consumer

¹²⁴ Frank, Robert H. (1999) *ibid.* p.45

¹²⁵ Wikipedia (2006) "*Gini coefficient*" unknown multiple authors, available online at http://en.wikipedia.org/wiki/Gini_coefficient

¹²⁶ BBC News 24 (2005) "*Bankruptcies soar to record high*" BBC, 4 February, 2005. Available online at <http://news.bbc.co.uk/1/hi/business/4236237.stm>

borrowing via credit cards, motor and retail finance deals, overdrafts and unsecured personal loans has risen to £4,092 per average UK adult at the end of September 2005. This figure translates into a 10% increase on the previous year's levels and a 45% increase since 2000.

Products that are purchased in order to gain a certain acceptance in society include clothes and cars, to name but a few, but also food and drink purchased in restaurants, cafés and bars. And whilst many feel that they have to be seen in certain locations, whilst wearing certain designer labelled clothing, eating certain foods and drinking certain drinks, many find themselves in situations where they are unable to afford all that. People are not just overspending on items that are bought for own consumption or own status symbol, but also items that are given as presents. Perceived expectations are growing every year, and many feel pressurised to purchase gifts beyond their financial means. A survey carried out by Payplan for example found that almost 80% of UK consumers worry about the financial side of Christmas.¹²⁷ Although common sense should prevail, the figures show that consumers are still overspending.

*“The figures for the second quarter 2005 show that the total number of individual insolvencies has increased by 36.8 per cent on the same period as last year and has risen to its highest level in 45 years. Bankruptcies have risen by 27.5 per cent and Individual Voluntary Arrangements (IVAs), an alternative to bankruptcy, have risen by 69.6 per cent when compared to the figures for the same period last year. The number of people who have become bankrupt or entered into an Individual Voluntary Arrangement (IVA) in England and Wales in the last 12 months is 54,227. Personal bankruptcies have broken the 40,000 barrier for a 12 month period for the first time.”*¹²⁸

¹²⁷ Payplan (2005) “Christmas: Earlier this year?” Press Article 29th November 2005, available online at <http://www.payplan.com/press-articles/press-release-29-11-2005.php>

¹²⁸ Credit Card Action (2005) “Debt Facts and Figures” Press Article November 2005, available online at <http://www.creditcardaction.org.uk>

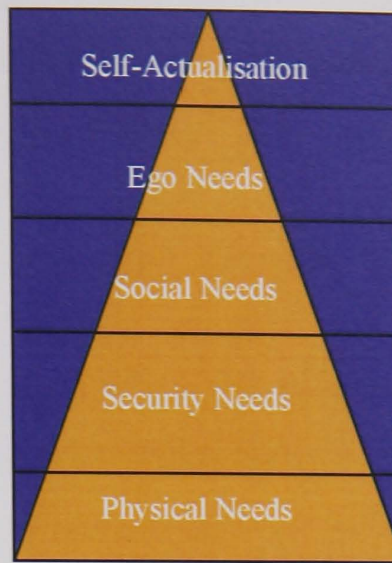
Although even the minimum income in Great Britain provides enough financial resources to purchase all necessary goods for a reasonably good living, the trend to purchase luxury goods above available financial means continues to go upwards. This shows that pressures created in our current culture create a stronger perceived need for certain luxury items than for financial security. The lower-income classes, whose disposable income margin has always been very modest, particularly feel the effects of this pressure. Designer labelled clothes and the latest gadgetry can be found in even the poorest of urban areas, where status through displayed image (achieved through associated designer labels) can mean psychological and even physical survival. Spending on these items has dramatically increased over the past decades, as advertisements successfully try to sell us not just the relevant item, but also an image that, it is claimed, comes with it. In today's society, which places so much emphasises on the individual, many feel the need to display a strong image in order to survive, progress or take advantages of certain opportunities, and find solutions in items that we generally label "luxury" but also associate with a certain image. Items which are generally far outside the definition of basic needs have become elementary, portraying a deep-rooted desire to achieve something of higher value.

2.2.6 The Psychological definition of Needs:

Maslow and Max-Neef

A more complex analysis of Basic Needs can be found in its psychological definition. Maslow, an American psychologist, discovered that humans, in order to achieve their full potential, must progress through a set of four Needs, and created a pyramid to illustrate that a higher Need grows based on the fulfilment of their lower Need.

Figure 2.10: Maslow's Hierarchy of Needs



Physiological Needs, such as air, food, shelter, sleep, stimulation and activity, are very strong and could be defined as basic needs for survival, for if a person is deprived of them over a period of time, that person would die. Once a human has satisfied those needs, Maslow found that this person would then progress to the second stage, in which he or she will try to find safe circumstances, stability and protection. Although fear and anxiety are very powerful feelings, every human will quickly overcome or ignore them if their physiological needs are not fulfilled. As Thomas More already discovered, even if we would still have the death penalty for crimes such as stealing, a person would still overcome the fear of this penalty if it was the only way to satisfy their hunger.¹²⁹

Maslow continued that, once physiological needs and safety needs are satisfied, a third layer of needs starts to grow, in which a person starts to feel the need for friends, affectionate relationships, children, and even a sense of community. If these needs remain unfulfilled, a person starts to become increasingly susceptible to loneliness and social anxieties, which in extreme cases can lead to depression. The same counts for Maslow's fourth group of these, which he calls Ego or Esteem Needs and which he divides into two groups, a lower and a higher one. The lower group consist of the Need for the respect of others, status, recognition, attention, reputation, appreciation, and even dignity, fame, glory and dominance. The higher

¹²⁹ Moore, T. (1963) *ibid.*

group of Esteem Needs involves the need for self-respect, and includes feelings such as confidence, competence, achievement, mastery, independence and freedom. While the elements listed in the lower form of Self-Esteem are external and can only be temporary, (they can be lost in a reasonably short period of time), the higher form is created inside. Self-respect, once created, is a lot harder to lose.¹³⁰ Low self-esteem and inferiority complexes, which again can lead to depression, are the result of unfulfilled Esteem Needs. As most humans in the western world have their physiological and security needs fulfilled, it is a lack of Self-Esteem and increasingly unfulfilled Social Needs, which is the root of most psychological problems.¹³¹

Maslow found that his lower four levels of needs are deficit based, for if they remain unfulfilled, a person will physically feel a need and will be motivated to realise it. On the contrary, if these needs are fulfilled, they cease to be motivating. Maslow called the lower four levels Deficit-Needs (D-Needs), and sees them as a motivation force. However, if all D-Needs were fulfilled, a person would feel no motivation factor at all. Maslow therefore added the need for self-actualisation, which he called a Being-Need (B-Need), and which he defined as a Need to grow.¹³² Growth motivation, contrary to deficit motivation, forms what in Maslow's view all human beings aspire to.

Fundamental to Maslow's theory is its linear progression and the conclusion of each stage with the progression to the next higher level. Motivation forces for the fulfilment of a certain Need are only present if that need remains unfulfilled. Maslow's theory can be used to assess the British welfare state, which provides a guarantee to minimum standards, including a minimum income, social protection and the provision of other public services. In Maslow's theory, the automatic fulfilment of physiological and security needs through the state, and a certain fulfilment of social needs through friends and family, removes the motivation forces which would

¹³⁰ Boeree, G. (1998) "*Abraham Maslow*" available online at <http://webpace.ship.edu/cgboer/maslow.html>

¹³¹ Adler, A. (1998) "*Social Interest*" Oxford: Oneworld Publications

¹³² Boeree, G. (1998) *ibid.*

normally drive humans to fulfil those needs on their own. Although everyone aspires to a “better” life, there are not many motivation forces left to try to achieve this. Although the Need for self-esteem, which was traditionally satisfied at the work place and was fuelled by achievement, could still be seen as a motivation factor, it is questionable if many jobs still provide this sense of pride, recognition and achievement on which our ego can thrive. It is arguable that a sole reliance on these motivation factors is insufficient to support the extent of our welfare state. A justification of our welfare state would therefore need a different needs-funded theory on its basis.

Unlike Maslow’s theory of a linear progression of needs, Max-Neef postulates that *“basic needs are finite, few and classifiable”* and that they *“are the same in all cultures and all historical periods,”* and are therefore always present. With that, Max-Neef agrees with the classical definition of needs-based social justice. *“What changes, both over time and through cultures, is the way or means by which the needs are satisfied”*.¹³³ He defines nine basic human needs: subsistence, protection, affection, understanding, participation, recreation, creation, identity/meaning and freedom. Although differently structured, these basic needs are closely related to those identified in Maslow’s theory, but Max-Neef emphasises that, apart from the basic need of subsistence or survival, there is no hierarchy of needs.

While needs are also being defined according to the existential categories of being, having, doing and interaction, Max-Neef makes a clear distinction between needs and satisfiers. Unlike Maslow, he believes that food and shelter are not needs, but satisfiers for the need of subsistence. He argues that although some needs have a very clear satisfier, such as understanding (formal or informal education) and protection (curative and health systems), some needs have a multitude of different satisfiers, from which we then choose.¹³⁴

¹³³ Max-Neef, M. (1991) *“Human Scale Development: Conception, Application and Further Reflections”* London: Zed Books Ltd

¹³⁴ Gips, T. (1999) *“The Natural Step’s Fourth Condition for Sustainability and Manfred Max-Neef’s Basic Needs Analysis”* available online at <http://homepages.mtn.org/iasa/tgmaxneef.html>

Figure 2.11 Max-Neef's Table of Human Needs

Fundamental Human Needs	Being (Qualities)	Having (Things)	Doing (Actions)	Interacting (Settings)
Subsistence	physical and mental health	food, shelter, work	feed, clothe, rest, work	living environment, social setting
Protection	care, adaptability, autonomy	social security, health systems, work	co-operate, plan, take care of, help	social environment, dwelling
Affection	respect, sense of humour, generosity, sensuality	friendships, family, relationships with nature	share, take care of, make love, express emotions	privacy, intimate spaces of togetherness
Understanding	critical capacity, curiosity, intuition	literature, teachers, policies, educational	analyse, study, meditate, investigate,	schools, families, universities, communities,
Participation	receptiveness, dedication, sense of humour	responsibilities, duties, work, rights	cooperate, dissent, express opinions	associations, parties, churches, neighbourhoods
Leisure	imagination, tranquillity, spontaneity	games, parties, peace of mind	day-dream, remember, relax, have fun	landscapes, intimate spaces, places to be alone
Creation	imagination, boldness, inventiveness, curiosity	abilities, skills, work, techniques	invent, build, design, work, compose, interpret	spaces for expression, workshops, audiences
Identity	sense of belonging, self-esteem, consistency	language, religions, work, customs, values, norms	get to know oneself, grow, commit oneself	places one belongs to, everyday settings
Freedom	autonomy, passion, self-esteem, open-mindedness	equal rights	dissent, choose, run risks, develop awareness	anywhere

Max-Neef gives satisfiers different characteristics, which could be ordered by their effectiveness: Synergic (satisfies several needs simultaneously), Single (satisfies a single need), Pseudo (doesn't do anything but is believed to do something), Inhibiting (satisfies a need but interferes with the satisfaction of other needs), Violating (satisfies a need but makes the satisfaction of other needs difficult), and Destroying (satisfies a need but makes the satisfaction of other needs impossible)

Commercial Television, for example, is meant to satisfy the need for recreation, but is often said to interfere with the satisfaction of the needs for understanding, creativity and identity. Breast-feeding, on the other hand, not just satisfies a baby's need for subsistence, but simultaneously satisfies the need for protection, affection, understanding, participation, leisure, identity and freedom. Max-Neef argues that each society adopts different methods for the satisfaction of the same fundamental needs. *"We may go so far as to say that one of the aspects that define a culture is its choice of satisfiers. Whether a person belongs to a consumerist or to an ascetic society, his/her fundamental human needs are the same".*¹³⁵

While some societies have developed ways to satisfy all needs with a minimum of resources (through the use of Synergic Satisfiers), it seems that people living in the western world are more inclined to use Single, Pseudo, Inhibiting, Violating or Destroying Satisfiers. Satisfaction however comes not through the materials, energy and resources that are used to meet a basic need, but through the degree to which that basic need is met. Max-Neef's theory not only provides a good basis for those who are promoting a more ecologically sustainable consumption of resources, but it also provides a useful approach towards community-based regeneration, as it allows for a deep reflection about one's individual and community situation. A critical awareness of needs and the consumption of satisfiers could lead to action at a local- or community-level.

¹³⁵ Max-Neef, M. (1991) *ibid.*

2.2.7 Needs equal Rights?

Whatever the current definition of basic needs, does each individual possess the right to be able to meet them? Copp notes that a notion towards a constitutional right to be enabled to meet one's basic needs is a minority view in contemporary political philosophy.¹³⁶ Such a right, inscribed in law, would automatically legitimise any politically envisaged redistribution scheme, under which money would have to be transferred from those who are financially better-off to the worse-off members of society.

A right is the power or privilege to which one is justly entitled to, or a thing to which one has a just claim. Rights are divided into two categories, positive rights and negative rights. Positive rights provide someone with something through the action of another person or a state, whereas negative rights proscribe action. A right to meet one's basic needs would form a positive right, as it prescribes action to the state if that person would be unable to meet them on their own. Different political philosophies have different notions towards positive and negative rights. Under socialism and social democracy, positive rights form an essential part of the constitution and are part of the governmental social contract: they form what society promises to all its members. Libertarians and many philosophers reject positive rights as positive rights can only be guaranteed to any one person by abridging the negative rights of others. If a citizen has a right to adequate housing, then this would imply that if he did not produce or obtain a house for himself either because he is somehow unable to or simply does not want to, then others would be compelled to build one for him. Although this is not seen as an ethical compulsion, as others should still provide housing out of charity, but the main criticism is based on the political compulsion a positive right implies: the state must require others to build a house for him, usually by taxation.

¹³⁶ Copp, D. (1998) "*Equality, Justice and the basic Needs*" in Gillian Brock (ed.) (1998) "Necessary Goods". Oxford: Rowan & Littlefield Publishers, Inc.

Any positive right would be a right against the state, and therefore a right against society. It has become a political question if such rights should be created, and it will therefore depend largely on the majority of society if they should allow a facilitation of such rights. A right to be able to meet one's need would, for instance, equal to an unconditional right to employment, as employment and the resulting financial means would cover most (if not all) means which would enable the fulfilment of one's primary needs. As employment vacancies are generally filled by competition, long-term unemployment affects mainly those least qualified. Although article 23 of the Universal Declaration of Human Rights states that "everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment",¹³⁷ it is left to the individual to ensure that he or she gains sufficient skills in order to succeed with an application. Due to the structure of the labour market, there currently is no right to a guaranteed employment.

2.2.8 Social exclusion: A Lack of social justice?

Social exclusion is a term used to describe the loss of social and physical bonds of a group sharing the same geographical area to a neighbouring area or the associated centre. This loss is usually linked to problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime, bad health and family breakdown. Although the term social exclusion does not convey a geographical meaning, it has to be noted that socially excluded areas are likely to be geographically segregated from areas inhabited by the wealthier classes. Social exclusion has therefore been known throughout history, as the better-off families who had enough capital to move freely chose to live in a healthy and safe environment. In the 18th and 19th century, this meant a move into the suburbs, as the working classes who were unable to afford transport were forced to live close to their workplace, usually within the city or in specially created towns for workers, mainly around mining and steel industry areas. Social exclusion can also be applied to an individual's loss of access to various opportunities as a result of that person's social

¹³⁷ United Nations General Assembly (1948) "*Universal Declaration of Human Rights*" available online at <http://www.un.org/Overview/rights.html>

class and living standards. The term social exclusion has only recently been introduced to European countries, and the meaning of this concept is still rather diffuse. Up to now, unemployment and disadvantaged living situations have been tackled mainly by poverty research, which has focussed almost exclusively on monetary aspects. We only now understand the term social exclusion as a “dynamic, multidimensional process which incorporates social and economic aspects of living, subjective experiences and objective situations, and which depends upon personal and social resources.”¹³⁸

Today’s socially excluded areas can still be found in traditional working class towns, which are now burdened even further by the loss of employment in manual labour. Inner city areas have largely been taken over by the wealthier classes, as house prices rose dramatically within the last decade and a new trend towards inner city living amongst young professionals emerged. Social housing estates created during the 1960’s and 1970’s are also predominantly socially excluded from neighbouring areas or the associated centres, either through geophysical (rivers) or manmade boundaries (railway lines, motorways) or simply through a severe lack of transport facilities. In today’s society, socially excluded areas are marked by high rates of unemployment, underperforming public schools, bad access to recreational facilities and often shops, and increasingly bad access to city centre areas either because of insufficient public transport or the geophysical distance between the two. Socially secluded areas are also often politically weak, putting them on the bottom of political agendas.

As the case studies will show, socially excluded areas are a direct product of an advancing society. The low-qualified manufacturing worker, until the end of the industrial era an indispensable asset of our civilisation, was made redundant not because of his unwillingness to work, but because of his inefficiency in comparison to modern machinery. Unemployment rates in suburban towns occupied by the working classes suddenly soared. Many people found that their skills did not match

¹³⁸ Kieselbach, T. (2000) “*Long-term Unemployment among young people in Europe*” European Commission. Brussels.

those required in a fast moving modern society, and found no way out of unemployment. The psychological strains imposed on those living in long-term unemployment, augmented by the possible loss of the single family income, can be devastating and is likely to leave the individual easily irritable and vulnerable, ultimately even leading to a family breakdown. The younger generations are equally adversely affected. Children from a dysfunctional family background are by far less likely to complete secondary education or pass with satisfactory grades. The causes for this are plenty and include a lack of encouragement from the parental side, malnutrition and the associated lack of concentration, and a lack of personal or adequate study space within the home. As a result, youth unemployment throughout Europe has risen way above average unemployment rates. The EU average unemployment rate for young people aged 15/16 to 24 was 18.3 per cent in 1999 compared with 8.2 per cent for those aged 25 and over. In the UK youth unemployment stood at 12.4 per cent compared to a 4.9 per cent average.¹³⁹

Kieselbach identified six dimensions of social exclusion. Although unemployment can be seen as the central indicator for increasing social exclusion, all possible interactions and sequences between these six dimensions must be taken into account individually.¹⁴⁰ The first dimension is the exclusion from the labour market, which describes the condition of facing external barriers whilst trying to enter the labour market, which in the worst case leads to the affected person's renunciation of employment. This first dimension (resulting in long-term unemployment) can act as a trigger for Kieselbach's other five identified dimensions, each of them however can be caused by other individual factors. The second dimension, economic exclusion, describes the loss of ability to financially support oneself or one's family, and results in financial dependency upon the welfare state or the receipt of a socially unacceptable income. The second dimension usually follows the first dimension and is caused by it; it can however have other causes (family break-up, debts, bankruptcy). Institutional exclusion, which describes the lack of access to the

¹³⁹ National Statistics (1999) "Unemployment rates: by age, EU comparison, 1999: Social Trends 31" available to view at <http://www.statistics.gov.uk/StatBase/Expodata/Spreadsheets/D3485.xls>

¹⁴⁰ Kieselbach, T. (2000) *ibid.*

educational system, institutions dealing with unemployment and poverty, and/or public and private service institutions such as banks and insurance agencies, forms the third dimension and is mainly triggered by the second dimension. Insolvency often renders it impossible to have any form of dealings with private service institutions, but Kieselbach notes that the experience of feeling social welfare dependency can cause shame and passivity, hence creating an unwillingness within the affected person to have contacts to these institutions. This passivity could also be explained by the possible counterproductive effect of state support already discussed earlier.¹⁴¹ The fourth dimension, exclusion through social isolation, depicts a retreat of the social network, or one's own retreat, leading to a reduction of contacts to specific groups and a possible complete isolation of the affected person. Similarly but on a societal level, the fifth dimension, 'cultural exclusion', refers to the inability to live according to the socially accepted norms and values, either as a result of a different faith or belief, a lack of financial ability, or simply a lack of personal ability. An individual or minority group could therefore be identified with deviant norms and behaviours, resulting in stigmatisation and even sanctions from the social surroundings. The already mentioned spatial exclusion forms Kieselbach's sixth and final dimension.

Although elements of social exclusion can be triggered by the individual himself, it has to be acknowledged that it is caused primarily by factors outside the individual's control (family background, social and physical surroundings, redundancy as a result of company restructuring / closure / underperformance etc.) and are products of an increasingly complex civilisation.¹⁴² Throughout history, social exclusion occurred mainly as a result of an unwillingness of the higher classes to share geographical, social or even educational areas and facilities with the lower classes. This

¹⁴¹ See "The Psychological definition of Needs: Maslow and Max-Neef"

¹⁴² Elman Service argued that human cultures can be classified into four different categories: The egalitarian culture of the hunter-gatherers, tribal societies with limited instances of social rank and prestige, stratified structures led by chieftains, and civilizations (led by a state), with complex social hierarchies and organized, institutional governments. In pre-civilised cultures individual poverty was uncommon, and individuals a band, tribe, or chiefdom had near equal access to resources. In his theory he also argued that early civilizations were not stratified based on property, but only on unequal political power. (see Elman R. Service, 1975. "Origins of the State and Civilization". New York, Norton.)

unwillingness stands in sharp contrast to the general acceptance that we should counteract social exclusion and integrate excluded members back into the society. Several kinds of development which encouraged a mixed and overall more integrated society have already been proposed, but have always been met with opposition. Despite a general acknowledgement that such development is needed, residents continue to oppose such development under the pretext of it being inappropriate for their local area, and will advance several arguments against the proposed development. Arguments brought up generally include the fear of an increase in local traffic, damage to small business, a decrease in property values, harm to the environment, the decline of a community's small-town feel, or a general strain on public resources. People opposing a development that they generally accept other than it being developed in or associated with their locale are generally known as NIMBYist (an acronym for *Not In My Back Yard*).

Social exclusion triggered or enhanced by geographical segregation is therefore a problem difficult to tackle. Integration through new socially mixed housing in easily accessible areas is very often objected to by existing residents, and integration through an upgrading (access, build quality, facilities) of excluded areas in order to enhance existing communities and potentially tempt people from different social backgrounds to move into the area are generally faced with severe funding problems.

Indeed, there seems to be a built-in tendency for the capitalist market system to counteract any attempt to divert the flow of funds away from the most profitable territories. For urban areas, this inevitably means that it is impossible to induce action in one sector or territory without restricting it at the same time in other sectors or territories. Many urban regeneration programmes trying to combat social exclusion were therefore doomed to failure, as they relied mainly or solely on private funding.

As social exclusion often prohibits individuals to have access to institutions or networks which are vital to their ability to fulfil their own needs, and being socially excluded is a condition created outside someone's control, being socially excluded

therefore has to be seen as a socially unjust situation. As social justice is generally concerned with the provision of equal opportunities to every member of society, social inclusion can be described as the principal of applying social justice to geographical situations. If however the capitalist market system (as well as our individual attitudes) prevents social integration, then is it therefore not possible to achieve a socially just market economy without having to overcome pure capitalism?

In 1969 Rawls wrote that *“if law and government act effectively to keep markets competitive, resources fully employed, property and wealth widely distributed over time, and to maintain the appropriate social minimum, then if there is equality and opportunity underwritten by education for all, the resulting distribution will be just”*.¹⁴³ The prerequisites of Rawls’s just society are only partially met. Although markets are competitive and resources are fairly well utilized, a wide distribution of property and wealth is something seemingly unachievable in most countries. In the UK, 23 per cent of wealth is owned by 1 per cent of the population. The wealthiest 10 per cent own more than half the wealth in the UK; the wealthiest 50 per cent own 94 per cent of wealth, leaving only 6 per cent of the nation’s wealth to the poorest 50 per cent of its population.¹⁴⁴ Statistics show that the wealthy have got wealthier over the last ten years.¹⁴⁵ Income inequality is the dominant factor which forms the general distribution of wealth. The causes for income inequality are however many and include life cycle effects (age), inherited characteristics (IQ, talent), willingness to take chances (risk aversion), the leisure/industriousness choice, inherited wealth, economic circumstances, education and training, discrimination, and market imperfections. Rawls demand for a widely distributed wealth would certainly allow for a marked level of inequality in income distribution, as income inequality brings with it certain benefits for a capitalist market; it encourages the labour force to improve their education & skills (better rewards as incentive), it encourages workers to work longer hours (resulting in higher incomes and promoting higher economic growth) and it encourages entrepreneurs to accept greater risks, which is vital to

¹⁴³ Rawls, J. (1969) *“Distributive Justice”* Harvard, USA: Harvard University Press

¹⁴⁴ Economic and Social Research Council (2002) *“Wages and Distribution of Wealth in the UK”* Fact sheet. Available online at <http://www.esrcsocietytoday.ac.uk>

¹⁴⁵ Office for National Statistics (2005) *„Social Trends 35”* London: Stationery Office

increase productive capacity. The level of income inequality is however disproportionate to the one needed to achieve these benefits, and in a 2001 study for the World Institute for Development Economics Research, the authors Cornia and Court found that high levels of inequality can even depress the rate of growth.¹⁴⁶ The study showed that for the past three decades, inequality has risen in most countries, in many cases sharply. This increase was linked to excessively liberal economic policy regimes and the way in which economic reform policies have been carried out. The study also found that the persistence of inequality at high levels or its further rise have made it much more difficult to reduce poverty, as a higher level of inequality reduces the impact of economic growth on the reduction of poverty.¹⁴⁷ Factors causing the sharp rise in income inequality were found to include macroeconomic conditions, financial liberalization, labour market liberalization, privatisation and the tax and transfer system, which are all variables that can be found across developed countries.

As well as a just distribution of the rewards of labour, Rawls demands equal opportunity underwritten by education, giving every member of society a choice about their level of involvement in the productive labour circle. Equal education with equal access to facilities and institutions are seen as a basis for a society in which the individual controls the level of input and hence the level of rewards. It has to be noted that since its creation in the 1960's the term Equal Opportunity saw elements added to its meaning, and now includes disability rights and age and social equality as well as the initial racial and gender equality. Today, Equal Opportunity is used as a descriptive term for an approach intended to ensure people are not specifically excluded from participating in activities such as education, employment, or health care on the basis of immutable traits, and to ensure that everyone has equal access to these activities. Although the concept of equal opportunity as a measure to ensure fairness in the employment process has been prescribed through policy and already

¹⁴⁶ Cornia, G. and Court, J. (2001) *"Inequality, Growth and Poverty in the Era of Liberalization and Globalization"* UNU World Institute for Development Economics Research. Finland: United Nations University

¹⁴⁷ Giovanni Andrea Cornia and Julius Court (2001) op.cit.

showed some success, equal opportunity in terms of equal access to institutions and facilities does not yet exist.

In the educational sector, each public school still carries a defined catchment area, although the Education (Scotland) Act 1980 (as amended) allows parents/guardians to submit a placing request for a school of their choice. Schools covering a predominantly deprived catchment area have a tendency to perform below national average. In Scotland, around 40% of pupils in secondary schools situated in the 15% most deprived areas were amongst the lowest 20% of performers at Scottish Qualification Authority level in 2003, compared to only 5% in the 15% least deprived areas.¹⁴⁸ Part of the reason for low educational attainment is absenteeism, which increases with increasing deprivation. Lost days due to absenteeism in the 15% most deprived areas were nearly three times the amount of those lost in the 15% least deprived areas.¹⁴⁹ The higher amount of lost days could be explained by an often poor quality environment,¹⁵⁰ poor housing, noise disturbances due anti-social behaviours, poor nutrition, and, in the case of unauthorised absence, street culture and unorganised family backgrounds. All these are also reasons for lower educational attainment. Levels of attainment and qualifications gained by young people at secondary school however affect their chances of moving on to further and higher education and, in the long term, their future employment and income. Between 2000 and 2002, only five per cent of successful applicants to higher education were amongst the 17 per cent of young people living in the 15 per cent most deprived areas.

¹⁴⁸ Scottish Executive (2005) *“Social Focus on Deprived Areas”* Edinburgh: Scottish Executive National Statistic Publication, p.95.

¹⁴⁹ Scottish Executive (2005) *ibid.*, p.92.

¹⁵⁰ People living in the 15% most deprived wards in Scotland are about twice as likely to live near a European Pollutant Emission Register than those living in the rest of Scotland, and are often (55%) surrounded by derelict sites. See *“Social Focus on Deprived Areas”* Scottish Executive, Edinburgh, p.148.

2.2.9 Summary

"Every man is a joint inheritor of all the natural resources and of the powers, inventions and possibilities accumulated by our forerunners. He is entitled, within the measure of these resources and without distinction of race, colour or professed beliefs or opinions, to the nourishment, covering and medical care needed to realize his full possibilities of physical and mental development from birth to death. Notwithstanding the various and unequal qualities of individuals, all men shall be deemed absolutely equal in the eyes of the law, equally important in social life and equally entitled to the respect of their fellow-men".¹⁵¹

Whilst international poverty relief campaigns concerned with the cancellation of third world debt find general public acceptance and agreement, debates regarding the relief of poverty on a national basis often struggle to find a common ground. Social justice still remains to be defined, as does the role of society in the education and nourishment of the poor, as well as the role of the social welfare system in the "activation" of the non-active workforce. On the basis of such debates one finds the opposing ideas of those believing that poverty is mostly a result of our society and is therefore a fault which needs to be rectified by the society, and those who believe it to be the result of a series of choices made by the individual. In third world countries, poverty is seen as lack of social justice, and aid is given readily. In the developed world, we seem to believe that poverty is mostly a result of personal choice. As *choice* consists of a mental process involving the judging of merits of multiple options and selecting one for action, the latter argument could only be applied to a society which gives equal options to every of its members. As primary and secondary education is an important factor in later employment and income, it is however questionable whether a society should impose the task of *choosing* to young children or even teenagers. Children up to the age of around ten (depending on the country) are not responsible for their actions in the eyes of the law, and teenagers only become fully responsible for their actions from the age of 16 to 18 onwards. We have

¹⁵¹ Lawrence, C. (2002) "What is social justice?" from *Trilogy of Conversations about Social Justice* (part 1) available online at <http://www.safecom.org.au/social-justice.htm>

therefore a compulsory school system across Europe, which removes the choice of attending a school, but not the choice about the level of input. A young and insecure child may for instance choose to behave and perform in a negative way if such behaviour and performance would give him or her access to a certain group, which, for that child, could seem a good choice. Even at a teenage age, a child will not necessarily be able to measure the merits of good education against the merits of immediate rewards (e.g. popularity). A socially just society based on equal opportunities therefore only functions if every member has roughly the same judgemental capabilities about the given options. Rather than setting a minimum age limit for school leavers, society should therefore apply a minimum level of education which it deems sufficient to ensure a fair choice process.

As a society, we are currently incapable of distinguishing between those who happily live off and even misuse our social system, and those who due to a series of chosen or given events found themselves in a dependant position which they struggle to break out of. Indeed, our society currently places many obstacles in the way of those with a genuine wish to succeed but who find themselves in its lower ranks. The inhabitants of socially excluded areas are the worst affected, suffering from bad access to educational and cultural institutions, long and often costly journeys to low paid available employment, and bad access to leisure and social recreational facilities.

Urban planning as a regeneration tool needs to firmly counteract recent trends in development, which only seem to worsen these problems. Although it will not be able to provide answers to all given problems, it could, working with all sectors, achieve very positive results. In order to act efficiently, a society-wide agreement about the level of responsibility and the role of our social system has to be found. Social inclusion consists of the revival of existing but deprived and excluded communities or the physical integration through relocation of individuals and families into existing physical and social networks. As the latter would break up existing communities and is often met with financial and social difficulties, a trend towards the former has emerged, as of yet without any real results.

2.3 Sustainability – An Economic Viability?

The concept of a sustainable economy clearly demonstrates the interdependence of ecological, social and economic factors in the delivery process of sustainability. Being defined as a process which allows future generations to receive at least as much capital per capita as the current generation,¹⁵² the term covers natural capital (food, water, air, fossil fuels, etc), physical and produced capital as well as social capital. Transforming this concept into operational reality requires our nations to do more with less by making better use of resources, increase investment, promote stability and competition, develop skills and reward work. The United Nations Development Programme¹⁵³ describes sustainable economic development as a process for realising human development “... *in an inclusive, connected, equitable, prudent and secure manner*”.¹⁵⁴ By extrapolation, any form of development which fails to satisfy each of these elements could be deemed to be unsustainable.

The sudden call for a move towards a sustainable economy came after a realisation that the conventional marketplace-orientated approach continuously decreased in effectiveness. Conventional economics have always been criticised – starting with Adam Smith in the early part of the 18th century¹⁵⁵ – but have worked remarkably well over the past two decades. So what has changed? An economy describes the production and consumption of goods and services of a community regarded as a whole. In the past, an increase in consumption patterns was met by an increase in productivity. Consumption, the value of goods and services bought by people, is the largest component of the Gross Domestic Product on which the economic performance of a country is measured. A country therefore had to increase its consumption patterns if it was to perform well economically. In the past two decades however, consumption was higher than the productive capacity of our planet. Whilst

¹⁵² Serageldin, I. (1996) “*Sustainability and the Wealth of Nations: First Steps in an Ongoing Journey*”, Environmentally Sustainable Development Studies and Monographs No. 5, Washington DC, World Bank

¹⁵³ United Nations General Assembly (1948) “*Universal Declaration of Human Rights*” *ibid.*

¹⁵⁴ Bansal, E. and Howard, P. (edit.) (1997) “*Business and the Natural Environment*”, Oxford: Butterworth-Heinemann

¹⁵⁵ Smith, Adam. (1776) “*An Inquiry into the Nature and Causes of the Wealth of Nations*”. In <http://www.ecn.bris.ac.uk>

the per capita consumption in the developed world continues to rise at a fast pace, straining global resources, per capita consumption in developing countries remained relatively stable. An increasing global population predominantly in the developing world puts further stress onto the global economy.

Whilst humanity consumes more and more, the traditional over-time increase in productivity has slowed down. Mechanisation, computerisation, fertilization, genetic modification and the use of pesticides in agricultural production have all helped to increase productivity, but have been subject to heavy criticism. Fears over health implications informed a recent shift towards biologically farmed foods, mechanisation is slowly seeing its limits and further computerisation could see a negative reaction from consumers who cherish personal service. In the developed world, a future increase in productivity at a pace similar or higher as historical increases seems unlikely, and a reduction in consumption is unwanted. A continuing application of conventional economics is therefore impossible, and alternative approaches are gaining in strength and support. Nevertheless, the profession is still dominated by those who are steeped in the old approach.

This chapter will discuss different approaches which could move the concept of a sustainable economy from theory into operational reality. Cities, being the heart of any economy, are the focus point of this discussion, as they will have to adapt to the changes which a new and sustainable economy might bring. Urban policy has already made some changes to allow for a planning approach which could deliver these changes, but the conservatism of the economic profession seems to hinder real progress. This chapter will close with suggestions aimed at the delivery of the concept of economic sustainability.

2.3.1 Introduction to Conventional Economics

To understand the superiority of sustainable economics as opposed to conventional economics, one has to understand the current economic system in which it should take place, its structures, and its powers. Our current economic system employs the use of a capitalist mode of production, in which the means of production are mostly privately owned. Capital is invested in the production and distribution of goods and services, which are sold for profit in a competitive and free market. Capital, according to Marx, is created with the purchase of commodities for the purpose of creating new commodities with an exchange value higher than the sum of the original purchases.¹⁵⁶ For Marx, the use of labour power had itself become a commodity under capitalism; the exchange value of labour power, as reflected in the wage, is less than the value it produces for the capitalist. This difference in values, he argues, constitutes surplus value, which the capitalists extract and accumulate. Capital itself is the combination of labour power expenditure and the initial production investment plus the surplus value the capitalist seeks to extract. The initial investment (machinery, raw materials, business premises, etc.) consist of the price of purchased commodities which in itself consist of labour power expenditure, investment and surplus value. Even the exchange price of raw materials is dictated by the labour expenditure required for their excavation. The substance of value is therefore labour, the measure of its magnitude labour time.¹⁵⁷ Marx argued that the price of a commodity is dictated by the available amount of labourers, which is reflected in wages. If the demand for workers outstrips the supply, wages would rise and commodities would have to be exchanged at a higher price, whereas a surplus of available labour would result in the exploitation of workers, lower exchange prices and higher profits. Marx concluded that the accumulation of capital is therefore multiplication of the wage-labourer (proletariat),¹⁵⁸ for “if the masses are oppressed equally, the more proletarians a country has, the richer it will be”.¹⁵⁹ For Marx, the labourer stood at the centre of the capitalist mode of production, without whom no accumulation of capital would be possible.

¹⁵⁶ Marx, Karl. (1990) *Capital* 3 Vols. Volume 1. London: Penguin Classics

¹⁵⁷ Marx, Karl, (1990) op.cit., p.281 ff

¹⁵⁸ Marx, Karl. (1849) *Wage Labourer and Capital* Neue Rheinische Zeitung, April 1849.

¹⁵⁹ Colins (1857) *L'Economie politique. Source des révolutions et des utopies prétendues socialistes* Paris, 1857, Vol 3, p.331

Capitalism appeared in Europe between the 16th and 18th century, and in its early stages is often referred to as mercantilism. Mercantilism was a system of trade that allowed European merchants, backed by state control, subsidies and monopolies, to make profit from the buying and selling of goods. It was believed that the prosperity of a nation depends upon its supply of capital, which was best increased through a positive balance of trade with other nations. Scholars behind the economic theory of mercantilism believed that the global volume of trade is unchangeable, and that increasing exports and lowering imports was the key to economic success. This concept suggests a competition between nations, a zero-sum game, in which the economic gain of one nation is equivalent to the economic loss of another. It was therefore the role of the government to advance these goals by playing a protectionist role in the economy. Government taxation on imported goods was implemented to discourage imports, and monopolies were granted to ensure high competitiveness. What marked this era was the oppression of the working force. In order to maximize production, labourers were forced to live on the verge of subsistence. The lower classes were denied education or much free time, as it was thought to lead to vice and laziness, which would ultimately harm the economy.¹⁶⁰ The economic concept of mercantilism developed at a time when Europe was in a transition. Isolated feudal estates were being replaced by centralized nation-states which exercised power. Technological changes, advances in transport and the growth of urban centres led to a rapid increase in international trade, which remained controlled until the 19th century.

Towards the end of the 18th century, some economic theorists opposed mercantilism, most notably Adam Smith and David Ricardo. Adam Smith argued that the implementation of import and export controls had negative effects on the trading nation and came at the expense of specific industries. He believed in the benefits of economic specialization, and maintained that productivity came down to the

¹⁶⁰ Ekelund, R. and Hébert, R. (1997) *A History of Economic Theory and Method* New York, McGraw-Hill Book Company, p. 46

efficiency of the division of labour.¹⁶¹ In his book *The Wealth of Nations*, Adam Smith wrote:

*"If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage".*¹⁶²

This was later confirmed by David Ricardo, who believed that even if a country could produce everything more efficiently than another country, it would reap gains from specializing in what it was best at producing and trading with other nations.¹⁶³ His theory argued that this trade would be beneficial for both trading parties. In his most famous work, *Principles of Political Economy and Taxation*,¹⁶⁴ Ricardo introduces this theory under the name of *comparative advantage*, a concept that remained highly important in modern international trade theory. In the Ricardian model, trade occurs due to differences in production technology, which in his theory is seen as the only difference between countries. Open trade would be advantageous for everyone in both countries, even a technologically inferior country, if each country would specialise in production areas where they possessed the highest or least-worst comparative advantage. A country has a comparative advantage in the production of a good if it can produce that good at a lower opportunity cost relative to another country. He defined opportunity cost as the value of the next best opportunity. In the context of national production, opportunity cost is defined as the loss of labour resources in one production sector at the expense of a production sector which is expanding. The production loss in one sector necessary to produce more in the expanding sector represents the opportunity cost to the economy. Ricardo simplified his model by making several assumptions that seem inconsistent with real life economics. He for instance assumed full employment of labour, and that labour was able to move costless from one sector to another. Transportation cost was equally set at zero. Ricardo gave several numerical examples to support his theory.

¹⁶¹ Smith, Adam. (1776) *"An Inquiry into the Nature and Causes of the Wealth of Nations"*.

¹⁶² (Book IV, Section ii, 12)

¹⁶³ Case, K. & Fair, R. (1999). *"Principles of Economics"* (5th ed.) New Jersey: Prentice-Hall.

¹⁶⁴ Ricardo, David. (1817) *"The Principles of Political Economy and Taxation"* 2004 republication. New York: Dover Publications

He dismissed the idea that a developed country couldn't compete against some low foreign wage industries.

Both Smith and Ricardo challenged fundamental mercantilist doctrines that consisted of the belief that the amount of the world's wealth remained constant and that a state could only increase its wealth at the expense of another state. As a result, around 1830, Britain saw a shift from regulated international trade to a new market model that allowed the trade of goods and services between countries to flow unhindered by government-imposed taxation. This shift in ideology gave rise to industrial capitalism, made possible by the accumulation of vast amounts of capital under the merchant phase of capitalism and its investment in machinery. Industrial capitalism, which Marx dated from the last third of the 18th century, marked the development of the factory system of manufacturing, characterized by a complex division of labour between and within work process and the repetition of work tasks; and finally established the global domination of the capitalist mode of production.¹⁶⁵ Industrialists soon replaced the merchants as the dominant player in the capitalist system, a transition made possible by the increasingly liberal attitude of the British government. This new laissez-faire capitalism was marked by the abolition of international trade restrictions and import taxations, such as the Corn Laws and the Navigation Acts, and soon led to the boom in industrial activity now known as the Industrial Revolution.

At the same time, Britain started to develop a market economy, an economic system in which the production and distribution of goods and services is determined by unregulated supply and demand, and guided by a free price system rather than a state planned economy. It was believed that a market economy would be beneficial for both the consumers, business and the state economy, as it encourages competition. Competition would benefit the consumer, as different companies would compete to offer goods or services to the customer, a process that would keep the exchange value at the lowest possible. Companies were forced to increase productivity to stay competitive in the open market, either through new investment or a creative

¹⁶⁵ Burnham, P. (2003) "Capitalism" in McLean, I. and McMillan, A (eds) 2003 *The Concise Oxford Dictionary of Politics*. Oxford Reference Online: Oxford University Press.

rearrangement of their production structure. Businesses incapable of adapting to changing consumer needs or unable to increase productivity in order to stay competitive would be forced to close, whereas others would flourish not just on the national but also the international market. The national economy would benefit from the increase in foreign exports that would be made possible through the increase in productivity and the associated lower unit cost price of the exported products.

The result of the government's laissez-faire approach towards capitalism resulted in a concentration of capital in large monopolistic or oligopolistic holdings, as well as an increase in the emergence of large-scale corporations and a division of labour separating shareholders, owners, and managers.¹⁶⁶ Whilst businesses holding a monopoly faced no economic competition, oligopolistic firms (operating in a market or industry dominated by only a few sellers) operated under imperfect competition, which reduced price competition and resulted in a market oppressing small-scale firms. The separation of ownership and management from the production process marked a new era that subordinated production to the accumulation of financial profits. By now, the control of large industrial areas lay in the hands of financiers, who sold or purchased corporate holdings of capital in shares of stock. Large industries and land became the subject of profit and loss to an increasing amount of financial speculators. The collapse of the Vienna stock exchange in 1873 had therefore devastating effects on the economy of Western Europe and North America, and the economy remained adversely affected until 1896. This period is referred to as the Long Depression, and although it consisted of some years of economic growth, it was dominated by years of economic contraction. Throughout the period prices fell and production grew more slowly when compared to earlier and later eras.

As a reaction to the crisis, many countries resorted to a renewed protectionist economic policy, and the world experienced a revival of colonialism as the western powers sought new markets for their goods. Besides these changes, governments remained uninvolved in the management of the economy, as it was believed it was not the role of governments to intervene. After a period of steady growth, the entire

¹⁶⁶ Scott, J. (1997) *Corporate Business and Capitalist Classes*. Oxford University Press

capitalist world was hit by another economic downturn, and this time much harder than ever before. The Great Depression of the 1930's followed the New York stock market crash in October 1929 and was a worldwide economic downturn that lasted throughout the entire decade, predominately affecting the most industrialized countries. Cities were hit hard, especially those based around heavy industry. Unemployment and homelessness soared, and construction came to a virtual standstill in most countries.

For some, these economic downturns symbolized the end of the capitalist era. Many of those who were influenced by the philosophy and social theory of Karl Marx posited the possibility of capitalism's decline or demise in alleged contrast to the ability of the Soviet Union to avoid suffering the effects of the global depression.¹⁶⁷ However, the economic recovery of the world's leading capitalist economies following the Great Depression, a recovery marked by unusual rapid growth, eased discussion of capitalism's eventual decline or demise.¹⁶⁸ Post-depression Capitalism had however appeared with a new face. In the period following the global depression of the 1930's, the state played an increasingly prominent role in the capitalistic system throughout much of the world. Government expenditure increased, and key industry sectors became nationalized. In the UK, the Transport Act of 1947 made provision for the nationalization of the rail network, and British Railways came into existence on 1 January 1948. Between 1929 and 1951, a total of eleven key sectors became nationalized, creating new companies including British Airways (1939), British Coal (1946), Bank of England (1946), National Health Service (1948), British Gas (1949) and the Iron and Steel Industry (1951, subsequently denationalized and then nationalized again in 1967 to create British Steel). Most of the nationalizations took place under the Labour government. The result was a Mixed Economy, containing both privately owned and state-owned enterprises. The new economic system combined elements of both capitalism and socialism, and was a mix between a market and a command (centrally planned) economy. The economists Friedrich August von Hayek and Ludwig von Mises argued that the creation of a mixed

¹⁶⁷ Engerman, S. (2001) "Capitalism" in Boyer, P. (edit) (2001) *The Oxford Companion to United States History*, Oxford Reference Online: Oxford University Press 2001.

¹⁶⁸ Engerman, S. (2001) ob.cit.

economy is a move toward socialism and would increase servility to the state.¹⁶⁹ Both economists believed that centrally-planned economies, where an individual or a select group of individuals must determine the distribution of resources, would fail as these planners would never have enough information to carry out resource allocation reliably. Hayek continued to argue that the price mechanism in free markets would maintain the efficient exchange and use of resources, and claimed that these price mechanisms served to share and synchronize personal knowledge. This would lead to a society in which members would achieve diverse, complicated ends through a principle of spontaneous self-organization, without being guided or managed by an outside source.¹⁷⁰

Hayek held the view that the central role of the state should be to maintain the rule of law with as little arbitrary intervention as possible. In the United Kingdom, his political views attracted new attention with the rise of the conservative government. Margaret Thatcher, the conservative British prime minister from 1979 to 1990, was an outspoken follower of Hayek's writings, and even proclaimed von Hayek's book *The Constitution of Liberty* the foundation of conservative politics.¹⁷¹ After winning the 1979 election, Thatcher tried to halt the economic decline that had started to appear several years earlier. The post war boom had ended in the 1970's, and the 1973 oil crisis had led to an economic crisis. Inflation was one of the main problems, which peaked at 26.9% in the year to August 1975, although it had fallen below 10% by 1979. The Labour party under James Callaghan tried to halt the long-term economic difficulties without increasing unemployment rates by imposing pay restraints, which was however rejected by the Unions and only resulted in a series of strikes. Thatcher reacted to the economic difficulties by increasing interest rates to drive down the money supply and inflation. Value added tax was raised sharply to 15%, displaying her preference for indirect taxation over taxes on income, a move that resulted in an actual short-term rise in inflation. These moves hit businesses,

¹⁶⁹ Gardner, M. (1991) *Whys of a Philosophical Scrivener*, New York: St. Martin's Press, p. 126

¹⁷⁰ Hayek, F. (1945) *"The Use of Knowledge in Society"* in *American Economic Review*, XXXV, No. 4: September, 1945, pp. 519-30. Available online at <http://www.econlib.org/library/Essays/hykKnw1.html>

¹⁷¹ Ranelagh, J. (1991) *"Thatcher's People: An Insider's Account of the Politics, the Power, and the Personalities"* London: Harper Collins

especially within the manufacturing sector, and unemployment quickly passed two million, doubling the one million unemployment highs under the previous Labour government.

After winning her second election, Thatcher's political and economic philosophy emphasising free markets and entrepreneurialism epitomized in the selling of most of the major nationalised industries which had been in public ownership. Starting with British Telecom in 1984, virtually all industries acquired and nationalised under the previous Labour Government were privatised. Thatcher encouraged the aspiration towards home ownership, and gave with the Housing Act of 1980 council tenants the "right-to-buy" their council houses on very attractive financial terms. Wider share-ownership and council house sales became known as popular capitalism to its supporters.

Thatcher's vigorous free-market policy made the term Privatisation synonymous with Thatcherism. Privatisation was however not part of the initial Conservative party manifesto. Although the relatively small National Freight Company, consisting of Aircraft and Shipbuilding Industries acquired under the Labour government only three years earlier, was denationalised and sold off to workers shortly after the Conservatives won the 1979 election, a more comprehensive policy was only born with the privatisation of British Telecom. Primarily, this move was however not the result of Thatcher's free-market policy but the product of a conflict between adherence to macroeconomic targets for public sector borrowing and the need for large scale investment in digital switching equipment in telecommunications. The government's ability to commission such investment without breaching its fiscal limits was constrained by the Ryrie rules, a scheme of public sector accounting designed to prevent the previous Labour government classifying subsidies to bankrupt state industries as investment. Although the management resisted the privatisation of British Telecom and the capital market implications of the sale of a company in shares twelve times larger than any previous issue on the London stock exchange were discouraging, the sale to private investors succeeded beyond all

expectations.¹⁷² The sale of British Telecom set the style and tone for subsequent privatisations:

*“Between 1984 and 1996, when the programme of major sales ended, the largest public flotations - of television, gas, airports, airways, steel, water, electricity generation and distribution, rail and nuclear energy - raised total revenue (at 2000 prices) of around £50 billion. There were also numerous smaller disposals and secondary offerings”.*¹⁷³

Privatisation is today predominantly perceived as a positive, as it enhanced the overall performance of a business or even industry and improved business efficiency, although this came often at the cost of job cuts. Kay argued that since 1972 numbers employed in mining had fallen by 95%. Since 1980 employment in steel had fallen by more than 75%, employment in railways by two-thirds, in electricity by half, and in water by almost as much. Output in both coal and steel has fallen, but by far less than manpower, with extensive closures of high cost production. In rail, electricity and water, employment has been reduced with little effect on output. Despite the increase in efficiency, privatised companies did not thrive in the private sector. British Telecom ultimately failed to find a successful business strategy. Mercury, a company set up in 1981 to challenge British Telecom’s monopoly, proved only moderately successful at challenging BT’s dominance. In 1984 the Telecommunications Act set the framework for a competitive market for telecom services by abolishing BT’s exclusive right to provide services. In the early 1990s the market was opened up and a number of new national Public Telecommunications Operators (PTOs) were given licences. This ended the duopoly held by BT and Mercury since 1981, and BT struggled with the increasing competition. In 2005, BT had a Dedicated Access Market share of only 18.2%.¹⁷⁴

The story of BT is synonymous to many others who were initially thought to be a success of privatisation. Both British Steel and British Airways felt the pressures of

¹⁷² Kay, J. (2001) *“Twenty Years of Privatisation”* Prospect, 01 June 2002. London. Available online at <http://www.johnkay.com/print/249.html>

¹⁷³ Kay, J. (2001) op. cit., p.2

¹⁷⁴ FTSE 350 Data

the private market, and although significant improvements were made, it proved insufficient in an increasingly globalised market. British Steel, now Corus, became one of the best managed and lowest cost steel producers in the world, but that has proved barely enough for viability in a world awash with low price steel. British Airways raced ahead of other European airlines by concentrating on cost control, marketing, and, above all, customer service, but other companies followed suit and ultimately proved superior. On average, the customer benefited only slightly, as although labour costs have fallen substantially, capital costs have risen.

Thatcher's privatisation policy did not just cover the sale of state assets to private companies, but also introduced competition and liberalised the market. It also meant disengagement with the industries, leaving operating decisions with the newly formed managements and introducing managerial freedom and hard budget constraints. The operation of previously state-owned competitive businesses in competitive markets functioned predominantly better than under state control, but natural monopolies, such as Railtrack plc and the Gas and Electricity Board, could not face competition and had to be regulated. This resulted in companies separating the competitive and natural monopoly elements. British Gas for instance has hived off its main regulated businesses into Lattice, and most water companies have now fenced off the natural monopoly business. Within a short period of time, previously publicly owned industries have been split nearly completely into two groups, those which could be wholly absorbed into the private sector and those which remained natural monopolies, which performed activities central to the natural economic infrastructure and will always require regulation.

Privatisation did not necessarily mean disengagement. The previous Conservative government had an ideological commitment to take the state out of business, believing in the maxim "Competition where possible, regulation only where necessary".¹⁷⁵ New Labour believed in regulation of businesses that provide essential services to the public. In 1997, the Government initiated a wide-ranging review of the regulation of the utility industries, focusing on electricity, gas,

¹⁷⁵ Kay, J and Vickers, J. (1988) "Regulatory Re-form in Britain," *Economic Policy*, October 1988, 3, 287-351.: 287

telecommunications and water. The following Bill created a framework for the regulation of the privatised electricity, gas, telecommunications and water industries, together with a Gas and Electricity Markets Authority that would regulate the energy utilities. Under the Bill, all the industry regulators would now have a primary, rather than secondary, duty to protect the interest of consumers, preferably through the promotion of competition. Price-regulated utility companies operating in non-competitive markets would be required to publish the links, if any, between directors' remuneration and standards of service. Fines could be issued by the regulators to companies in breach with any license conditions or other requirements.¹⁷⁶ Under New Labour, regulation was no longer confined to natural monopolies such as the telephone, gas and electricity transmission network, but was extended to the service providers.

Like other European countries, the United Kingdom today operates in a capitalist economic system marked by market-led competition. Compared to its European peers, the United Kingdom's levels of taxation and regulation are low, but the quality of state services and social indicators are weak. Since the privatisation policy during the Thatcher regime, only a few publicly-owned companies remain. The UK's economy remains generally more liberal and free-market orientated than other capitalist economies in the world. The differences of continental Europe's economic model and the economic model of the United Kingdom, which is similar to that of the United States and Australia, has led to a terminological distinction between Continental and Anglo-Saxon capitalism. Between these two systems there remain significant differences in terms of ownership structure and corporate control. Ownership in the United Kingdom is characterized by dispersed equity holdings, unlike in continental Europe where ownership is dominated by majority shareholders. Although ownership and control are separated in the United Kingdom, corporate responsibilities are profit orientated towards the shareholders which have little influence on the management. Corporate management on the European continent is independent with responsibilities towards the development of the company, although the shareholders' influence on management is high. Whilst in

¹⁷⁶ Gore, D. et al. (2000) "*Utilities Bill: Bill 49 of 1999-2000*" Research Paper 00/7. 26 January 2000. House of Commons Library

Continental Europe there is a systemic aversion to hostile takeovers, in the United Kingdom hostile takeovers through raids on the stock market play an important role.¹⁷⁷ Reforms implemented since the Conservatives entered the government under Thatcher brought the UK even closer to the American model. The differences in Europe both in terms of types of capitalism and economic performance can be related to various economic outcomes.

Figure 2.12

Measure	France	UK
Poverty rate	6.5%	17%
Population with an income of less than US\$11 per day	9.9%	15.7%
Per capita Purchasing Power Parity	\$29,316	\$30,470
Unemployment rate	9.6%	4.8%
Life expectancy (total population)	79.73 years	78.54 years
Gini coefficient (income inequality)	32.7	36.8

Unemployment is relatively low in the United Kingdom when compared to France, but income inequality is considerably higher leading to higher levels of generalized poverty. In recent years the United Kingdom has possessed a higher GDP per capita than France, but when basing the standard of living on factors such as income equality, access to health care, life expectancy, and poverty rate, France's economic model seems to ensure a higher standard of living.

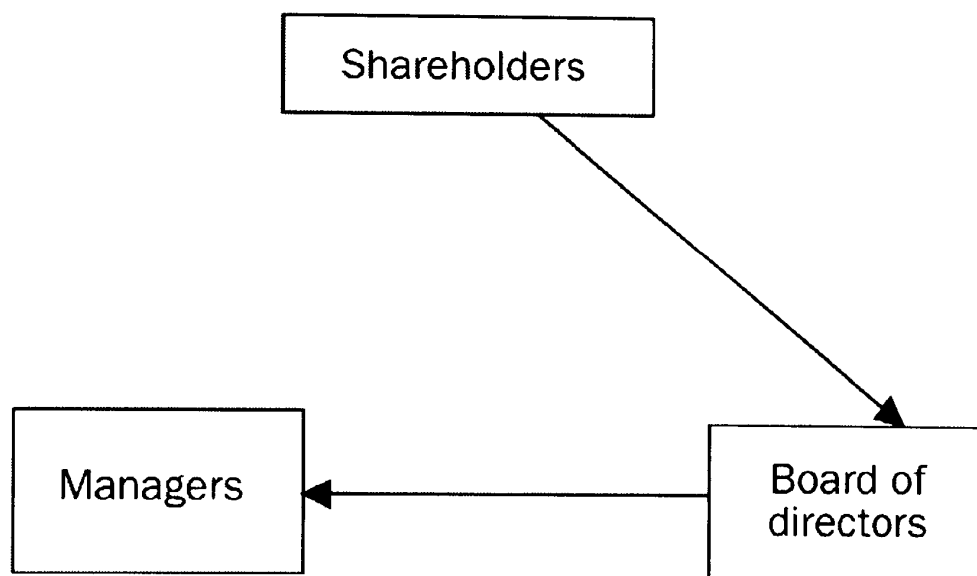
The influence of Trade Unions in the making of policy seems to play a major role in this outcome, as it is much higher in the Continental model (which has strong and centralised Unions) as compared to the Anglo-Saxon model, which has a low and declining rate of unionization.¹⁷⁸ In the United Kingdom, Thatcher's government weakened the powers of the unions during the 1980s. The subsequent Labour government did not reverse these changes since entering office, leaving organized labour characterized by a relatively high level of heterogeneity and fragmentation at

¹⁷⁷ Cernat, Lucian (2004) "The emerging European corporate governance model: Anglo-Saxon, Continental, or still the century of diversity?" *Journal of European Public Policy* 11:1 February 2004: 147-166. Routledge.

¹⁷⁸ Pryor, F. (1996) "Economic Evolution and Structure: The Impact of Complexity on the US Economic System", Cambridge: Cambridge University Press.

national level. The result is poor internal flexibility owing to a fragmented training system and poor skills.¹⁷⁹ Cernat notes that these negative features are partially balanced by higher mobility (both across professional groups and geographically) and by a higher flexibility of wages as compared to those in the Continental model. However, the Anglo-Saxon model of corporate governance does not allow for labour to participate in strategic management decisions, leaving the Board of Directors solely responsible for the running of the business.¹⁸⁰ The encouragement of the labour workforce is predominantly monetarily orientated, giving the workforce compensation based on individual and company performance.

Figure 2.13: The Anglo-Saxon Model of Corporate Governance



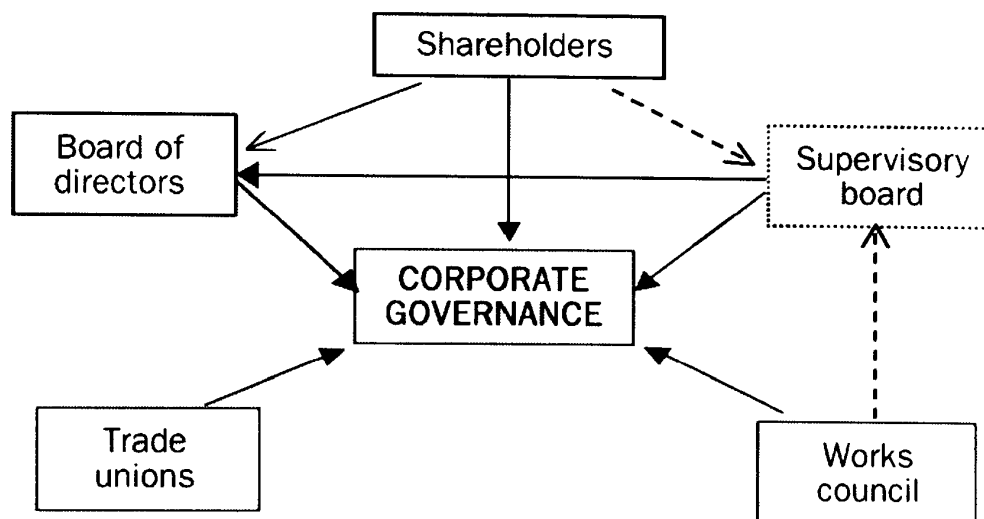
The differences between the Anglo-Saxon and the Continental model are vast and pose a potential problem for a possible future combined European model of corporate governance. The Continental model places much greater importance on the stakeholders (those involved with the running of the company), as well as the shareholders (those who own the company), who have a direct influence on the management. The stakeholders have a direct say in the running of the company, through trade unions and work councils, who are generally able to elect their own

¹⁷⁹ Rhodes, M. and van Apeldoorn, B. (1997) „*Capitalism versus capitalism in Western Europe*“, in M. Rhodes, P. Heywood and V. Wright (eds), *Developments in Western European Politics*, New York: St Martin’s Press, pp. 171–89.

¹⁸⁰ Cernat, Lucian. (2004) Op.cit.

members onto the supervisory board. Representatives of the shareholders are generally found on the Board of Directors, ensuring that everyone involved in the company takes part in the decision-making process. The result of this interaction is a more secure economic environment which ensures higher profits in the long run, rather than the short-term views imposed by stock markets on the Anglo-Saxon model.¹⁸¹ This interaction can have negative consequences on the company's performance: the decision-making process is slowed down and the company has a reduced flexibility as compared to those governed under the Anglo-Saxon model. Workers might also pursue opportunistic objectives.

Figure 2.14: The Continental Model of Corporate Governance



Although the differences between the Anglo-Saxon and Continental model of corporate governance seem difficult to reconcile, the Europeanization between the two models is likely to happen in the long run. With the rise of the Asian markets as strong players in a global economy, Europe will have to decide if it will compete as one or as individual markets. It is likely that Europe will have to work closer together in order to survive economic pressures. Although in 2005 the treaty to establish a Constitution for Europe was rejected in two European nations and subsequent ratification procedures were postponed, European institutions such as the parliament, court of justice and the council continue to gain in influence. The European Work

¹⁸¹ Albert, M. (1993) „*Capitalism vs. Capitalism*“, New York: Four Wall Eight Window.

Council Directive, passed in 1994, already established mechanisms at EU level for informing and consulting employees in Community undertakings. Several directives have been passed since which try to harmonize some aspects of corporate governance. It remains however still to be seen whether an emerging European model would be a harmonized best-practice hybrid model or if one of the existing models will dominate. Labour-related issues and capital related aspects are however likely to remain as they are in the short term.

2.3.2 Sustainability in a Capitalist Market Economy

In the United Kingdom, the Anglo-Saxon model of corporate governance had a negative social impact, evident in a high poverty rate and high income inequalities. This was however counterbalanced by the claim that unemployment rate in the UK is the lowest in Europe. This claim however has to be seen in perspective. In 2001 Germany, which has a very high unemployment rate as compared to the rest of Europe, had a higher labour force participation rate (59.5%) than the UK (58.4%), and just a marginally lower employment to population ratio (1.2% difference). Although male unemployment figures were substantially higher in Germany (15.6%) than in the UK (9.4%), male inactivity was significantly higher in the UK (32.8%) than in Germany (23.4%). The prime-aged (25-54 years old) male employment to population ratio was in both countries fairly equal (Germany 86.8%, UK 87.5%). The reason for the differences in overall unemployment rates is the way both countries count unemployment. Germany counted 49.8% of all non-employment as unemployment, the UK only 30.2%. Male employable people in the United Kingdom are becoming increasingly economically inactive, with around 70% of inactive males in prime working age reporting themselves as sick and disabled.¹⁸² This evidence seems to suggest that labour-market detachment due to sickness is more likely to occur in the UK, leading to cross-national differences within the unemployment ratio. The reason for these differences in numbers can be found in the differences of the welfare systems. German unemployment benefits are more generous so that more of the non-employed remain or end up in unemployment, whereas British non-

¹⁸² All figures published in Clasen, Jochen, et.al. (2004) "*Non-employment and the welfare state. UK and Germany compared*" Anglo-German Foundation for the Study of Industrial Society.

employed men are better off as beneficiaries of welfare state programmes other than unemployment compensation. The percentage of those benefiting from any kind of welfare support is a lot more equal in both countries, although figures in the United Kingdom are marginally better.

In the 2005 Quality of Life Index, the Economist listed the UK at the bottom among the EU-15 countries, and only 29th in the world.¹⁸³ The index took into account factors such as health, mental wellbeing, political stability, family and community life, job security and gender equality. Ireland, in contrast, ranked at number one in the world. Several of these factors are influenced by aspects related to employment. Despite lower wages, average annual working hours in 2002 were substantially higher in the UK (1707) than in Germany (1444), and the UK ranked number one in comparison to other EU-15 countries. This is despite the fact that the actual agreed average annual working hours are below EU-15 average.¹⁸⁴ Social aspects which are adversely affected in the UK's current economic model would need to be addressed in a sustainable model, as well as the environmental implications discussed in an earlier chapter. In a capitalist market economy with a corporate governance model that puts capital gains amongst its highest objective and does not allow for more than minimal employer or even shareholder participation, is the concept of sustainability a viable theory? Furthermore, can the economy, which has consumption as its largest GDP component, which puts growth as its highest objective, where the rich consume more each year in absolute terms, helping that objective, but where the income gap is widening, ever be sustainable?

Economic growth traditionally demands a growth in annual consumption. That means that consumption this year must leave intact the capacity to produce and consume an even higher amount next year. Therefore, the concept of sustainability is built into the very definition of economics. Daly argues that the problem lies in the definition of the productive capacity: traditionally, the productive capacity that must be maintained intact has been thought of as manmade capital only, excluding natural

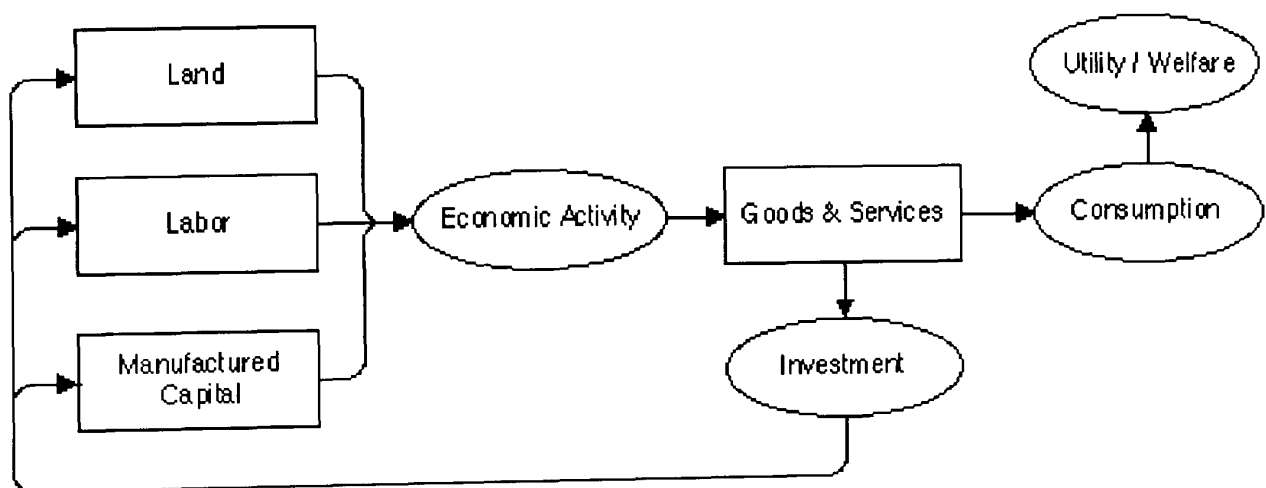
¹⁸³ Kekic, Laza (2006) "*The Economist Intelligence Unit's quality-of-life index*" In *The Economist: "The World In 2005"* issue. Available online at <http://www.economist.com>

¹⁸⁴ Carley, Mark. (2000) "*Working time developments - annual update 1999*" in European Industrial Relations Observatory on-line, available at <http://www.eiro.eurofound.eu.int>

capital. Natural capital was thought of as a free good, which could not be depleted.¹⁸⁵ In today's world, this view is anti-economic and the consumption of natural capital has to be included in the maximum amount a society can consume, making growth difficult to achieve. Gilman argued that traditional economic theory is therefore in a crisis, and a failure of the theory is growing more acute at all time.¹⁸⁶ We have to accept that there are limits to growth, and that we can no longer accept the old economic maxim "grow or die", unless we can find ways to grow without an increasing depletion of natural capital. In any case, the productivity rate of natural capital has to be maximised and an investment into its increase (i.e. new forests, oil crops, etc) is needed. Renewable substitutes for depleted natural capitals have to be found, and consumed capital should return into the productivity circle through recycling.

Like in conventional economics, sustainable economic circles in a capitalist market would in principle need to follow the same pattern: Invested capital (be it labour, commodities, land, natural resources) is processed through economic activity in order to create new commodities, which are then sold for overall capital gains.

Figure 2.15: Conventional Economic Cycles



The traditional diagram of the economic cycle (Figure 2.15) shows how labour, with the aid of already manufactured capital (buildings, tools and equipment) transforms

¹⁸⁵ Daly, Herman (2001) "Five policy recommendations for a sustainable economy." In Douthwaite, R & Jopling, J (eds). (2001) "FEASTA Review No. 1" Devon, UK: Green Books

¹⁸⁶ Gilman, Robert (1992) "Design For A Sustainable Economics" in Dancing toward the Future. In Context, Issue 32, page 52 ff.

Gilman's extended diagram (Figure 2.16) shows both physical and non-physical elements which represent factors necessary for production. Land, which in the traditional model only represented the raw materials necessary for production, is now extended to include all natural systems, such as the atmosphere, biological systems, and even the sun, and is therefore renamed Environmental Capital. As all these elements are more than just resources, Ekins already included a new activity, whose functioning depends on the quality of the Environmental Capital and whose result in turn enhances or degrades Environmental Capital. It indirectly influences the quality of both manufactured and human capital as well as human activity and quality of life. This function, called Natural Systems Activity, is important as we now see the depletion of Environmental Capital. Traditionally, the build-up, renewal or repair of Environmental Capital was an activity performed by the earth's ecosystem, but a fast depletion beyond the earth's regeneration capacity today calls for a human intervention.

Human Capital, traditionally only consisting of labour, now extends to include both the quality and quantity of labour. Ekins argued that Human Capital has three elements: health, knowledge/skills, and motivation, and that these elements are likely to be enhanced by use rather than depleted. A person applying skills and knowledge in a work environment is likely to pass on a proportion of these abilities to others, and in doing so could also improve his or her own skills and knowledge. Equally, a motivated person is likely to motivate those surrounding him, and a healthy person could benefit other person's health. Human Capital is capital attached to a particular individual, created through education and training, and is therefore a product of Human Activity. Social and Organisational Capital on the other hand is transpersonal capital which remains in a society or organisation at all times. It is capital that enables societies and organisations to function and includes the non-physical part of culture: habits, norms, roles, traditions, regulations, policies etc. This capital can be found in law, government, communities, and culture.

Similar to the conventional economic diagram, Manufactured Capital forms part of the factors of production, but, crucially, in this diagram it is influenced and limited

by Environmental Capital and the Natural Systems Activity. As the Economic Capital is limited in both the supply of non-renewable raw and renewable materials, the creation of Manufactured Capital is limited. Equally, Manufactured Capital always deteriorates, either through use, or it simply becomes outdated. Although this effect is desired by the producing companies, and possible lifecycles are therefore often purposely reduced as the customer would have to replace that item at the end of its life, this object will further strain the natural systems when being returned to the environment as waste. The value of manufactured capital in a sustainable economic system hence lies not only in the cost of production and disposal, but in its use. Expanding the span of use between the extraction of raw materials and the disposal back into the environment would therefore enhance the value of Manufactured Capital within a sustainable economic system, and could be achieved through long-life designs, easy repair, recycling and the use of non-toxic and biodegradable materials.

Gilman's final element consisted of Credit Capital, which he defines as a reservoir of financial depths and promises. The existence of Credit Capital, which includes money and depth, can be seen in the human economic lifecycle, where we need to invest at the beginning into for instance education, housing, food and healthcare, without having contributed to the economy. The accumulated depth has to be "repaid" when we are in employment, during which time we also need to provide for the time when we will no longer be able to actively contribute to the economy. Whilst we are employed, we often need to produce nearly twice the amount as otherwise needed if we would work on a hand-to-mouth basis without the existence of these capitals. Credit Capitals includes several kinds of borrowings, such as student or personal loans, but its value to the society depends on how it is used and whom it benefits.

In Gilman's and Ekins's sustainable economics diagram activity is extended to include not only economic but all human activities. As every human activity impacts on all five factors of production, as well as our quality of life and on how we allocate our time, every human activity has an economic dimension, although they are not

purely economic. It acknowledges that everything we produce, consume or gain in capital goes back into the factors of production, either as goods and services, or as waste if the product has been consumed to enhance what Ekins already labelled *Human Quality of Life* which, like Utility and Welfare in the conventional diagram, serves as the goal for activity. Both models differ in the way these ultimate goals are attained. Conventional economics always assumed a conceptual system based on Newtonian physics, which consisted of singular linear chains of cause and effect which could be modelled with numerical precision. The sustainable model is based on a far more complex, interactive and non-linear system which was created from the understanding that all aspects of life are interdependent. Numerical precision in this model is not possible, but it can be used to produce likely insights and results.

On a practical application, the conventional diagram assumes that human activity results in financial gains which are used to consume goods and services necessary to achieve utility and welfare. As the factors of production are not perceived as limited, an increase of economic activity would automatically trigger an increase in income and therefore in an increase of utility and welfare. The sustainable diagram suggests that a reduction of a need for income through efficient household management could allow a reduced amount of time allocated to paid work, which could result in an increase of overall quality of life. An increase in per capita quality of life could therefore be achieved through a decrease of the production of goods and services, which are measured by the gross national product. This result is impossible in the conventional diagram, which doesn't decouple welfare from the gross national product. Overall, the sustainable diagram demands the reduction of negative inputs into and a reduction of the draining output from economic capital (meaning a reduction of pollution and a reduction of the use of non-renewable and renewable resources), an increase in input to both human and social capital (learning opportunities, healthy environments, low levels of stress and a diminishing of health hazards), an increase in use-value of manufactured capital outputs (life-span, recycling) and an increase in social and human capital output efficiency. This would lead to an overall increase of quality of life and could be achieved without an increase of consumption. Although the sustainable model introduced by Ekins

consists of generally agreed elements, the question remains as to how such a system can be applied in a society so deeply rooted in the idea of conventional economics. Is it possible to introduce policy without adversely affecting the productivity of the private sector?

Daly suggests a move away from a value added tax base to resource throughput, together with a removal of government resource throughput subsidies. Although subsidies are generally opposed by the World Bank and virtually all aid organisations such as Oxfam, subsidies are still used by governments to stimulate growth. Subsidies capital predominantly includes utility (energy, water, wood) and farmland produce. Daly's suggestion goes beyond the removal of explicit financial subsidies to include the removal of implicit environmental subsidies, which he defines as the cost to communities which are not charged to the commodities whose production generates them. This could be achieved through the introduction of Pigouvian taxes, which are taxes levied to correct the negative externalities of a market activity. Pigouvian taxes may for instance be levied on the amount of pollutant output of a producer in order to encourage a reduction of pollution, whilst simultaneously generating revenue which may be used to counteract the negative effects of the pollution. Pigouvian taxes should be set at a level where they, when added to the marginal private cost of a product, equal the marginal social cost. Although a system providing incentives to the reduction of carbon emissions already exists in the Carbon Emissions Trading Scheme, Daly's suggestion of a shift from tax onto resource throughput provides a much more operational instrument which would encourage a much more productive use of all elements of Economic Capital.¹⁸⁹

Daly's suggestion makes sense: by taxing labour and capital we are discouraging exactly what we want more of, encouraging companies to dispose of labour in favour of new technologies and to increase the throughput of energy and materials. By shifting the tax base, thus increasing external costs, we would encourage an incentive for a reduction of throughput and at the same time a reduction of the associated environmental capital depletion and pollution. A decrease of internal costs could also

¹⁸⁹ Daly, Herman (2001) "*Five policy recommendations for a sustainable economy.*" In Douthwaite, R & Jopling, J (eds). (2001) "*FEASTA Review No. 1*" Green Books, Devon, UK.

encourage an increase in the use of labour. Previous externalities such as depletion and pollution would therefore be internalised, making them centre of concern for the producers. Although Daly admits that actual external costs could not be precisely calculated and attributed to the activities which caused them, unlike the Pigouvian tax base which aims to equate marginal social costs and benefits for each activity, the benefits of greater throughput efficiency, lower environmental degradation and reduced unemployment, as well as the high feasibility of the shift of the tax base onto resource throughput if it remains revenue neutral, could be implemented much sooner than a tax which would insist on the difficult calculations of exact external costs. Daly argues that the income tax structure should be maintained in that the lower wage groups are subsidised by the raised funds generated through taxation of the high income groups, in order to further reduce income inequalities, but that public revenue should be generated from taxes on resource throughput.

In addition, Daly suggests a direct charge on natural resources which exist independently from man (e.g. metal, coal, minerals, petroleum, fish, and forest wood). It is of course difficult to put a price on natural resources, as they are naturally occurring substances which have no cost of production. The current value of a natural resource as a commodity lies within the labour cost for its extraction and purification, but is also directed by the demand. Daly's suggestion is a charge based on opportunity cost, which is the cost of something in terms of an alternative or next-best opportunity forgone. A city which builds a set of luxury apartments on a plot of land forgoes the opportunity of doing anything else with that land, such as building a sports centre or affordable housing. If anything other than taken opportunity would have a higher benefit for the city, the opportunity cost would be in the difference of the taken and the best forgone opportunity. Although such a cost would result in greater efficiency and, if paid to the communities, greater equity, it is difficult to measure and express opportunity cost in monetary terms. Traditionally, opportunity cost is assessed in terms of *anything* that is of value to the person or persons doing the assessing.

One way of utilising opportunity cost could be in the taxation and subsidisation of different forms of land use, as some uses benefit the society whilst generating lower revenues, whilst others generate higher revenues whilst having a very limited benefit to society. Land which is used to create low-density housing only benefits those who will live on that land, but will generate high profits for the land owners, whilst land which is used to grow crops to create biodiesel or forest land used as a carbon dioxide sink could benefit the society as a whole whilst only generating minimal or no financial benefits. A charge for the least socially beneficial forms of land use coupled with the subsidisation of the most beneficial forms of land use could in the future maximise land use efficiency.

Another factor necessary to ensure sustainability is the restriction of international capital mobility, which is together with international trade often referred to as globalisation. Here it is important to distinguish between different terminologies: *Globalisation* refers to the increase in international flow of capital and includes foreign direct investment, as well as the development of global financial systems and an increasingly important role of international financial organisations such as the World Trade Organisation (WTO) and the International Monetary Fund (IMF). *Internationalisation*, which is one aspect of globalisation, only refers to the increasing importance of international trade, relations, treaties and alliances. Whilst the Ricardian model of comparative advantage still applies to international trade amongst nations, it does not apply to an economy governed by globalisation. A global economy, which consists of integrated, formerly national economies by means of free trade *and* free capital movement, takes away national gains from trade in order to create trade gains to the world as a whole. Economically, globalisation is a process that is mediated according to elite imperatives, and reintroduces the possibility of absolute advantage, with the result that some nations gain economically as others lose out. Integration into a global economy also implies national economic disintegration, removing elements from their national context.

The problems associated with the removal of national economic boundaries can be found in the problems of creating and carrying out policies for a common good if

capital is no longer rooted on national ground. Footloose, global capital can be moved freely amongst nations, making it difficult for individual nations to control. If policies of one nation become perceived financial burdens for a corporation which is not confined to national boundaries, measures are often taken to relocate to a more cost-friendly nation. The result is that many beneficial national policies never see the light of day. Globalisation therefore strengthens the relative power of trans-national companies, weakens the power of national and sub-national communities and can have disastrous economic effects on local and even national economies. Capital which is rooted in local communities could on the other hand develop local economies, whilst being controlled by national policy. A lack of an international governing body (e.g. a world government) makes the control of international capital impossible, and international agreements have to rely on national governments to deliver the set objectives. A future world government is highly unlikely and probably unwanted, making a future shift towards community-rooted capital the better option.

2.4 Summary

Any possible solution presented for the attainment of future sustainability demands a citizen willingness to accept the necessary changes which are presented within the given solution. Even more, the attainment of sustainability has to be a shared goal. Environmental, social and economical changes all demand ideological prerequisites which as of yet only exist in a minority of citizens. The belief in an individual's responsibility towards society and towards future generations does not exist in everyone, nor does the concept of greater purpose of our actions. In the light of today's environmental concerns, consumer behaviour has changed very little. An increase of personal quality of life is still predominantly thought to be achieved by an increase in consumption, generated by an increase in monetary income, and by an increase of convenience. This is primarily the result of the hierarchical structure of society: the super-rich at the top of the pyramid set the pace for spending, and every one else follows suit in a competitive echo of wastefulness.¹⁹⁰ Environmental, social and economical issues don't seem to matter much: as a result of our perceived need

¹⁹⁰ Frank, Robert H. (1999) *Luxury Fever: Money and Happiness in an era of Excess* Princeton University Press, Oxford.

for consumption we spend more time at work and spend less time within our social circles, we save less and borrow more, we consume excessively and ultimately harm the environment, and we become so detached from our immediate social surroundings that those in need of support don't seem to matter much to us any more. Ironically, it is often those who do not believe in the existence of society who are influenced the most by it.

The question of an existence of society together with the question of the existence of purpose is one of the heavily debated subjects of both classical and contemporary philosophy. In Neo-Darwinist Biology and Mechanist Philosophy, the concept of purpose has long been defined to the world of illusion. It would however be anti-rational to completely deny the existence of purpose: In pursuing a career, raising a family or acquiring property we serve personal set goals which give purpose to our existence. It is however arguable if purpose is inherent or freely chosen by individuals. Economists usually recognise the existence of purpose under the rubric of individual preferences. By creating sustainability, thus serving such purposes as the ending of poverty and conserving the biosphere, we demand of everyone to serve the same purposes, or, in an economist's point of view, have the same preferences.¹⁹¹ Preferences are however purely subjective, with one persons' preference as good as another's, with no objective standard of value by which preferences can be judged. The concept of Preference, which is equal to the concept of taste, assumes a real or imagined "choice" between alternatives and the possibility of rank ordering of these alternatives, based on happiness, satisfaction, enjoyment, utility they provide, and form in an economist's point of view an individual's ultimate standard of value. In our modern world, as Daly exclaimed, purpose has been reduced to the level of taste.¹⁹² He continues that in the absence of true purpose, modern purposes such as the unconstrained aggregate satisfaction of uninstructed private tastes will dominate.

Although it is true that individuals differ in their chosen preferences, it is indeed the one thing which makes us individual, we still have common inherited characteristics: that of survival and protection. Sustainability is not a chosen concept, but a concept

¹⁹¹ Daly, Herman (2001) Ibid.

¹⁹² Daly, Herman (2001) Ibid.

born out of the inherited human urge to protect its species. It would not have been created if there wasn't a possibility of an endangerment of human life and lifestyle in future generations. Survival could indeed be described as the one purpose which we all inherited, and protection could be described as the means to that end. Environmental issues are indeed threatening the life of our species. It is therefore possible that lack of information is the true cause for the lack of real support for the concept of sustainability. An increase in education about this subject is therefore likely to increase its support, and could trigger a whole new sense of purpose.

Chapter 3

Governments and Governance

3 Governments and Governance

The concept of sustainability is an attempt to provide the best outcomes for the human and natural environments both now and into the indefinite future. The previous chapter has shown how this concept relates to both the continuity of economic, social, institutional and environmental aspects of human society as well as the non-human environment. Sustainability can only be achieved by means of configuring civilization and human activity so that the society, its members and its economies are able to meet their needs and express their greatest potential in the present, while preserving biodiversity and natural ecosystems, and planning and acting for the ability to maintain these ideals in the long term. As such, sustainability affects individuals as well as every level of organization, from the local neighbourhood to the world governing bodies.

National governments, which represent the highest governing body with the authority to make, and the power to enforce laws, have to play a substantial role in the delivery process of sustainability. Today, most nations employ a democratic government, in which all the citizens have an equal vote or voice in shaping policy. In democracies, all citizens hold equal political power. With the exception of Switzerland, which employs a direct democracy, political power in Europe is exercised through representatives chosen by the citizens, a system known as a representative democracy. Here, popular sovereignty is exercised by the people's representatives. In the UK, representatives are elected in each of the 646 constituencies, and form the House of Commons. Although these representatives act in the people's interest, they do not act as their proxy representative; therefore they do not necessarily always act according to their voters' wishes, but with enough authority to exercise initiative in the face of changing circumstances. The vast majority of these representatives are members of a political party, and in the UK the government is assembled by the political party whose members hold the majority of seats in the House of Commons. Those chosen to act in the executive branch of government effectively act as legislators and hold significant powers, although there are constitutional measures to balance representative power. Senior members of the executive branch form the cabinet, and execute executive authority on behalf of the nominal or theoretical

executive authority. Legislation is conceived in the executive branch of government, but all representatives have the power to pass or reject them.

Governmental supervision and control, either through legislative, executive or judiciary powers, forms part of our democratic world, and is therefore preceded and informed by a political process. It is important to distinguish between the political side, which is purely informative, and the governmental side, which regulates. The debate over the merits of alternative forms of action available to deal with public issues forms the political process, and is performed by politically engaged individuals or groups, the results passed on for government action. While the political process determines the balance between various objectives, governance forms the decisional process, creating legal and policy frameworks for and on behalf of all. Political arguments must be won by a majority in parliament in order to enact legislations. Any passed legislation and public policy should therefore be a representation of public opinion on the subject matter, although sometimes publicly unwanted legislation is passed for a greater good. Passed legislation and policy which does not have a widespread public support can have damaging effects on the governing political party, and governments are therefore very cautious not to be too upsetting when conceiving new legislation.

The implementation of economic and social policy, together with the regulation of environmental pollutants and the regulation of the use of natural resources, all form part of a political agenda trying to push the concept of sustainability. Political agendas, although shaped by the government, are influenced by non-governmental organisations or elitist groups with a political aim. Political power can therefore be divided in to two dimensions, the *decision-making* and *agenda-setting*.¹⁹³ Bachrach and Baratz argue that the dimension of decision-making is based in the formal political arena and is measured through voting patterns and the decisions made by politicians, whilst the dimension of agenda-setting involves behind the scenes elite groups including politicians, industrialists, campaign contributors, and special interest groups, who often have a hidden agenda that most of the public may not be

¹⁹³ Bachrach, P. & Morton S. (1962) "*Two Faces of Power*" in *American Political Science Review*, Vol.56, No.4, December 1962, pp.947-952

aware of. Lukes later added a third dimension of political power, which he calls *preference-shaping* and which is embodied in ideological power.¹⁹⁴ This dimension of power is exercised through the use of propaganda and the media, and embraces coercion, influence, authority, force and manipulation. The dimension of *preference-shaping* heavily influences individual's behaviours and decisions, and is after *agenda-setting* the second instance in the exercise of power, followed by *decision-making*.

Public policies embody the course of action or inaction chosen by a government and are the result of all three dimensions of political power. They are expressed in laws and regulations and the decisions, actions and non-actions of governments. Although these policies are passed by governments who hold the power of *decision-making*, they are often conceived by the behind the scenes groups and individuals who hold the power of *agenda-setting*. Public policies are influenced by the decisions of the majority of individuals, although it has to be noted that although decisions are choices consciously and intentionally made by individuals between alternatives, they can be mobilized, recreated and reinforced through the exercise of *preference-shaping* power in ways that are neither consciously chosen nor the intended result of a particular individual's choices. Sustainability as a political agenda therefore requires both a supporting public and a support from those behind the scenes.

The concept of sustainability as a political agenda concentrates on urban forms, as they are the centres of economic, social and environmental issues. That public policies can have a great impact on urban forms was already experienced during the 1980's, when the government under Thatcher employed a *laissez-faire* policy in the areas of private sector control and town management. Today, public policies are taking a much more cautious route. On both the local and national level it was realised that the market as the single driving force behind local developments is insufficient to tackle the problems urban areas are facing today. High unemployment rates occur predominantly in segregated areas of large conurbations, creating areas which are marked by poverty and social injustice. A lack of sustainable infrastructure

¹⁹⁴ Lukes, Steven (1975) *Power: A radical view* New York: Palgrave Macmillan

causes severe damage to our environment, and the suburban housing preference of middle and upper class families limits the amount of potentially productive green space.

Today, the term sustainability can be found in virtually every government published guidance note, political policy agenda and global agreement, a result of a world trying to cope with serious demographic, environmental, economic and social changes. Several studies carried out by governmental, international and independent bodies showed that, if governments fail to interact and continue the present trends, the result would be disastrous. The concept of sustainable development, which was defined in the 1987 Brundtland Report,¹⁹⁵ was adopted by the Agenda 21 program of the United Nations in 1992. Agenda 21 acted as a comprehensive blueprint of action to be taken globally, nationally and locally by governments, United Nation organizations and other major groups which impact on the environment.¹⁹⁶ The 1995 World Summit on Social Development further defined the term “sustainable development” as *“the framework for our efforts to achieve a higher quality of life for all people”*, in which *“economic development, social development and environmental protection are interdependent and mutually reinforcing components”*.¹⁹⁷ The 2002 World Summit on Sustainable Development in Johannesburg expanded this definition identifying the *“three overarching objectives of sustainable development”*, namely the eradication of poverty, secondly the protection of natural resources, and thirdly the change of unsustainable production and consumption patterns.¹⁹⁸ Cities, as the mechanism behind every nation’s performance, are the focal point of sustainable development programs and led to the creation of separate summits, such as Urban Future 21 summit in Germany, which set out to make urban areas more sustainable. In the UK, the term *urban renaissance*, which describes the repopulation

¹⁹⁵ United Nation Brundtland Commission (1987) *“Report of the World Commission on Environment and Development: Our common Future”* UN General Assembly document A/42/427, New York

¹⁹⁶ United Nations (1992) *“Agenda 21: Programme of Action for Sustainable Development - The Final Text of Agreements Negotiated by Governments at the United Nations Conference on Environment and Development (UNCED) 3-14 June 1992, Rio De Janeiro, Brazil”*, available to view online at <http://www.un.org/esa/sustdev/documents/agenda21/>

¹⁹⁷ United Nations (1995) *„Report of the World Summit for Social Development“* UN document A/CONF.166/9, New York

¹⁹⁸ United Nations (2002) *“Report of the World Summit on Sustainable Development”* UN Document A/CONF.199/20, New York

and regeneration of cities, became the headword after a period of suburbanization during the mid-20th century. The publication of the report “Our Towns and Cities: The Future - Delivering an Urban Renaissance” in 2000, better known as Urban White Paper, set out a series of commitments aiming at the sustainable renewal of British towns. Several other publications followed. What they had in common was the concern about the future of urban living.

This chapter will focus on the governing bodies, from the UN and EU to national and local governments, which are able to regulate development. It will show that hardly any real commitments had been made since the adoption of Agenda 21 and the World Summits on Climate Change. Furthermore, the chapter will highlight the unique position of the United Kingdom within Europe: Local Authorities, which carry most responsibilities in the delivery process of sustainability, have no legislative powers to regulate development. Although both the United Nations and the European Community decided that Local Authorities were best suited to create tailor-made strategies ensuring future sustainability, it is doubtful if this can happen if costs are being transferred to the private sector. Sustainable development is perceived as less profitable through higher investments (for environmental standards) and lower returns (in mixed-use and socially mixed areas). The chapter highlights the vagueness of current International and National policy and describes international differences in law which make some local authorities more effective.

3.1 Global guidelines – The role of the United Nations

The United Nations Conference on the Human Environment held in Sweden in 1972 was the first to debate new understandings and concerns about the state of the global environment. This conference is widely recognized as the beginning of modern political and public awareness of global environmental problems.¹⁹⁹ As a result of the conference, the United Nations Environmental Program was established in the following year. Its task was to assist developing countries in implementing environmentally sound policies and to encourage sustainable development through sound environmental practices, as well as to coordinate all United Nations environmental activities. In 1983, the General Assembly of the United Nations established an intergovernmental committee with the task of creating a report on the environment, as concern heightened about global environmental degradation. The aim of this report was to propose long-term environmental strategies for achieving sustainable development to the year 2000 and beyond. The committee was to “*recommend ways in which concern for the environment may be translated into greater co-operation among developing countries and between countries at different stages of economic and social development and lead to the achievement of common and mutually supportive objectives which take account of the interrelationships between people, resources, environment and development*”.²⁰⁰ The report was to propose ways and means by which the international community can deal more effectively with environmental concerns, and it was to help to “*define shared perceptions of long-term environmental issues and of the appropriate efforts needed to deal successfully with the problems of protecting and enhancing the environment, a long-term agenda for action during the coming decades, and aspirational goals for the world community*”.²⁰¹

The report was put before the General Assembly in 1987 under the title *Our Common Future*, and was to become known as the Brundtland Report, after the name of the chair of the commission, Gro Harlem Brundtland. It noted that “*many present*

¹⁹⁹ McCormick, John. (1995) “*The Global Environmental Movement*” John Wiley. London.

²⁰⁰ United Nations (1983) „*Process of preparation of the Environmental Perspective to the Year 2000 and Beyond*“ UN document A/RES/38/161, 8.b. New York

²⁰¹ United Nations (1983) Op,Cit., paragraph 8.d.

development trends leave increasing numbers of people poor and vulnerable, while at the same time degrading the environment."²⁰² Amongst the findings of the commission was the realization that environmental, economic and social issues were interlocking elements of a global concern, and did not exist separate from each other.²⁰³ This stood in sharp contrast to the previous compartmentalization of broad areas of concerns, which led to the creation of separated national institutions dealing exclusively with either environmental, social or economic issues. Although the challenges faced by these institutions were both interdependent and integrated, and required a comprehensive approach and popular participation, these institutions had a tendency towards independency, were fragmented and worked to relatively narrow mandates with closed decision processes.²⁰⁴ The report called for institutional co-operation on a national level and "*effective international cooperation to manage ecological and economic interdependence*",²⁰⁵ which could be achieved through renewed confidence and support in international agencies. On a national level, the report suggests that sectoral agencies should be held directly responsible and accountable for ensuring that their policies, programmes, and budgets support development that is economically and ecologically sustainable.²⁰⁶ Major sectoral ministries and central agencies, which play key roles in national decision making and have therefore the greatest effect on the form, character and distribution of the impacts of economic activity onto the environmental resource base, should be given a mandate to sustain environmental resource capital, and the goal on which their performance should be reviewed on should be the steady enhancement of the environmental resource base.

On an international level, the report suggested a strengthening of the legal framework in support of sustainable development.²⁰⁷ In international law, the principal subjects are states that are held accountable for breaches by economic or financial sanctions, and new international legislation could make governments accountable for failing to

²⁰² United Nations (1987) "*Report of the World Commission on Environment and Development: Our common Future*" UN General Assembly document A/42/427, New York. Page 19

²⁰³ United Nations (1987) Op. cit. Article 11

²⁰⁴ United Nations (1987) Op. cit. Article 32

²⁰⁵ United Nations (1987) Op. cit. Article 33

²⁰⁶ United Nations (1987) Op. cit. Chapter 12.1.1. Article 11-17

²⁰⁷ United Nations (1987) Op. cit. Chapter 12.1.2. Article 18

reach prescribed sustainable goals. The report suggested a new declaration on environmental protection and sustainable development and a subsequent convention, which would strengthen procedures for avoiding or resolving disputes on environment and resource management issues. This declaration was to be prepared under UN auspices. To achieve this goal, the report called for a renewed confidence in the United Nations governing system. The international legal system had been dominated by the United Nations since 1945 and saw a strengthening with the 1969 Vienna Convention on the Law of Treaties. In the mid 1980's, the United Nations had been the object of significant criticism, either for "*proposing to do too much, or, more frequently, for apparently doing too little*",²⁰⁸ and funds for many international organizations had levelled off or declined in both relative and absolute terms. The report called for a reverse of this effect and suggested a strengthening of the United Nations Environmental Program, which should take a lead role in an international system of global risk assessment. It also called for a new international program for cooperation among largely non-governmental organizations, scientific bodies, and industry groups, which would act as an independent but complementary capacity to assess and report on critical global risks.²⁰⁹ Although changes in legislation on both the national and international levels with active participation of all sectors of society were a step forward, the report realized that changes in individual human attitudes through a vast campaign of education, debate, and public participation would be needed to gather support for new legislation and to change unsustainable habitual patterns.

The publication of *Our Common Future* and the work of the World Commission on Environment and Development laid the groundwork for the convening of the 1992 United Nations Conference on Environment and Development, which was to become known as the Earth Summit, in Johannesburg. This summit was dominated by the reveal of Agenda 21, a comprehensive blueprint of action to be taken globally, nationally and locally by organizations of the UN, governments, and major groups in every area in which humans impact on the environment. Work on Agenda 21 began two years after the publication of the Brundtland Report, and was the result of three

²⁰⁸ United Nations (1987) Op. cit. Chapter 12.1.2. Article 20

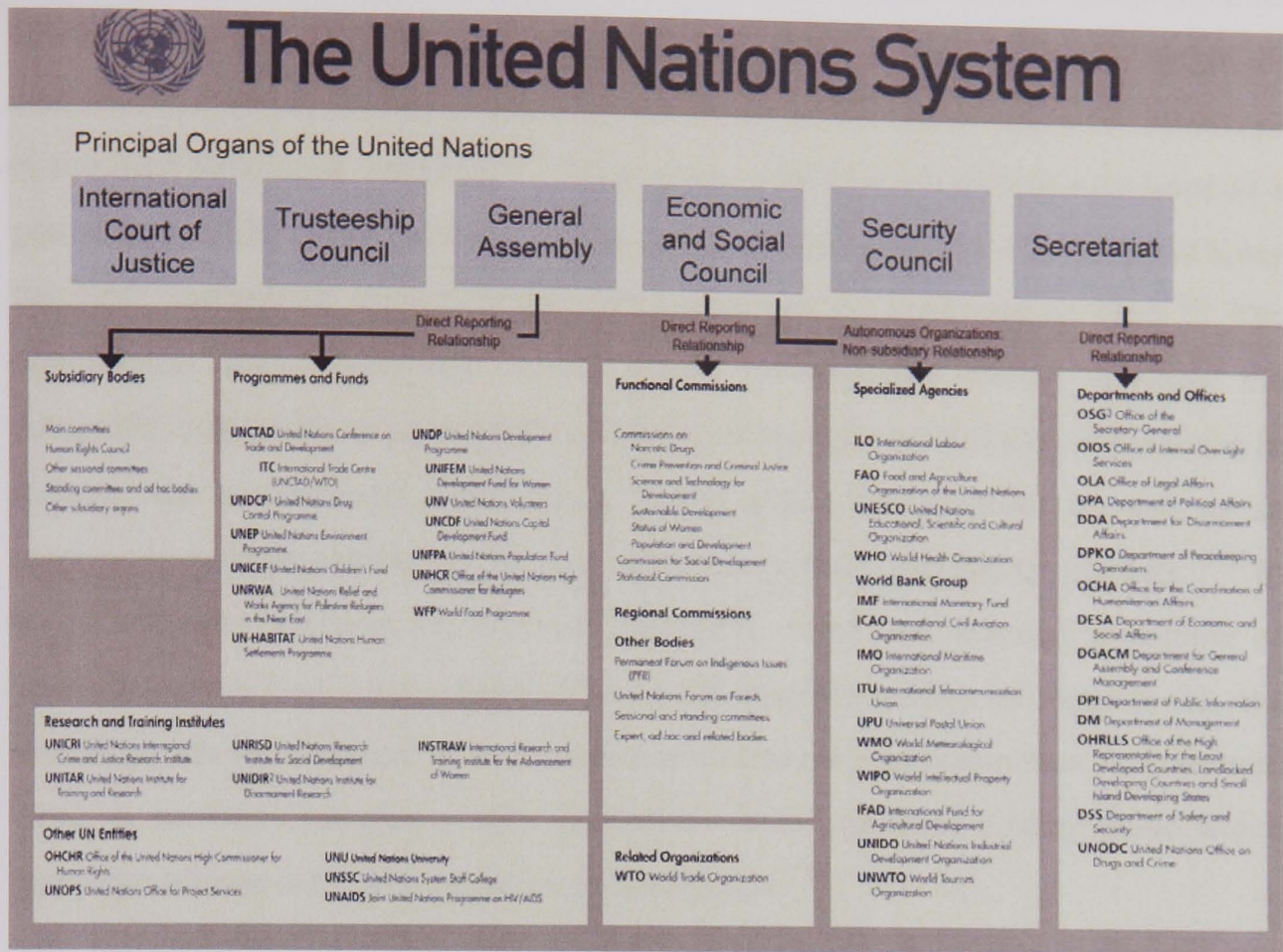
²⁰⁹ United Nations (1987) Op. cit. Chapter 12.2.1. Article 25. ff

years of drafting, consultation and negotiation. During the conference, 179 governments voted to adopt the programme, which was to be studied in conjunction with the Rio Declaration on Environment and Development and the Principles for the Sustainable Management of Forests, programmes which were also adopted at the Conference. Agenda 21 was a suggested plan of action, dealing with all levels of governments. Local authorities were required to study its principles and, through a continuous dialogue with the local community, draw up a strategic local development plan which would pave the way towards sustainability. Governments which adopted the plan were to implement the principles set out in the Agenda, but were under no legal obligation. The agenda set out a strict time frame, which required the international community to initiate a consultative process aimed at increasing cooperation between local authorities within one year, giving representatives of associations of cities and other local authorities increased levels of cooperation and coordination with the goal of enhancing the exchange of information and experience among local authorities within two years. Within four years, local authorities in each country were to have undertaken a consultative process with their populations and achieved a consensus on a strategic local development plan for the community, which the report called *Local Agenda 21*.²¹⁰ Agenda 21 also called for a further international law on sustainable development, which should give special attention to the balance between environmental and development concerns, and the strengthening of existing international instruments and agreements in the field of environment, social justice and economics. It recognised the importance of the participation and contribution of all countries in the field of international law on sustainable development, and called for further intergovernmental treaties.²¹¹

²¹⁰ United Nations (1992) “*Agenda 21*” Ibid. Chapter 28. Article 2.a. ff

²¹¹ United Nations (1992) “*Agenda 21*” Ibid. Chapter 31. Article 1.a. ff

Figure 3.1 The Structure of the United Nations



During the Earth Summit, the Commission on Sustainable Development (CSD) was created to monitor and report on implementation of the adopted agreements. It was agreed that a five year review of Earth Summit progress would be made in 1997 by the United Nations General Assembly meeting in special session, which would take stock of how well countries, international organizations and sectors of civil society had responded to the challenge of the Earth Summit.²¹² In 1997, the United Nations General Assembly held its first special session to appraise five years of progress on the implementation of Agenda 21. During this session, the CSD reported on an uneven progress, as some authorities had already established a conceptual framework within which planning for sustainability could take place, whilst others were still at the stage of defining problems and agreeing a necessary response.²¹³ Most governments had failed to reach the United Nations target of committing 0.7 per

²¹² United Nations (1992) "Institutional arrangements to follow up the United Nations Conference on Environment and Development" A/RES/47/191

²¹³ United Nations, Economic and Social Council (1997) "Overall progress achieved since the United Nations conference on Environment and Development" E/CN.17/1997/2 Chapter 2, Article 37.

cent of their gross national product to official development assistance, a commitment which was reaffirmed by most countries at the 1992 United Nations Conference on Environment and Development, or failed the agreed United Nations target of committing 0.15 per cent of gross national product as official development assistance to the least developed countries.²¹⁴ On average, official development assistance as a percentage of the gross national product of developed countries had dropped since the 1992 conference, from 0.34 per cent in 1992 to 0.27 per cent in 1995.²¹⁵ The commission also highlighted recent global development trends, drawing the Assembly's attention to an increase in energy consumption, widening inequalities in income and a continued deterioration of the global environment, as well as an increase in international trade, foreign direct investment and capital markets.²¹⁶ In its 11th plenary meeting, the General Assembly noted that although a number of positive results had been achieved since the implementation of Agenda 21, the overall trends with respect to sustainable development was worse than they were in 1992. It therefore adopted a new resolution which contained a programme which would accelerate the implementation of Agenda 21.²¹⁷

The new resolution did not replace Agenda 21, which until today remains the United Nations fundamental programme of action for achieving sustainable development, but set out a stronger strategy to achieve the goals which were set out within the agenda. It called for formulated and elaborated national strategies for sustainable development, which would reflect the contributions and responsibilities of all interested parties, in all countries by the year 2002, and for international cooperation and assistance for countries which required them in order to complete these strategies.²¹⁸ Amongst other suggestions, the new resolution called for new measures which would internalize environmental cost and benefits in the price of goods and services, which could encourage the use of environmentally preferable products and commodities. These measures could include a shift of the burden of taxation onto

²¹⁴ United Nations (1997) "*Programme for the Further Implementation of Agenda 21*" S/19-2 Chapter 2, Article 18

²¹⁵ United Nations, (1997). Op. cit. Chapter 2, Article 18

²¹⁶ United Nations, Economic and Social Council (1997) Op. cit. Chapter 1. a.

²¹⁷ United Nations (1997) "*Programme for the Further Implementation of Agenda 21*" A/S-19/29

²¹⁸ United Nations (1997). "*Programme for the Further Implementation of Agenda 21*" UN Document: S/19-2 Op. cit. Chapter 3, A, Article 24.a

unsustainable patterns of production and consumption, which together with a reduction and/or elimination of subsidies to environmentally harmful activities should encourage both producers and consumers to adapt a more sustainable production and consumption pattern.²¹⁹ To gather public support for these changes, the media and all advertising and marketing sectors should help to shape public opinion.²²⁰ A further Earth Summit was scheduled for 2002 which would review the progress made and set out new objectives.

The 2002 Earth Summit (World Summit on Sustainable Development) was held in Johannesburg, South Africa, and marked the 10th anniversary since the implementation of Agenda 21. It also marked the 30th anniversary of the United Nations Conference on the Human Environment, the first international conference that debated human impact onto the environment. Apart from reaffirming a full commitment to the implementation of Agenda 21, the assembly also reaffirmed the goals that were set out during the 2000 Millennium Summit, held in the United Nations Headquarters, New York. During the Millennium Summit, the 191 members' strong assembly adopted the Millennium Declaration, which consisted of a set of eight specific aims, known as the Millennium Development Goals, which were agreed to be achieved by 2015.²²¹

The eight Millennium Development Goals are:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV and AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

²¹⁹ United Nations (1997). Op. cit. Chapter 3, Article 28.a

²²⁰ United Nations (1997). Op. cit. Chapter 3, Article 28.h

²²¹ United Nations (2000). "United Nations Millennium Declaration" UN Document: A/55/L.2

The Millennium Goals, which were targeted primarily at the eradication of the most severe problems in developing nations, had seen mixed success by 2004, as some areas worsened rather than showing improvement.²²²

In order to achieve the targets set out in the millennium declaration as well as those set out in Agenda 21, the assembly on the 2002 Earth summit realised the need for more effective, democratic and accountable international and multilateral institutions.²²³ The strengthening of multilateralism was seen as the way forward, and the United Nations were confirmed in their leadership role as the “most universal and representative organization in the world, which is best placed to promote sustainable development”.²²⁴ The assembly committed itself further to the principles and purposes of the Charter of the United Nations and international law. It was further agreed that committed nations would mobilize and increase the effective use of financial resources.²²⁵ The elimination of poverty, the improvement of social conditions and the protection of the environment became priority goals, for which a substantial increase in official development assistance was required. Several developed countries had announced an increased commitment in official development assistance at the International conference on Financing for Development which was held earlier in 2002, whereas other developed countries had still not made concrete efforts towards the target of 0.7 per cent of gross national product as official development assistance to developing countries, a commitment which was adopted in Brussels in May 2001.²²⁶ The next Earth Summit is due to be held in 2007 in Beijing.

The majority of all resolutions and declarations passed during the three Earth Summits were Non-Legally Binding Authoritative Statement of Principles, which are merely a set of guidelines, but failed to reach any significant legally binding

²²² United Nations (2005) „ *World Summit Outcome*“ United Nations Department of Economic and Social Affairs (DESA)

²²³ United Nations (2002) „*Johannesburg Declaration on Sustainable Development*“ available online at <http://www.un.org/esa/sustdev/documents/>

²²⁴ United Nations (2002) op. Cit. Article 32

²²⁵ United Nations (2002) „*Johannesburg Plan of Implementation*“ Chapter 10, Article 82. Available at <http://www.un.org/esa/sustdev/documents/>

²²⁶ United Nations (2001) „*Programme of Action for the Least Developed Countries for the Decade 2001-2010*“ Paragraph 83 A/CONF.191/11.

international agreement, with the sole exemption of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC).²²⁷ The Kyoto Protocol is an amendment to the United Nations Framework Convention on Climate Change, an international treaty on climate change, which was produced at the United Nations Conference on Environment and Development in 1992. The original treaty aimed at reducing emissions of greenhouse gases in order to combat global warming, but set no mandatory limits on greenhouse gas emissions for individual nations, and it did not contain any enforcement provisions. During the Rio Earth Summit, 154 nations signed the UNFCCC, that upon ratification committed signatories' governments to a voluntary non-binding aim to reduce atmospheric concentrations of greenhouse gases with the goal of "preventing dangerous anthropogenic interference with Earth's climate system".²²⁸ The convention was primarily aimed at industrialized countries (Annex I countries), which were required to stabilize their greenhouse gas emissions to 1990 levels by the year 2010. Although no mandatory levels were set out in the convention, it included provisions for future updates which would set these limits. The treaty entered into force on February the 16th 2005, after the requirements of Article 25 were fulfilled. Article 25 states that the treaty would enter into force "on the ninetieth day after the date on which not less than 55 Parties to the Convention, incorporating Parties included in Annex I which accounted in total for at least 55 per cent of the total carbon dioxide emissions for 1990 of the Parties included in Annex I, have deposited their instruments of ratification, acceptance, approval or accession".²²⁹ After the ratification by Iceland in May 2002, 55 parties the 55 parties clause was reached, and the ratification by Russia in November 2004 satisfied the "55%" clause. Ninety days later, the treaty entered into force.

The UNFCCC and the Kyoto amendment are the first international legally binding agreements dealing with environmental concerns. The Kyoto Protocol set out a Compliance Mechanism which was designed to strengthen the Protocol's

²²⁷ United Nations (1998) "*Kyoto Protocol to the United Nations Framework Convention on Climate Change*"

²²⁸ United Nations (1992) „*United Nations Framework Convention on Climate Change*“ UN Document 46/169

²²⁹ United Nations (1998) Op.Cit. Article 25.1

environmental integrity, support the carbon market's credibility and ensure transparency of accounting by Parties. Its objective is to facilitate, promote and enforce compliance with the commitments under the Protocol. The Compliance Committee is made up of two branches: a facilitative branch and an enforcement branch, with the enforcement branch being responsible for determining whether a Party included in Annex I is not in compliance with its emissions targets. Parties who were in non-compliance with their individual targets in any commitment period would have to make up the difference in the following commitment period, plus a penalty of 30%. These Parties would also be barred from "selling" under emissions trading and, within three months, would have to develop a compliance action plan detailing the action they will take to make sure that the targets are met in the next commitment period.²³⁰

Although an enforcement mechanism was set up, it remains questionable whether any real enforcement of the protocol is possible. As with any treaty, the UNFCCC required parties to willingly assume obligations amongst themselves. The central principle of treaty law can be expressed in the maxim *pacta sunt servanda* (pacts must be respected). This principle of civil and international law implies that the non-fulfilment of respective obligations is a breach of the pact, assuming the concept of *bona fide* (good faith), and a party that remains in non-compliance with their obligations can be held liable under international law for that breach. The United Nations Charter made provision for the enforcement of treaties registered with the UN with its principal judiciary organ, the International Court of Justice (ICJ). The ICJ has however no real jurisdiction over disputing parties, but has jurisdiction only on the basis of consent.

The ICJ can therefore only settle cases effectively where the parties concerned have a desire for the dispute to be resolved by the Court and are therefore likely to comply with the Court's judgment. Article 36(1) provides that parties to the Court's statute²³¹

²³⁰ United Nations (2006) "An Introduction to the Kyoto Protocol Compliance Mechanism" available online at http://unfccc.int/kyoto_protocol/compliance/introduction/items/3024.php

²³¹ Parties to the Court's statute are all UN members, as outlined in Article 93 of the UN Charter, and are therefore entitled to participate in cases before the Court. Non-UN members may also become parties to the Court's statute under the Article 93(2) procedure.

may upon mutual consent submit disputes for arbitration by the ICJ. This method is based on explicit consent rather than true compulsory jurisdiction. The judgments given by the Court in these cases are binding, although the Court possesses no means to enforce its rulings. Article 94 of the UN Charter establishes the duty of all UN members to comply with decisions of the Court involving them. If parties do not comply, the issue may be taken before the Security Council for enforcement action. However, as any resolution passed on to the Security Council can be vetoed by one of the permanent five members or its allies; any resolution with punitive action is likely not to pass.

The lack of means to enforce the ICJ's rulings can be best portrayed with a case between the Republic of Nicaragua v. the United States of America, which was heard by the ICJ in 1986. The International Court of Justice found that the United States had violated international law by supporting Contra guerrillas in their war against the Nicaraguan government and by mining Nicaragua's harbours, and ruled in Nicaragua's favour. The United States argued that although it had signed the treaty accepting the Court's decision as binding, the ICJ had no jurisdiction as the United States withdrew from compulsory jurisdiction earlier that year. The United States would therefore only accept the court's ruling if a case was based on multilateral treaty obligations and involved all parties to the treaty, or if United States would specially agree to the ICJ's jurisdiction. The ICJ found that it was obliged to apply this exception and refused to take on claims by Nicaragua based on the United Nations Charter, but continued to decide the case on the basis of customary international law obligations. The court found that the United States had been involved in unlawful use of force and demanded the United States to pay reparations for the damage. The United States refused to pay, and although the United Nations General Assembly passed a non-binding resolution in order to pressure the US to pay the fine, and only two Nations voted in favour of the US, the US still elected not to pay the fine.²³²

²³² United Nations (1986) "*Judgment of the International Court of Justice of 27 June 1986 concerning military and paramilitary activities in and against Nicaragua: need for immediate compliance*" UN Document A/RES/41/31

When this case was presented to the ICJ, the United States refused to participate in the merits phase of the proceedings, arguing that its action constituted collective self-defence, and had therefore no interest in resolving what it did not consider a dispute. The ICJ is therefore bound to fail in taking on politically controversial cases, as it has no means to enforce its rulings. Its survival therefore depends on its political legitimacy, which would be endangered if its rulings would constantly not have been taken into consideration by the States involved. The Courts rulings must therefore be considered in a political context.

The ultimate authority of the International Court of Justice flows from the same source as the ultimate authority of all other judicial bodies. Every court's decisions are an authoritative source of law in a realistic sense only because they are accepted as such by the community whose controversies the court is charged to resolve. In the case of the International Court of Justice, it is the community of nations that confers that authority and under the Court's Statute: its jurisdiction is conferred solely by the consent of the nations whose disputes it is called to adjudicate. If its rulings concern the peace and security amongst nations, the enforcement of these rulings can be passed on to the United Nations Security Council, which has the power to pass legally binding resolutions which refer to Chapter VII of the Charter of the United Nations, which refers to Threats to the Peace, Breaches of the Peace, and Acts of Aggression. Other resolutions passed by the Security Council are non-legally binding.

Treaties on the protection of the global environment have no precedents and it remains to be seen if the UNFCCC can be implemented as intended. So far, the enforcement branch of the Compliance Committee has only provided penalties for non-compliance to the UNFCCC in the first instance, but if Nations continue to fail to reach their targets it will be up to the United Nations Conference of Parties to the Kyoto Protocol to decide on further punitive action. Unless economic sanctions are issued, it will depend on the willingness of the Nation in non-compliance to comply with the issued penalty.

The United Nations have played a very important role in raising awareness of the importance of sustainability, and have succeeded in bringing nations together to achieve a common goal. International collaboration will be vital in the delivery process of sustainability, through exchange of technology and information, and the body of the United Nations is perfectly suited to initiate and oversee future collaborations. On a negative side, the necessary but difficult negotiation process which arises out of the United Nations vast members' base is very lengthy and therefore unsuitable for quick actions which might need to be taken. It took a third of a decade for the United Nations to progress from an issue to a legally binding agreement, and in this process the agreement had lost in strength and momentum. The implementation of necessary environmental, social and economical measures to ensure sustainability is still perceived as a negative in an increasingly competitive international market, and nations are reluctant to impose restrictive measures to their own markets which could result in a loss of international competitiveness.

Nevertheless, it will be down to individual governments to impose these restrictions on a national level, as they are the only governing body holding executive powers over their legislative areas. The sole exemption might be the European Community, which is able to form some exercising powers over several nations.

3.2 The European Community

In the context of international governance, the European Union holds a globally unique position. It is the world's largest confederation of independent states, and holds considerable sovereignty that the member states agreed to transfer to the Union. As such, certain areas of the European Union have the character of a federation, whereas in key areas of national interest, the members of the European Union have given up relatively little national sovereignty.

The European Union in its present form is a supernational and intergovernmental union of currently 27 member states.²³³ Although it was officially created with the Treaty of Maastricht in 1992, which came into effect during the subsequent year, its

²³³ As of 1st January 2007

foundations date back to the Treaty of Rome, which was signed in 1957 and was enforced in 1958. The Treaty of Rome established the European Economic Union (EEC), which aimed at the eventual economic union of its member nations, ultimately leading to a political union. It worked for the free movement of goods, services, labour and capital, the abolition of trusts and cartels, and the development of joint and reciprocal policies on labour, social welfare, agriculture, transport, and foreign trade. In the Treaty of Maastricht, the EEC was changed into the European Community (EC), and henceforth formed the first pillar of the newly created three pillar structure of the European Union (EU). It now deals with economic, social and environmental policies. As the name suggests, the second pillar, the Common Foreign and Security Policy (CFSP), concerns foreign policy and military matters, whilst the third pillar, Police and Judicial Co-operation in Criminal Matters (PJCC), concerns co-operation in the fight against crime. The third pillar was originally named 'Justice and Home Affairs'.

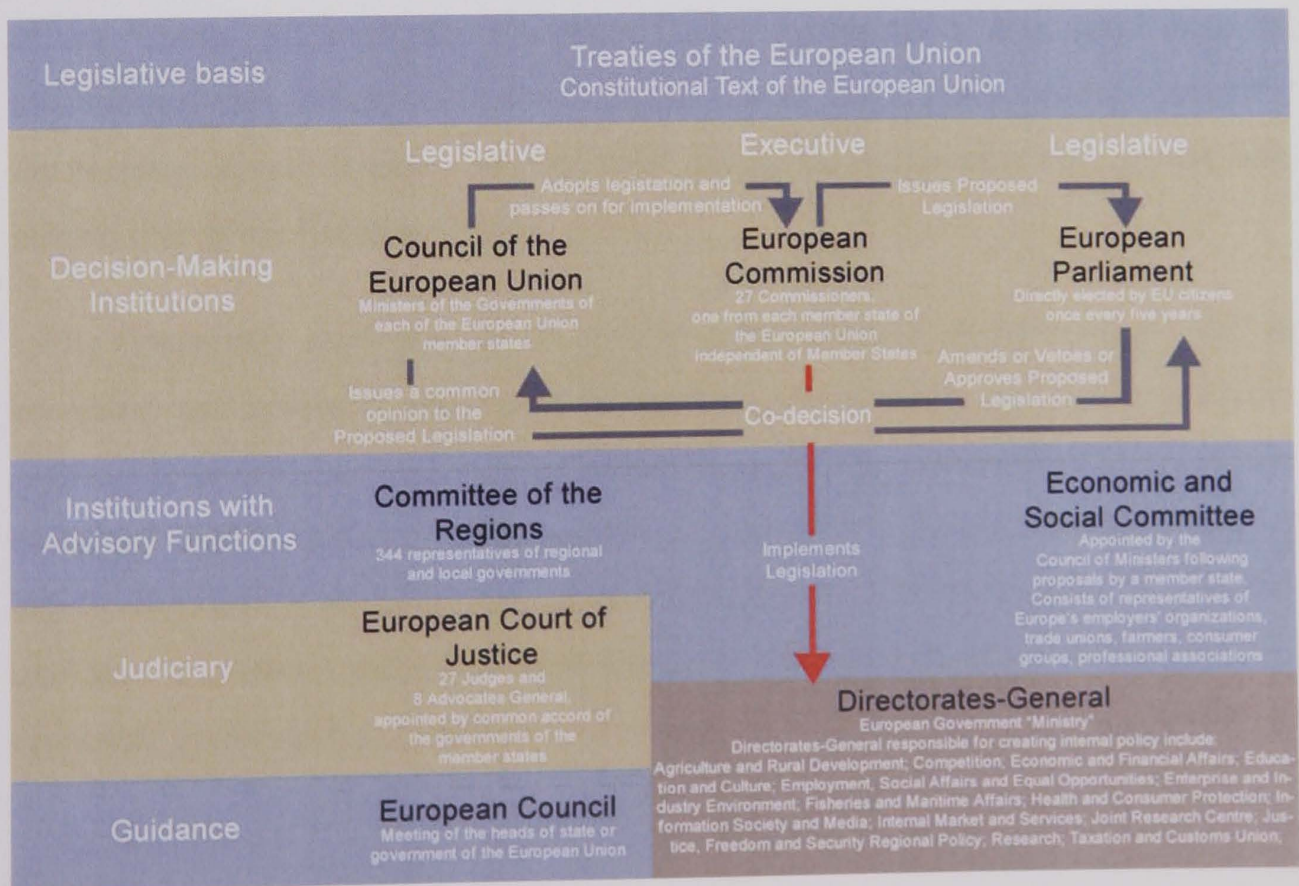
The functioning of the European Union is supported by five major institutions, namely the Council of the European Union, the European Commission and the European Court of Justice, the European Council, and the European Parliament, as well as two financial bodies (European Central Bank and European Investment Bank). It also has two advisory committees to the institutions: the Committee of the Regions advises on regional issues, whilst the Economic and Social Committee unsurprisingly advises on economic and social policy. (Figure 3.2) The Council of the European Union forms, together with the European Parliament, the legislative arm of the European Union. It contains ministers of the governments of each of the European Union member states and exists to ensure that the objectives set out in the Maastricht Treaty are attained.²³⁴ Acts adopted by the Council are passed on to the Commission for implementation, although the Council reserves the right to exercise direct implementing powers. The Council is assisted by the Committee of Permanent Representatives (COREPER), which consists of the ambassadors or their deputies from the diplomatic representations of the Member States to the European Communities. This Committee exists to prepare the Council agenda, and to negotiate

²³⁴ European Union (1992) "*Treaty on European Union*" Official Journal C 191, 29 July 1992, Article 202

minor and non-controversial matters. Controversial issues, and issues requiring a formal agreement, are left for discussion by the Council. Furthermore, civil servants from the member states negotiate in Council working groups, their results being passed on to the Committee for formalization. Together with the European Parliament, the Council passes European Union Law on the recommendations of the European Commission and agrees the EU budget. It seeks to achieve a common foreign and defence policy for its member states, as well as a common economic policy,

The European Parliament, the parliamentary body of the European Union, consists of around 785 members which are elected directly by the citizens once every five years. Although it is part of the legislative arm of the European Union, it has restricted legislative power as it cannot initiate legislation: it can amend or veto in many policy areas, but in others it has the right only to be consulted. The European Parliament supervises the European Commission; it must approve all appointments to it, and can dismiss it with a vote of censure.

Figure 3.2 The Structure of the European Union



Unlike the Council of the European Union and the European Parliament, the European Commission is intended to be a body independent of its member states. It consists of 27 Commissioners, one from each member state of the EU, but to ensure independence Commissioners are not permitted to take instructions from the government of the country that appointed them, but are supposed to represent the interests of the citizens of the EU as a whole.

The European Commission forms the executive body of the European Union. It has the exclusive authority to initiate legislation which fall into the areas of the European Community pillar, although both the Council of the European Union and the European Parliament are able to request the Commission to legislate on a particular topic. In areas concerning foreign policy and defence (the second pillar) and criminal law (the third pillar) the Commission shares the power of initiating legislation with the European Council. In its primary role, the Commission proposes and implements legislation, where it is supported by an administrative body of several thousand European civil servants.

The so far six Treaties of the European Union set out the objectives of the Union and established the various institutions, and effectively form the basic constitutional text of the Union. As such, the European Union constitutes a new legal order in international law, which was created for the mutual social and economic benefit of the member states. Article 2 of the 1997 Treaty of Amsterdam sets out the role current role of the European Union:

„The Community shall have as its task, by establishing a common market and an economic and monetary union and by implementing common policies or activities referred to in Articles 3 and 4, to promote throughout the Community a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of

the environment, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States. “²³⁵

Objectives of the European Union are set out in Article 3, and the European Union was given the powers to legislate in order to achieve these objectives. These objectives are: the creation of a policy in the sphere of agriculture and fisheries, transport, commerce, environment, development cooperation and in the social sphere comprising a European Social Fund; the strengthening of economic and social cohesion and of competitiveness of Community industry; the contribution to the attainment of a high level of health protection, high quality education and training, the flowering of culture, the strengthening of consumer protection; a prohibition of customs duties and quantitative restrictions on the import and export of goods; a co-ordination of employment policies; measures in the spheres of energy, civil protection and tourism; the promotion of research and technological development; and the creation of measures concerning movement of persons, trans-European networks, overseas trade and internal market competition.²³⁶

EU legislations can only be created in areas set out in the Treaties of the European Union, which form the Union's primary legislation. The legal instruments which are used to create secondary legislations vary amongst the three Pillars of the European Union. Whilst the European Community Pillar uses regulations, directives and decisions, the Second Pillar (Common Foreign and Security Policy) uses principles and general guidelines, common strategies, joint actions, common positions and decisions, and the Third Pillar, concerned with criminal law, uses common positions, framework decisions, decisions and conventions. Furthermore, all three pillars share the legal instruments of recommendations and opinions. All European Union legislation must be based on a specific article of an EU treaty, which it has to refer to as the "legal basis" of the legislation.

²³⁵ The 15 Member States (1997) „*Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and certain related acts - Consolidated version of the Treaty establishing the European Community*“ Part One, Article 2 Official Journal C 340 . 10/11/1997 P. 0173 <<http://eur-lex.europa.eu>>

²³⁶ The 15 Member States (1997) Ibid. Article 3.

Regulations created by the European Union are binding to every member state, have a direct effect and are obligatory in all their elements. Regulations constitute one of the most powerful forms of EU law and must be given immediate force of law in Member States without the need to enact implementing measures. As European Law is supreme over the laws of the Member States, local laws contrary to the regulation are overruled. Directives, which are only binding to the Member States to which they are addressed, require implementation by national legislation to be effective. Directives are only binding to the objectives to be achieved, giving Member States a certain amount of freedom in the exact rules that are to be adopted. With the exception of Directives related to the Common Agricultural Policy, directives are addressed to all member states. A refusal or failure to implement a directive into the national law can however lead to legal action by the European Court of Justice.²³⁷

A EU Decision on the other hand only affects the individuals, corporations, or member states to which they are addressed. Decisions are binding legislations, and are either adopted by both the European Parliament and Council (if the Co-decision Procedure is used), by the Council alone, or by the Commission. Failure to adhere to a European Union Decision can lead to legal action by the European Court of Justice.

In the UK, the implementation of EU Directives and Regulations into National Law is often met with some criticism, as the UK government often seemed to exceed the terms of the EU legislation. This was made possible through a combination of maximum and minimum harmonisation clauses within certain legislations. Whilst maximum harmonization means that national law may not exceed the terms of the legislation, minimum harmonisation only sets a threshold which national legislation must meet, therefore allowing existing national legislation on issues such as consumer protection or the environment which exceed the terms of the European legislation to remain in place. As it is usually easier to reach agreement on legislation drafted on the minimum harmonization basis, most European legislation has been implemented on this basis.

²³⁷ The 15 Member States (1997) Ibid.

Recommendations and opinions, the two final legal instruments used in the European Community, are without legal force but are negotiated and voted on according to the appropriate procedure. Though without legal force, they do have a political weight.²³⁸

3.2.1 EU Legislation on Environment, Economy and Social Justice

Unlike the United Nations, the European Union has the legislative power to directly implement measures in areas that fall under the authority of the Treaties of the European Union. Due to its smaller size, the European Union has the ability to reach agreements on strategies faster than the United Nations, and is therefore a potentially more suitable body in the rapidly evolving area of urban sustainability. In 1999, seven years after the creation of the European Union, the European Council invited the European Commission to prepare a proposal for a long-term strategy dovetailing policies for economically, socially and ecologically sustainable development. This strategy was to be presented to the Council in 2001, in time to also act as the EU input for the ten year review of the Rio Process, which was scheduled for 2002.²³⁹ The Council followed this invitation with the publication of the *European Union Strategy for Sustainable Development* (EUSDS) in May 2001.²⁴⁰ Prior to this publication, the European Union had already passed a wide range of policies which addressed the economic, environmental and social dimensions of sustainability, but these had developed without coordination. The strategy therefore demanded a new approach in policymaking, with a coherent long-term perspective that would focus on economic growth, social cohesion and environmental protection. It was recommended that every new European Union Policy took sustainable development as their core concern, and that new major legislative proposals had to include an

²³⁸ For the purpose of this study, only legal instruments relating to the European Community Pillar are listed.

²³⁹ European Council (1999) “*Helsinki European Council: Presidency Conclusions*” European Council Document No. 00300/1/99

²⁴⁰ Commission of the European Communities (2001) “*A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development*” EU Document COM(2001)264 final

assessment of the potential economic, environmental and social benefits, both inside and outside the EU.²⁴¹

Europe's lack of progress in implementing the United Nations Agenda 21 was blamed on the difficulty in changing established policies and patterns of behaviour, and on a lack of coordination in sharing tools and best practise. Several proposals were made to achieve long-term strategic goals, including a reform of the Common Agricultural Policy, a Common Transport Policy, and a Cohesion Policy which would target the least developed regions. Future legislation was to focus on market-based approaches that would provide price incentives in order to achieve social and environmental objectives in a flexible and cost effective way, and the Commission was to encourage private sector initiatives to incorporate environmental factors in their purchasing specifications. The strategy further suggested the implementation of a CO2 tradable permits system by the year 2005, the introduction of energy taxation aimed at the full internalisation of external costs, an increase in the use of alternative fuels in the transport sector to at least 20% by 2020, and the phasing out of fossil fuel production and consumption subsidies by 2010. Furthermore, action was to be taken to reduce energy demand, through tighter minimum standards and labelling requirements for buildings and appliances to improve energy efficiency.

Five years since the publication of Europe's 2001 Strategy for Sustainable Development, some progress has been made, although legislation remains fairly limited. This is partially caused by the fact that the spheres of the environment, development coordination and social cohesion fall into a policy area in which the European Union has not been granted exclusive competence, but are in a policy area in which the EU has a shared competence. In policy areas which fall into the category of shared competence, the European Union shall take action only if the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the proposed action, be better achieved by the EU.²⁴² The treaty states that any action by the Community

²⁴¹ Commission of the European Communities (2001) Ibid. Page.6

²⁴² European Union (1992) "*Treaty on European Union (Maastricht Treaty)*" Official Journal C 191, 29 July 1992 According to Article 3b

shall not go beyond what is necessary to achieve the objectives of the Treaty, and that all action taken has to be done in accordance with Principle of Proportionality and Subsidiarity. In the context of the EU Treaty, Proportionality means that the European Commission must justify the relevance of any proposals against the principle, and that any proposed legislation is relevant for each member state, therefore Trans-European.

Obligatory elements in any proposed legislation in the field of sustainable development would therefore need to apply to all member states. Proscribing outcome targets would in this case be very difficult: a proscribed target for the provision of reserved public transport lanes for instance could be unachievable for cities with a currently very low provision, such as Glasgow and Manchester (7 and 5 route km per ha respectively), but not much of a challenge for cities like Munich and Stockholm (15 and 13 route km per ha respectively²⁴³). Setting Trans-European equal target figures for an environmental outcome or performance standard to be achieved is therefore impractical and undesirable, as are proscribed measures that should be implemented, as these could have negative effects in one area whilst being beneficial to another.

In a 2006 Impact Assessment, the Commission of the European Communities decided that it would not impose a measurable objective standard to reach for the quality of the urban environment, but to limit its role to guidance and support. It was felt that obligations for environmental management plans and systems, or obligations for sustainable transport plans, were inappropriate. The report stated that *“the procedural nature of the obligation and the difficulty of establishing clear, measurable improvements in environmental performance for urban areas to achieve as a whole mean that the final outcome of such obligations is uncertain”*²⁴⁴ Although the report acknowledged that its chosen emphasis on providing support and facilitating the exchange of good practice and skills would not lead to the same

²⁴³ Commission for Integrated Transport (2005) *“Factsheets - No.6a: European Best Practice. Looking at Large UK Cities (Glasgow and Manchester)”* <http://www.cfit.gov.uk/factsheets/>

²⁴⁴ Commission of the European Communities (2006) *“Communication from the Commission to the Council and the European Parliament. Thematic Strategy on the Urban Environment. Impact Assessment”* EU document no. SEC(2006) 16. Page 27.

positive impacts than an approach based on obligations, it found that obligations that did not specify measures, outcomes or performance standards would equally have an uncertain outcome.

Instead, the Commission of the European Union adopted a strategy based on integrated sustainable development management on a voluntary basis. It was felt that the key areas, air quality, transport and mobility, noise pollution, urban sprawl, waste disposal, energy and water usage, biodiversity, greenhouse gas emission and sustainable construction, required an integrated approach tailor-made to suit each local area. The role of the European Union was therefore limited to the creation of networking and demonstration projects, to support training and the development of required skills, as well as to the creation of a Commission Internet Portal for Local Authorities.²⁴⁵ Although the working document also proposed a new Directive requiring the development of integrated plans for the management of the environment at the local authority level, it acknowledged that such an obligation would have outcomes which were difficult to predict, as these plans would not be standard, and their outcome would vary from city to city.

In the final communication from the Commission to the Council and the European Parliament, the Commission stated that in order to address the complex environmental problems in cities, action at all levels was needed.²⁴⁶ Although Local Authorities have a decisive role in improving the urban environment and form the most effective level of action, the Commission felt that the European Union could add value to the implementation of solutions at local level, through the facilitation of the sharing of best practice, in offering financial support for investments to meet environmental priorities and in supporting capacity building by making funds available for research and training. The Commission also suggested that guidance was offered at European level on the creation and implementation of sustainable transport plans and integrated environmental measures. The European Economic and Social Committee agreed with these measures, but asked for additional incentives to

²⁴⁵ Commission of the European Communities (2006) Op.Cit. P.20ff

²⁴⁶ Commission of the European Communities (2006) *“Thematic Strategy on the Urban Environment.”* EU document no. COM(2005)718 final.

promote the best practices adopted by national, regional and local authorities in order to put the strategy into effect.

Although the Commission felt that it was inappropriate to implement obligatory measures with regard to the Urban Environment, the European Union has the powers to implement measures regarding the environment, and have already used these powers. Article 174 of the Treaty establishing a European Community states that Community policy on the environment shall contribute to the pursuit of the preservation, protection and improvement of the quality of the environment, that it should promote the prudent and rational utilisation of natural resources,²⁴⁷ and that it should promote measures at international level to deal with regional or worldwide environmental problems.²⁴⁸

Regulated by Article 251 of the Treaty, which sets out procedures for the adoption of acts which fall under Article 174, the European Commission has to submit all proposals of new environmental policy to the European Parliament and the Council. The European Parliament has the powers to propose amendments, following which the Council, acting by a qualified majority, either adopts the proposed act or adopts a common position which is communicated back to the European Parliament. The act will continue to go back and fourth between the Parliament and the Council until an agreement is reached, in the last instance though a Conciliation Committee.²⁴⁹

Having passed a Commission's proposal for a new act, and after consulting the Economic and Social Committee and the Committee of the Regions, the Council has to adopt legislative measures in areas affecting town and country planning, the availability of water resources, land use, and the general structure of energy supply. In other areas relating to Article 174, the Council will adopt general action programmes setting out priority objectives.

²⁴⁷ The natural resources, to the prudent and rational utilisation of which Article 174 of the Treaty refers, include oil products, natural gas and solid fuels, which are essential sources of energy but also the leading sources of carbon dioxide emissions.

²⁴⁸ European Union (2006) "*Consolidated Version of the Treaty on European Union and of the Treaty establishing a European Community*" Official Journal of the European Union, C 321 E/1, Title XIX, Article 174

²⁴⁹ European Union (2006) Ibis. Article 251.

The total of 121 pieces of legislation which have so far been passed by the European Council with reference to Article 174²⁵⁰ have focused primarily on waste management, waste water and ground water protection, air pollutants and energy efficiency. Although these legislations do not necessarily prescribe obligatory targets, they prescribe an obligation to implement programmes that will aim at the achievement of the overall target set out in the particular legislation. Such programmes can include laws, regulations, economic and administrative instruments, information, education and voluntary agreements whose impact can be objectively assessed. Council Directive 93/76/EEC for instance has as its overall objective the reduction of carbon dioxide emissions by improving energy efficiency, and requires member states to implement programmes in the fields of energy certification of buildings, in the billing of heating, air-conditioning and hot water costs on the basis of actual consumption; the thermal insulation of new buildings; the third-party financing for energy efficiency investments in the public sector, and in the field of energy audits of undertakings with high energy consumption.²⁵¹ Although no obligatory targets are set by the legislation, Member States are required to bring into force the laws, regulations and/or other measures as necessary to comply with this Directive. Member States are further required to make all the necessary provisions to enable them to fulfil the objectives of this Directive.

An earlier Directive passed in 1988 already regulated the building sector, but only drew minimal attention to energy efficiency in buildings. Amongst regulations covering mechanical resistance and stability, safety in case of fire, safety in use and hygiene and health, Annex 1(6) required that *“the construction works and its heating, cooling and ventilation installations must be designed and built in such a way that the amount of energy required in use shall be low, having regard to the*

²⁵⁰ Legislation pre-dating 1994 will still refer to the Treaty establishing the European Economic Community, as the Treaty establishing European Union officially entered into force on November 1, 1993. These legislations will refer to Article 130s, which reads roughly the same as Article 175 of the Treaty establishing European Union, and will have been passed by the Council of the European Communities. The numbers of legislations passed with reference to Article 130s Treaty establishing the European Economic Community have not been included nor counted.

²⁵¹ The Council of the European Communities (1993) *“Limitation of carbon dioxide emissions by improving energy efficiency”* Council Directive 93/76/EEC, Official Journal L 237, 22/09/1993 P. 0028 – 0030

climatic conditions of the location and the occupants.”²⁵² It was up to member States to create their own definition of *low* in the context of this Directive, as no specific targets were set.

Following a Commission's action plan on energy efficiency in 2000, the European Council requested the Commission to implement specific measures in the building sector. The Commission submitted its proposals in May 2001,²⁵³ and the proposals were passed by the Parliament and the Commission in 2002 as Directive 2002/91/EC.²⁵⁴ This directive focused its attention on the energy performance of buildings, acknowledging that buildings have a substantial impact on long-term energy consumption. Although energy performance of buildings was already regulated by the above mentioned Council Directives 93/76/EEC and 89/106/EEC, the Commission took the opinion that a complementary legal instrument was needed to lay down more concrete actions with a view to achieving the great unrealised potential for energy savings. Amongst the reasons given for the necessity of a new Directive, the Commission stated “*large differences between Member States' results in this (the energy performance of buildings) sector*”,²⁵⁵ differences which grew out of diverse interpretations of the word *low* in Council Directive 89/106/EEC. Amongst the main requirements of the new Directive were the implementation of a general framework for a methodology of calculation of the integrated energy performance of buildings; the application of minimum requirements on the energy performance of new buildings as well as large existing buildings that are subject to major renovation; and the energy certification of buildings. The Commission acknowledged the differences in climatic conditions amongst its Member States, and therefore refrained from setting specific targets. Instead, the Directive stated that the minimum energy performance of buildings should be calculated on the basis of a methodology that may be differentiated at regional level. The methodology of

²⁵² The Council of the European Communities (1988) “*On the approximation of laws, regulations and administrative provisions of the Member States*” Council Directive 89/106/EEC, Official Journal L 040, 11/02/1989, Annex 1(6), P.0022

²⁵³ Commission of the European Communities (2001) “*Proposal for a Directive of the European Parliament and of the Council on the energy performance of buildings*” Commission Document 2001/C 213 E/15, Official Journal 2001/C 213 E/16, p. 266ff.

²⁵⁴ The European Parliament and the Council (2002) “*On the energy performance of buildings*” Directive 2002/91/EC, Official Journal L 1/65, 04/01/2003

²⁵⁵ The European Parliament and the Council (2002) *Ibis*. P. 1

assessing energy performance of buildings was to be common amongst member states and, to ensure a common approach to the process, was to be carried out by qualified and/or accredited experts, whose independence could be guaranteed on the basis of objective criteria. It was hoped that this approach would contribute to a level playing field with regard to efforts made in Member States to energy saving in the buildings sector, and would introduce transparency for prospective owners or users with regard to the energy performance in the Community property market. Minimum requirements however remained to be set by the individual Member State. The Directive also called for a feasibility study covering alternative heating and energy supply systems to be carried out for each new building larger than 1000 square metres. The Commission asked Member States to bring into force the laws, regulations and administrative provisions necessary to comply with this Directive at the latest on 4 January 2006, although an extension period of three years was given if the Member States had a lack of lack of qualified and/or accredited experts. A later chapter will discuss implementation of this Directive on a national and local level, with specific reference to Glasgow and Dublin.

Other areas of legislation with regard to the environment include Directives on waste, wastewater and landfill. Directive 2006/12/EEC for instance requires Member States to take actions to restrict the production of waste, particularly by promoting clean technologies and products which can be recycled and reused, taking into consideration existing or potential market opportunities for recovered waste.²⁵⁶ Again, the Commission drew attention to large discrepancies between Member States' legislation, and set as its objective the self-sufficiency in waste disposal for the Community as a whole. Member states should therefore take appropriate actions to encourage firstly the prevention or reduction of waste production and its harmfulness, and secondly the recovery of waste by means of recycling, re-use or reclamation with a view to extracting secondary raw materials. Movement of waste was to be reduced to a minimum. The cost deriving from the disposal of waste was to be covered either by the holder who has waste handled by a waste collector, or by the previous holders or the producer of the product from which the waste came. Council

²⁵⁶ The European Parliament and the Council (2006) "On waste" Directive 2006/12/EEC. Official Journal L 114/9, 27/04/2006

Decision 2003/33/EC²⁵⁷ and Directive 1999/31/EC²⁵⁸ further established criteria for the acceptance of waste at landfills.

The disposal of urban wastewater is regulated under Council Directive 91/271/EEC. Since the 31 December 2005 at the latest, Member States had to ensure that urban waste water from agglomerations producing over 2 000 population equivalents²⁵⁹ per day and entering collecting systems had been subject to secondary treatment.²⁶⁰

The reduction of greenhouse gasses and general air pollutants including those depleting the ozone layer are too numerous to be mentioned in their entirety. Ozone layer depletion gasses are regulated by European Community Regulation 3093/94, which was implemented after the Vienna Convention and the Montreal protocol. Several substances are now phased out and their production prohibited. The Regulation has been amended on several occasions to reflect changing circumstances relating to the usage of other ozone layer depleting substances that are still in use. The availability of alternatives has led to an increase in control and a further reduction of annual allowances on some substances that are still in use.²⁶¹

European Union regulations governing carbon dioxide emissions focus predominantly of the transport sector. Community commitments controlled by the Montreal Protocol under the UN Framework Convention on Climate Change and under the Kyoto Protocol were implemented into European legislation. In conjunction with the Kyoto Protocol, the European Union created the world's only mandatory Emission Trading Scheme (EUETS), which commenced operation on 1 January 2005. The effectiveness of this scheme, which has as its objective the overall reduction of all greenhouse gasses, is too early to assess.

²⁵⁷ The European Parliament and the Council (2002) *“Establishing criteria and procedures for the acceptance of waste at landfills”* Council Decision 2003/33/EC, Official Journal L 11/27, 16/01/2003

²⁵⁸ The European Parliament and the Council (1999) *“On the landfill of waste”* Council Directive 1999/31/EC, Official Journal L 182/1, 16/07/1999

²⁵⁹ Population Equivalent means the organic biodegradable load having a five-day biochemical oxygen demand of 60g of oxygen per day;

²⁶⁰ The Council of the European Communities (1991) *“On urban waste-water treatment”*. Council Directive 91/271/EEC, Official Journal L 135, 30/05/1991 P. 0040 – 0052

²⁶¹ The European Parliament and the Council (2000) *“On substances that deplete the ozone layer”* Regulation (EC) No 2037/2000, Official Journal L 244, 29.9.2000, p. 1–24

As EU carbon dioxide emissions from road transport rose sharply from the baseline figure of 770 mega tonnes in 1990 to 960 mega tonnes in 2004, from 21% to 28% of the total in the same period.²⁶² The Commission initially approached the car manufacturing industry with a voluntary agreement, and agreed an emission target of an average of 120g CO₂/km across the manufactures fleet, which was to be reached by 2010. This agreement became known as the ACEA (European Automobile Manufacturers Association) agreement. Based on figures published in the Commissions Sixth annual Communication on the effectiveness of the strategy, the ACEA is failing their commitments.²⁶³ Having achieved only 160 g/km in 2005, which constitutes an approximate 1.5% average improvement per year since 1990, ACEA would have to achieve an unlikely 4-5% annual improvement over the remaining three years. Because the target was unlikely to be met, the European Commission published new proposals in February 2007, requiring a mandatory limit of an average of 130 grams of CO₂/km across the manufactures new car fleet by 2012. The original target of 120 grams of CO₂/km is to appear in the new legislation as complementary measure. Further to the ACEA agreement, all new passenger cars sold within the European Union are required by Directive 1999/94/EC to display consumer information on fuel economy and CO₂ emissions.²⁶⁴ It was hoped that fuel-economy labelling of cars would lead to an increase in consumer's interest and highlight potential savings for the most fuel-economic vehicles.

In the area of fuels, the 2001 Biofuels Directive requires that 5,75% of all fossil fuels used in the transport sector should be replaced with Biofuels by the end of 2010, with an intermediate target of 2% by the end of 2005.²⁶⁵ These targets represent a reference value for indicative targets that are to be set by the Member States. In January 2007 the European Commission proposed that, from 2011, suppliers will

²⁶² Murphy, Stevens. (2007) "EU car CO₂ fight only beginning" BBC News 07.02.2007. Online at <<http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/europe/6337057.stm>>

²⁶³ The European Parliament and the Council (2006) "Implementing the Community Strategy to Reduce CO₂ Emissions from Cars: Sixth annual Communication on the effectiveness of the strategy" Communication COM(2006) 463 final

²⁶⁴ The European Parliament and the Council (1999) "Directive relating to the availability of consumer information on fuel economy and CO₂ emissions in respect of the marketing of new passenger cars" Directive 1999/94/EC, Official Journal L 12. 18.1.2000, p. 16

²⁶⁵ The European Parliament and the Council (2003) "Directive on the promotion of the use of Biofuels or other renewable fuels for transport" Directive 2003/30/EC, Official Journal L 123/42. 17.05.2003

have to reduce carbon emissions per unit of energy by 1% a year from 2010 levels, to result in a cut of 10% by 2020.²⁶⁶ The last amendment²⁶⁷ to the existing Directive²⁶⁸ relating to the quality of petrol and diesel fuels only affected the sulphur limits for petrol and diesel set in the Directive. The new legislation reflects the continuing evolution of Community pollutant emissions legislation. The Commission argues that the links between vehicle technology and fuel quality mean that fuel quality has to be reviewed in parallel.

Further to the legislations on energy efficiency passed by the European Parliament and the Council, the European Union published a series of recommendations and opinions relating to the rational use of energy in urban passenger transport. The Committee of the Regions states that *“in the context of urban mobility, the Committee endorses the importance accorded to the development of public transport networks as an instrument for reducing CO2 emissions. The challenge for the future is for local and regional authorities to assist in the shift away from dependence on private cars and make transport systems more sustainable to achieve a new mobility culture”*.²⁶⁹ An earlier publication from the Council of the European Communities recommends that Member States, with a view to ensuring rational use of both public transport and private vehicles, *“encourage the authorities responsible to promote frequent, convenient, regular, fast, reliable, comfortable urban public passenger transport services.”*²⁷⁰ Earlier suggestions by the Council included the construction of bus shelters and the separation of private and public traffic, for example by introducing bus lanes and special priorities for buses at traffic lights, and the synchronization and programming of traffic lights to allow a smoother flow of public transport. Thirty years on, these recommendations seem hardly groundbreaking,

²⁶⁶ The European Commission (2007) “Stricter fuel standards to combat climate change and reduce air pollution” Press Release IP/07/120 ,and COM(2007) 18 final

²⁶⁷ The European Parliament and the Council (2003) “Amending Directive 98/70/EC relating to the quality of petrol and diesel fuels” Directive 2003/17/EC

²⁶⁸ The European Parliament and the Council (1998) “Relating to the quality of petrol and diesel fuels and amending Council Directive” Directive 98/70/EC

²⁶⁹ Committee of the Regions (1998) “Transport and CO2 - Developing a Community approach” Cdr 230/98 FIN. Official Journal C 198, 14/07/1999 P.0003 article 3.15

²⁷⁰ The Council of the European Communities (1976) “On the rational use of energy in urban passenger transport”. Council Recommendation 76/495/EEC. Official Journal L 140, 28/05/1976 P. 0016 – 0017

however, they provided a practical and achievable approach which has been implemented to some extent in virtually all European Cities. Modern recommendations are more difficult to achieve, as they require a radical change in patterns of public transportation. These suggestions include collective forms of transport such as car and van pooling, collective taxis and car sharing. It is further believed that key parameters such as the energy efficiency of vehicle occupancy rates pave the way for more sophisticated public transport policies, encourage the wider use of public transport and a socially more efficient use of private cars.

Overall, the Community has succeeded in the implementation of an environmental labelling system, which now ranges from consumer household products (fridges, cookers, light bulbs, heating appliances and other electronic equipment) to cars and buildings. The benefits of this system are already seen in an increase of consumer awareness and ultimately consumer choice. Minimum standards in all areas are subject to constant review, and some household appliances have already been taken from the market for reason of non-compliance with stricter European measures. It is likely that the European Union will implement stricter measures regarding carbon emissions of vehicles in the near future, and will continue to actively promote alternative energy resources. Furthermore, minimum standards for building materials and energy efficiency of buildings will continue to rise, as the European Commission already announced a five year review of the current measures. These strict measures are made possible by the European Union's exclusive competence in the area consumer goods standards, and are less likely to be imposed on the creation and modification of the built environment, namely public transport provision, urban sprawl, mix of use and social cohesion. The European Union is therefore most likely to have a positive impact in the area of building standards and the reduction of carbon emissions through regulations in the area of consumer goods, but can only provide guidance in the area of the built environment. Although the European Union will continue to ask Member States to implement voluntary measures in the area concerning the latter, obligatory targets will have to be set by the governments of the Member States.

3.3 Governments: The Local and National divide

Both the United Nations and the European Union recognised the importance of local governance in the delivery process of sustainability. Local governments are administrative offices which cover areas smaller than a state or a province, and as such cover either large towns or cities, or have an administrative area of a region with defined boundaries. As such, they are the smallest administration with the powers to perform governmental functions, although these powers vary considerably across Europe. In the United Kingdom, Local Authority powers had been limited by a policy of centralization, to the extent that in 1997, the United Kingdom was the most centralized State in Europe.²⁷¹ Furthermore, having no codified written constitution, nor having much reliance on courts and judges as a constraint on government, the United Kingdom differed substantially from the legal and administrative network of most of Western Europe.

The legal and administrative network of mainland Europe is not homogeneous, but can be divided into five different legal styles.²⁷² Legal Styles, which consist of groups of distinctive elements that give a system its particular form, are based on the historical development, legal modes of thought, ideology and legal sources, and are a common base in certain groups of the European legal and administrative systems. Zweigert and Kötz identified the British, the Scandinavian, the Germanic, the Napoleonic and the East European families. The British legal style, which can be found in England, Scotland, Wales and Ireland, is based on the tradition of the English Common law. Unlike law based on a written constitution, the English Common Law is gradually built up, decision by decision, while each decision takes into consideration the relationship between parties and their rights and duties.

The distinctiveness of the British legal style is historically founded. England achieved national unity as early as the middle of the 9th Century, the longest-lasting

²⁷¹ Jones, Prof. G.W. (2003) „*The Multi-Dimensional Constitution in the United Kingdom: Centralisation and Decentralisation*“ London School of Economics and Political Science. Online at <<http://www.lse.ac.uk/collections/europeanInstitute/articles/jonesg2.pdf>>

²⁷² Zweigert, K. & Kötz H. 1987. „*Introduction to Comparative Law*“. Clarendon Press. Oxford.

state in Europe, and had since been protected from invasion by its insular location. The physical separation from the mainland also created a distinctive population:

“Its (the United Kingdom’s) people, more homogeneous than heterogeneous, contained no significant minorities, racial, religious, regional, requiring formal protection against each other by a Constitution or Bill of Rights. Nor did the people feel the need for such artificial protections against their rulers. A culture of trust developed: rulers trusted their subjects and citizens trusted their rulers. Its governmental institutions and processes developed in a gradualist, incremental and evolutionary way.” ²⁷³

In 1276, the beginning of the legal history of English common law was set by statute as the year 1189, the beginning of the reign of King Richard the first, after which official legal records were kept. The time prior to this date was described as *time immemorial*, meaning a time so distant in the past as to be beyond memory. In the early days of the common law, it was the responsibility of justices and judges to meet everyday needs by applying a mixture of precedent and common sense to build up a body of internally consistent law. This was known as the Writ system, which allowed bodies with administrative or judicial jurisdiction to issue a formal written order in order to have a case heard in one of the Royal Courts.

As Parliament developed in strength, legislation gradually overtook judicial law making. From the seventeenth century, there remained little reliance on the courts and judges as a constraint on government. It became the role of law to empower the government to act. The Appellate Jurisdiction Act of 1876 revived the House of Lords ancient role of the Curia Regis as a body that addressed the petitions of the King's subjects, making the House of Lords the court-of-last-resort, equivalent to the Supreme Court. This Act is still valid today, and the jurisdiction of the House of Lords extends, in civil and in criminal cases, to appeals from the courts of England, Wales and of Northern Ireland. Appeals originating from the courts of Scotland are heard only in civil cases, as Scotland's High Court of Justiciary is the highest court in

²⁷³ Jones, G. (2003) *ibid.* Page.1

criminal matters. Furthermore, by being the speaker of the House of Lords, the office of Lord Chancellor, officially known as Lord High Chancellor of Great Britain, has the ability to act as both a government minister and a judge.

This meant that the government of United Kingdom could exercise a unique fusion of legislative, executive and judicial powers. The government was no longer shaped by law, but law was shaped by political and administrative processes, the electorate, political parties, pressure groups, the media, and above all the elected representatives of the people in the House of Common. The government exercised Parliamentary Sovereignty: whatever it decided was law, supreme even over the common law of the courts. But although the powers now rested within the central government, it did little service delivery itself, but relied on elected local authorities, non-elected public bodies business firms and commercial enterprises to implement and execute. The role of central government was largely to monitor, regulate and control these institutions, to set broad frameworks for their operations, and to allocate resources. It did not engage in implementation itself, nor did it intervene in society to mobilise its resources and to direct its development.

The institutional pluralism which shapes the British model of governance is still present today. Although the United Kingdom Parliament has devolved some of its powers to the constituent countries of Scotland, Wales and Northern Ireland, the main body of power remains with the central government. Jones observes that “the UK has no tradition of thinking constitutionally or even of being conscious of constitutional issues. It has concentrated power in the central Executive, itself rooted in the predominant idea of the Crown in Parliament. This Sovereignty of Parliament, combined with reliance on convention, custom, habit and informality, characterises the UK Constitution.”²⁷⁴

The idea of the Crown in Parliament characterizes the British legal style, and as such is also present in the Irish legal system. The influence of Westminster after the independence for most of Ireland in 1922 remained. The Constitution of the Irish

²⁷⁴ Jones, Prof. G.W. (2003) Op.Cit. Page 3

Free State, implemented in that year, had been the partial imposition of the British government, and was as such based on British ideology, with many references to the Anglo-Irish Treaty. It was an assembly of all previous British, United Kingdom, English and Irish law insofar as it was consistent with the Constitution. However, unlike Britain, Ireland now had a codified Constitution. True to the idea of the Crown in Parliament, the Constitution made provisions that allowed it to be amended by a simple act of parliament, which caused several ad-hoc amendments. Considered to be un-Irish, it was decided to draft a new, entirely native constitution, and in 1937, the Constitution of Ireland became the founding legal document of the Republic of Ireland. Under Article 50 of new the Constitution, all previous law was again carried forward, subject to such law being consistent with the Constitution, and it was left at the discretion of the Oireachtas (the Irish Parliament) to reform these laws. Amendments to the new Constitution could now only be made by referendum. Legislation in Ireland today consists of the Constitution of Ireland, Acts of the Oireachtas, Statutory Instruments, Case Law and European and National Law, and shows heavy similarities to British legislation, but unlike in the United Kingdom, judicial powers are separated from the executive and legislative powers.

3.3.1 Local Governments

Unlike the rest of Europe, local authorities across the British legal family have no general power over the affairs of their communities, but are seen as deliverers of services, their scope defined by the central government. Central government departments have the role of setting out legal and financial constraints for local authorities and act in a supervisory role. Local authorities are therefore acting like agents carrying out central government decisions. Government regulations, laws and controls are setting the framework for this process. Finance is mainly collected and distributed by central government bodies. Duncan and Goodwin argue that the last decade saw a consistent erosion of the local government's autonomy, and an increase in central government financial controls.²⁷⁵

²⁷⁵ Duncan, S. & Goodwin, M. (1988) *"The Local State and Uneven Development"* Cambridge: Polity Press

Both levels of government are therefore being regarded as very distinct and operate in their own separate worlds, which has been described through the concept of dual polity.²⁷⁶ This system isolates Britain from the rest of Europe, where we find a strong movement of politicians and professionals between central and local government. Despite an emphasis on past experience and precedent, the British legal system has no protection to prevent alterations, unlike for example the Germanic written constitution, which requires constitutional amendment to alter the balance of responsibilities.

Variations in the British legal system occur in Scotland and Ireland. Scotland was an independent kingdom until the early 18th century and therefore maintained its own identity. Although now heavily influenced by the English common law, the Scottish law originally developed as a combination of local customary law and Roman law, due to strong cultural links with France. Today's Scottish law still shows some distinct differences, as elements of the past remained. Ireland, under English dominance since the 12th century, has mainly adopted the English law to Irish conditions, but small differences, such as in land law, remain.

The British family, which developed historically in isolation from the rest of Europe, is very distinct and shows little overlap with other European families. The sharp division between central and local government and the high degree of centralised monitoring and control is, in administrative terms, a significant difference from other European countries.

3.3.2 English, Scottish and Irish planning systems

Similar to the legal and administrative systems, Britain has a very distinct planning system, but some differences occur within the group between England, Scotland and Ireland. In Britain, the first comprehensive planning legislation was passed in 1947. Although it was largely replaced by subsequent Acts, the basic principles remain relevant. The three main delivery tools of this planning legislation are development

²⁷⁶ Bulpitt, J. (1989) "Walking to happiness? Conservative party governments and elected local authorities in the 1980's" in Crouch, C. Marquant, D. (eds) *The New Centralism* Blackwell. Oxford. Also Batley, R. Stroker, G (eds). 1991. "Local Government in Europe" Macmillan. London.

control, development plans and central government supervision.²⁷⁷ Development control describes the process from which the local authority receives an application for a development until the final decision. The decision will be influenced by the national policy framework as well as local circumstances, and is made by local politicians. The decision will also be based on advice from local planners, who have considerable amount of administrative discretion in formulating their view.

Each local authority is required to draw up a development plan which sets out the land-use policy for its area. When making a decision, development plans will be taken into account, but they are not legally binding. Other important considerations can override the policies which are set out in the development plans.

Central government provides local authorities with policy guidelines, and enacts the legislation. Local authorities are required to take those policies into account when making a decision. Each applicant has the right to appeal against a development control decision. The appeal will then be decided by the central government. Newman and Thornley point out that this process has particular importance when local and central government have different views on planning, as local planners will take the implications of the applicant going to appeal into account, which can have influence on their judgement.²⁷⁸

Planning Policy Guidance Notes (PPG's) are used to formulate central government positions and influence the whole planning system. In recent years, development control has increasingly practised negotiations over planning permissions. These so called 'planning obligations', which are conducted in secret, give the developer the opportunity to agree on financing parts of necessary infrastructure or provide community-oriented uses in the scheme, in order to gain sympathy for the proposal. No third party has the right to challenge planning decisions.

²⁷⁷ Newman, P. & Thornley, A. (1996) "*Urban Planning in Europe*" London: Routledge. Page 42 – 45.

²⁷⁸ See Newman, Peter and Thornley, Andy. *Op cit.* Page 43

Scotland's central government department, the Scottish Executive Office, has like its English equivalent considerable autonomy over planning matters, but emphasises on a strong strategic approach.²⁷⁹ The Scottish Planning Policies (SPP's) provide a framework for local authority plans, and give a greater clarity to strategic planning policy than their English counterparts.²⁸⁰

In Ireland the legal basis for planning is the 1963 Local Government (Planning and Development) Act with amendments in 1976, 1982, 1983 and 1990. The Irish system shows strong similarities to the British, as the central government has the ability to influence local policy through policy guidance statements. In Ireland it can also require amendments to development plans. The production of the development plans is also the responsibility of local planning authorities. Decisions for planning approval will be based upon policy guidance, development plan policy, local issues and other material considerations. An appeal against a decision has to be directed to the Planning Appeals Board, which was created in 1976, and not to the Minister as in the UK. This removes political influence from the appeals as the Board is adjudicated by an expert.²⁸¹ The decision of the Board is final, but can be challenged on a point of law by the High Court. Unlike in Britain, third parties have the right to appeal.

3.3.3 Centralisation vs. Decentralisation: The current Debate

In recent years, both central governments of the United Kingdom and Ireland have decentralised some of their powers. In Ireland, decentralization was announced in 2003, a move which would involve the transfer of entire departments, including their Ministers and senior management, to provincial locations. In total the move involved the relocation of 10,300 civil and public service jobs to 53 centres in 25 counties. In the UK, the Blair administration did not announce such a move, but followed a policy of what was simply called *modernisation*. Within the space of a few years,

²⁷⁹ See Begg, H. and Pollock, S. (1991) "Development Plans in Scotland since 1975" Scottish Geographical Magazine Vol. 107, 1

²⁸⁰ See Lloyd, G. and Black, S. (1995) "Edinburgh" in Berry, J. and McGreal, S. (eds) "European Cities, Planning Systems and Property markets" E. & F.N. Spon. London.

²⁸¹ See Fehily, J. and Grist, B. 1992. "Ireland" in Dal Cin, A and Lyddon, D. (eds) "International Manual of Planning Practice" second edition. ISOCARP. The Hague.

legislation passed under this policy caused a dramatic change to the Constitution. Amongst these legislations is the incorporation of the European Convention of Human Rights into British law. European Law now became superior to laws passed by the Crown in Parliament. This increased the role of the courts. British judges can now declare a statute incompatible with the European Convention, but alteration of the law to be in line with the Convention is left to Parliament. As a result of their new powers, British courts have become more assertive, extending judicial review to check the Executive.

Furthermore, the government adopted a new electoral system based on the principle of proportional representation for the Scottish Parliament, the Welsh Assembly, the Greater London Assembly and the European Parliament. Central Government devolved some of its powers to the newly created Scottish Parliament, the Welsh Assembly and the Northern Ireland Assembly, and in 2003 established eight elected regional assemblies in England, on the condition that the people inhabiting those regions vote in favour of their creation in referendums. These changes amount to a vast transfer of powers away from London to its constituent countries, and will devolve powers to its elected regional assemblies if these find approval in a referendum.

Decentralisation has happened on a national (Scotland and Wales), provincial (Northern Ireland) and possibly regional (England) level, but on a local level, as expressed through elected local authorities, the trend is unclear. The government has retained local government control through the financial system. Whilst Council Tax levels are set and retained by local governments, they account for on average only about 27% of their spending,²⁸² with the rest being provided by central government with revenue from national taxes. The system of distributing these funds is known as the Grant System, which has been heavily criticised in recent years. The Grant System tries to allocate funds to Local Authorities by taking into account the different taxable resources possessed by these Authorities and their different spending needs. Poorer areas with a lower than average GDP should therefore

²⁸² Jones, Prof. G.W. (2003) Op.Cit. Page 15

receive higher Grants from the national government, but this system inevitably creates a high dependency on government grants to these Local Authorities.

Furthermore, Local Authorities have seen a reduction of their powers with the creation of several sub-local, local and regional bodies, which were introduced by central government in order to modernise sub-national government. The UK Government introduced several initiatives set below Local Authority level, including neighbourhood strategies and public-private partnerships, with appointed neighbourhood programme managers responsible for the delivery of urban regeneration. It urged Local Authorities to decentralise their own activities and powers to sub-local levels, including management and decision making over priority funding.²⁸³ It also urged local Authorities to operate in partnership with other public and private bodies.²⁸⁴ The role of the Local Authority was to deliver Central Government policy, through influencing their new partners and acting as community leaders. Leadership however requires either willing followers or a strong influence based on authority. It is therefore unclear if the Local Authority has such a capacity, as it tries to influence a complex network of a variety of bodies and groups that have no obligation to follow its lead.

In 2006, the UK government announced that it would significantly strengthen local government leadership by devolving central government power, and that it would provide a major expansion of opportunities for local people to influence local decision-making.²⁸⁵ The new proposal would give overview and scrutiny committees of Councils new powers to review the actions of key public bodies and require the Council executive and other public bodies to respond. Both recommendations and responses would have to be publicised. It suggested the reform of current Standards Board for England, which oversees the code of conduct for English local authority councillors, and implements a more locally based conduct regime. It further proposes

²⁸³ Social Exclusion Unit of the Cabinet Office (2001) *"A New Commitment to Neighbourhood Renewal: National Strategy Action Plan"* Cabinet Office, London.

²⁸⁴ Department of the Environment, Transport and the Regions. (2001) *"Local Strategic Partnerships: Government Guidance"* HMSO. London: Stationary Office

²⁸⁵ Department for Communities and Local Government (2006) *"Strong and Prosperous Communities"* London: The Stationery Office

the creation on Employment and Skills Boards and City Development Companies, as well as a reform of Passenger Transport Authorities that is aimed at the strengthening of leadership and the creation of a more coherent approach to transport in bigger cities. Councils will have the opportunity to convert to unitary status, and as such will have the sole authority within and responsibility for their areas. Under the new proposals, priorities will be set by central government, which will reduce the current 1,200 national indicators to a much clearer set of around 200. Issues of nationwide importance, e.g. climate change, social exclusion and anti-social behaviour, will include minimum standards, and with the help of Local Area Agreements, a set of around 35 specific improvement targets for each local area will be set.

It is questionable if these proposals will leave Local Authorities in a stronger position to exercise their leadership. Targets are still set by central government, but Local Authorities will act as a mere agent to implement these targets. Local Authorities will however no longer deliver improvements within their own departments, but will have to influence independent Boards, Quangos (Quasi-Autonomous Non-Governmental Organisations) and independent private companies to implement measures to achieve national and local targets. Although no proposals have been published for punitive actions if a Local Authority fails to deliver minimum targets, it is possible that these will include restricted financial aid in form of a reduction of grants.

Decentralisation away from Local Authorities to other local bodies could improve efficiency if these bodies would carry fewer bureaucratic burdens, but it essentially removes local democratic governance. Already, like all public bodies, Local Authorities are limited by the doctrine of *ultra vires*, and as such may only do things that common law or an Act of Parliament specifically or generally allows for. As an elected body, Local Authorities represent the interest of their local area, and should as such deliver services that are desired by the local people. Further reducing their scope of power essentially means reducing citizen control, and could lead to a reduction in public interests in local governance and even a loss of community solidarity.

The importance of national priority areas and targets is debated, but cannot be overlooked. Especially in the fields of environment and social justice, Local Authorities should deliver even if local voters would favour less action in these fields. Although this undermines the idea of democracy, the urgent need for a sustainable approach highlighted in chapter 3 justifies the promotion of national standards.

Priority areas with specific minimum targets will not make Local Authorities abundant, but will limit their role. Decision-making on a local level will no longer be on the *what* but will focus on the *how*. The political debate will determine the locally best option taken from a pool of possible measures that will lead to achieving the national target. In order to achieve a target, one measure will have to be chosen, whereas in the absence of a target, the possibility of not choosing any measures remains. Currently, central governments in both the UK and Ireland have been reluctant to set any concrete targets in the fields relating to sustainability, but have published several guidelines, some with indicative targets, which were aimed at ensuring a transition to sustainability on a local level.

The main controversy currently lies in the fact that Local Authorities are locally elected bodies, and as such should carry out all activities in the local interest. Although limited in its actions through legislation by Central Government, Local Authorities can only be seen as agents carrying out national priorities if these priorities are either in local interest or clearly set out and defined by legislation. As discussed in chapter 3.1 and 3.2, it is impossible for the United Nations and not in the interest of the European Union to create legislation with specific targets for either Nations or Local Authorities. It is therefore the role of National Governments to implement these targets, but general or indicative targets not inscribed in legislation are unlikely to succeed if it remains the task of a Local Authority to achieve these targets. There is currently no system that would allow for rewards for best practice or punitive action in case of failure. A system similar to corporate management would be needed in which individuals would be directly accountable for their actions, and

where these individuals could be removed from their post if targets are failed. The current local government structure does not allow such a system.

The following chapter focuses on the Irish and Scottish legislative frameworks, which despite their common historical roots have evolved to portray some distinct differences. It will highlight action taken on a national level to ensure that the transition to sustainability will be achieved. It will further highlight some of the progress that has already been made, but will also show some weaknesses that are deeply rooted in the common political background.

3.4 The Scottish Policy Framework

In 1707 the Acts of Union abolished the separate Parliaments for Scotland and England, and created a single Parliament at Westminster in London. The Acts of Union were a pair of Acts of Parliament passed in 1706 and 1707 respectively by the Parliament of England and the Parliament of Scotland. The Acts, which came into effect on May the 1st 1707, created a new state, the Kingdom of Great Britain, by merging the Kingdom of England and the Kingdom of Scotland. The two countries had shared a monarch since the Union of the Crowns in 1603, but had retained sovereign parliaments. Despite the abolition of its Parliament, Scotland retained many distinctive features, including a separate church and legal system.

First attempts to re-establish a Parliament for Scotland failed when in 1979 a Referendum was held on proposals by the then Government to establish a Scottish Assembly. The proposals did not obtain the support of 40% of the electorate, which had been set as a requirement before they could be implemented.

In 1989 the Scottish Constitutional Convention (SCC) was established, consisting of representatives of civic Scotland and some of the political parties, to draw up a detailed blueprint for devolution including proposals for a directly elected Scottish Parliament with wide legislative powers. The Report of the Scottish Constitutional Convention was published in 1995 and formed the basis for renewed proposals to devolve powers away from Westminster to a newly formed government in Scotland.

In a Referendum in 1979, Westminster Parliament voted in favour of the creation of a parliament for Scotland with tax varying powers. A year later, the Scotland Act passed Westminster Parliament and received royal assent. The 1978 Scotland Act provided the legal basis for the creation of the Scottish Parliament, set out how Members of the Scottish Parliament would be elected, and made provision for the internal operation of the Parliament.

Following further provisions made in the Scotland Act 1978, the Scottish Executive and Scottish Parliament were officially convened on July 1, 1979. On this day, full legislative competence in devolved matters was transferred from Secretary of State for Scotland and other UK Ministers to the Scottish Ministers. UK Ministers remained responsible for reserved matters in Scotland. As provided for in the Scotland Act 1978, the Scottish Executive is led by a First Minister, who is elected by the Scottish Parliament. The First Minister appoints a Cabinet of Scottish Ministers.

Devolved matters which fall under the legislative competence of the Scottish Executive are not listed in the 1978 Scotland Act. Instead, the Act lists reserved matters for which the UK Ministers retain responsibility. By definition, devolved matters on which the Scottish Parliament can legislate are all those which are not specifically reserved. Devolved matters therefore include the health service, education and training, local government, social work, housing, planning, transport (with the exception of air transport), law and home affairs, the Police and Fire Service, the environment, natural and built heritage, agriculture, forestry and fishing, sport and the arts and statistics, public registry and records.

Virtually all aspects of Town and Country Planning fall under the jurisdiction of the Scottish Parliament, and are managed by the Scottish Executive Development Department (SEDD). Environmental issues are managed by the Environment and Rural Affairs Department (ERAD); aspects of Social Justice are managed by the Scottish Executive Education Department, whilst the Scottish Executive Enterprise,

Transport and Lifelong Learning Department (ETLLD) extended its responsibilities to include the management of transport issues in 2003, alongside economic matters.

The Scottish Executive Development Department is responsible for taking decisions both on long-term strategies and individual developments. Its responsibilities include the legal framework on planning, the provision of policy guidance to councils, decisions on major planning applications and appeals, and the approval of structure plans which set out the planning policy for each area. Planning in Scotland is regulated by the Town and Country Planning (Scotland) Act 1997, which was passed by Westminster Parliament before the devolution of planning matters. The Act closely resembles the Town and Country Planning Act 1990, which consolidated planning legislation for England and Wales, but had been amended to comply with the Scottish Legal System. The Planning etc. (Scotland) Act 2006 made further provisions relating to town and country planning.

The majority of planning decisions are taken at local level through the Local Authority's planning office. The Local Authority's planning office decides planning applications, although appeals against a decision made at local level can be brought to the Scottish Ministers. In Scotland, appeals can only be made by the parties directly involved, therefore third parties are not allowed to appeal a planning decision made by a Local Authority. Planning applications which are considered to be of national importance are decided directly by the Scottish Ministers. In this case, the planning decision is final, although, as in all cases, appeals can be brought on a legal basis to the High Court Judiciary and even the House of Lords. The Local Authorities responsibilities further include the preparation of a local planning agenda, mainly through the creation of Development Plans, and the enforcement of its authority through legal action against development that either breaks planning rules or has not been approved by the Authority.

By virtue of the Town and Country Planning (Scotland) Act 1997, every local planning authority is required by law to prepare a Development Plan for its whole area.²⁸⁶ Development Plans contain policies and proposals and provide the main basis for local planning authorities to assess planning applications. They consist of two different statutory documents, namely a Structure Plan (drawn up at regional level) and a Local Plan. As set out in the 1997 Act, a Structure plan is a written statement which formulates “*the planning authority's policy and general proposals in respect of the development and other use of land in that district*” and also regulates “*the relationship of those proposals to general proposals for the development and other use of land in neighbouring districts which may be expected to affect that district*”.²⁸⁷ As provided for in the Act, Structure Plans are to be approved by the Secretary of State (now the Scottish Ministers) and form the basis for detailed policies in Local Plans.

The 1997 Act states that a Local Plan is to consist of “*a written statement formulating in such detail as the planning authority think appropriate the authority's proposals for the development and other use of land in that part of their district or for any description of development or other use of such land including in either case such measures as the planning authority think fit for the conservation of the natural beauty and amenity of the land, the improvement of the physical environment and the management of traffic*”.²⁸⁸ Local Plans have to adhere to the framework set out in the Structure Plan. Article 17 states that “*where the Secretary of State has... approved a structure plan for any area the planning authority shall not adopt any plan or proposals which do not conform to that structure plan*”.²⁸⁹ Furthermore, as provided for in Article 18(2) of the Act, Local Plans and proposals do not come into effect unless approved by the Secretary of State (now the Scottish Ministers). Local Plans are approved every five years; Structure Plans cover a 10 to 15 year time span and should be reviewed every five years.

²⁸⁶ Great Britain (1997) “*Town and Country Planning (Scotland) Act 1997 Elizabeth II. Chapter 8*”. London: Stationery Office

²⁸⁷ Great Britain (1997) *Ibid.* Part 2, Article 7

²⁸⁸ Great Britain (1997) *Ibid.* Part 2 Article 11 (3) a

²⁸⁹ Great Britain (1997) *Ibid.* Part 2 Article 17 (3)

Since its creation, the Scottish Parliament issued several guidance notes designed to help Local Authorities in the creation of Local Development Plans. The National Planning Framework (NPF) for instance, published in 2004, is a non-statutory Scotland-wide planning policy document. Its role is “...to guide the spatial development of Scotland to 2025... It is not intended to be a prescriptive blueprint, but will be a material consideration in framing planning policy and making decisions on planning applications and appeals. It will be taken into account by the Executive and its agencies in policy and spending decisions”.²⁹⁰ The Planning etc. (Scotland) Act 2006 made provisions for a new statutory NPF, to be published in 2008 with revisions issued every 5 years thereafter. The new National Planning Framework is to set out in broad terms how the Scottish Ministers consider that the development and use of land could and should occur. It will contain a strategy for Scotland’s spatial development and a statement of what the Scottish Ministers consider to be priorities for that development.²⁹¹ Article 3d of the Act states that in preparation of the National Planning Framework, the Scottish Ministers must exercise their functions with the objective of “contributing to sustainable development.” Rather than clearly defining the expression sustainable development for the purpose of this Act, the Act simply refers to any guidance issued by the Executive.

The new NPF will form a statutory basis for future development Plans. The 2006 Act states that the Planning Authority must exercise its functions with the objective of contributing to sustainable development, and have to take account of the NPF.²⁹² In order to create an understanding of sustainable developments, Local Authorities will have to refer to any non-statutory documents published by the Executive and its associated bodies.

The Scottish Executive’s visions for a sustainable Scotland are set out in several documents published since the creation of the Scottish Parliament. Scotland’s first sustainable development strategy was a rather short document entitled *Meeting the*

²⁹⁰ Scottish Executive. (2004) “*National Planning Framework for Scotland.*” Edinburgh: Astron. Page 10. Available at: <http://www.scotland.gov.uk/library5/planning/npf04-00.asp>

²⁹¹ Scottish Executive. (2006) “*Planning etc. (Scotland) Act 2006*” Edinburgh: Astron.

²⁹² Ibis. Part2. Article 8(1)

Needs.²⁹³ The document, published in 2002, outlined in its 20 pages the Executives vision for a sustainable Scotland, identified priority areas and developed a set of actions. Resource use, energy and travel were to be treated as priority areas, but the document also identified social justice - through an increase in overall health, education and access to services, a reduction of fuel poverty and through an enhancement of degraded surroundings - as an area which would receive full governmental commitment. The action plan developed within the strategy to positively impact on priority areas portrayed a good amount of intent but remained fairly weak in the delivery of actions. To show progress in priority areas, the Scottish Executive Environment Group adopted a set of 24 indicators, 11 of which were set against targets. Two of the indicators that carried target values were created as part of European Directives, which made the achievement of these targets a legal requirement, whereas the remaining 9 are not legally binding. The legally binding target indicators include the minimisation of biodegradable municipal waste landfill to 75% of the 1995 value (further reduction targets are 50% by 2013 and 35% by 2020), a target made legal requirement by the EU Landfill Directive,²⁹⁴ and the improvement of river water quality, which the European Directive 2000/60/EC made a legal requirement.²⁹⁵ Another Indicator, the state of sea fisheries, covers an area that is largely under the management of the EU and Norway. The 2005 Progress Report on the Indicators of Sustainable Development²⁹⁶ for Scotland clearly demonstrates the failure of Scotland's 2002 strategy. Although six indicators showed improvement (sustainable prosperity, waste recycling, water quality, greenhouse gas emission, sea fisheries and crime), six indicators highlighted further deterioration (unemployment, percentage use of renewable energy, distance travelled, mode of transport, percentage of children living in workless households, and number of homeless people entitled to permanent accommodation), whilst the remaining

²⁹³ Scottish Executive Environment Group (2002) *Meeting the needs... Priorities, Actions and Targets for sustainable development in Scotland*

Available online at <http://www.scotland.gov.uk/Publications/2002/04/14640/4040>

²⁹⁴ The Council of the European Communities (1999) *Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste* Article 5. Official Journal L 182 , 16/07/1999 P. 0001 - 0019

²⁹⁵ The Council of the European Communities (2000) *Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy* Official Journal L 327, 22.12.2000, p. 1-73

²⁹⁶ Scottish Executive Environment Group (2005) *Indicators of Sustainable Development for Scotland: Progress Report 2005* Available online at <http://www.scotland.gov.uk/Publications>

indicators showed no or no significant change (population structure, waste production, landfill waste, air quality, biodiversity, consumed energy, industrial transport, accessible transport, education (16-19 year olds), fuel poverty, volunteering and health). Amongst the six improved indicators, one did not fall under the jurisdiction of the Executive; another was regulated by a European Directive and two were largely the same (Sustainable Prosperity is measured as the index of carbon dioxide emissions divided by the GDP. This indicator merely shows a growth in the GDP or a reduction of carbon intensity, which is covered by the carbon indicator. Furthermore, the Executive's report states that the absolute value of this indicator has also "no significance")²⁹⁷. As most of the 11 set targets are planned to be achieved by 2010 or later, it is not possible to evaluate their usefulness, although their trends give little cause for hope. One of the targets which is set to fail was later revised: Municipal waste production was set to be reduced from 2.9 million tonnes in 1998 to 2.6 million tonnes by 2010, with a further reduction to 2.3 million tonnes by 2020. Until 2003, annual waste production remained constant at a higher production of 3.3 million tonnes. The target was now revised to achieve a zero growth rate by 2010, by which time it is anticipated that the annual waste production reached 3.5 million tonnes, a 35% increase to the original target and nearly a million tonnes higher. To justify this, the report claims that "*there are no simple means of reducing waste growth*" and "*educational awareness programmes will need to be sustained over many years*".²⁹⁸ These awareness programmes are however not backed up by policy, relying solely on public participation. Schemes like London's compulsory recycling, Germany's cans and glass pledge or the implementation of the polluter pays principle have not yet found their way into Scotland.

Amongst the so far failed targets is the amount of biodegradable municipal waste going to landfill sites, which was imposed by the European Landfill Directive. The legally binding target set by the Directive means that Scotland will have to reduce land-filled biodegradable municipal waste to 1.25 million tonnes by 2010²⁹⁹,

²⁹⁷ Scottish Executive Environment Group (2002) "*Meeting the needs... Priorities, Actions and Targets for sustainable development in Scotland*" *ibid.*, p.13.

²⁹⁸ Scottish Executive Environment Group (2005) *Op.Cit.* Page 15

²⁹⁹ Scottish Executive Environment Group (2002) *Op.Cit.* Page 14.

although the 2004 UK Landfill Regulations³⁰⁰ slightly increased this target to 1.32 million tonnes on the basis of more accurate data.³⁰¹ (Both targets were calculated using an estimated 1995 baseline value of around 1.7 million tonnes – a transfer of responsibility from the Executive to the Scottish Environment Protection Agency (SEPA) meant that no measured data is available for the year). By 2003, Scotland actually increased on the 1995 baseline value by 0.1 million tonnes. Although no progress had been achieved so far, the Executive introduced annual target values for each Local Authority which, starting in 2005, decrease each year and ensure that the European Directive Targets are met.

As the Directive is aimed at the overall UK value, Scotland's targets are governed by UK policy, namely the UK Waste and Emissions Trading Act 2003.³⁰² Section 9 of the Act provides for a system of financial penalties and offences to act as an incentive for local authorities and landfill operators to comply with the requirements of the landfill allowance scheme. It also provides for criminal sanctions for certain serious breaches. The penalty system aims at providing a disincentive to local authorities to landfill a greater quantity of waste than they are permitted to by the allowances they hold, and to pass down a proportion of any fines imposed on the UK by the European Court of Justice to the local authorities that are responsible for the UK as a whole breaching its targets.

In 2005, the Scottish Parliament passed the Scottish Statutory Instrument that regulated penalties imposed on Local Authorities failing their targets.³⁰³ Financial penalties will gradually rise from £10 for each tonne land-filled above the authority's annual allowance in 2005, up to £150 per tonne in 2008 and all subsequent years, but the Act also provided for a Local Authority allowance trading. Overall, although the Scottish Indicator highlighted a deteriorating trend in biodegradable waste landfill until 2003, the legally binding EU target values are very likely to be achieved

³⁰⁰ Great Britain (2004) "*Statutory Instrument 2004 No. 1936 The Landfill (Scheme Year and Maximum Landfill Amount) Regulations 2004*" London: Stationary Office

³⁰¹ Scottish Executive Environment Group (2005) Op.Cit. Page 19

³⁰² Great Britain (2003) "*Waste and Emissions Trading Act 2003*" London: Stationary Office

³⁰³ Scottish Executive (2005) "*Scottish Statutory Instrument 2005 No. 157. Environmental Protection. The Landfill Allowances Scheme (Scotland) Regulations 2005*"

through a set of Westminster and Holyrood legislation. In 2007, Glasgow for instance responded with the introduction of a “Blue Bin Backcourt Recycling Service”, allowing tenement households to recycle from home. It is unfortunate that other areas, such as education and sustainable transport use, have not been treated equally by the European Union, the UK and the Scottish governments.

Scotland’s second sustainable development strategy, published in 2005, largely continues along the lines of the first strategy. The strategy, entitled *Choosing our Future*, was published as part of the UK Shared Framework for Sustainable Development which consisted of two documents with the equally catchy titles *One Future – Different Paths* and *Securing the Future*. The UK Shared Framework was guided by the in contrast rather blandly entitled European Spatial Development Perspective (ESDP). Like the obvious similarities of the titles and despite the seemingly shared concern for the future, the Scottish and UK Frameworks are rather similar in context but continue to provide little commitment in terms of target and policy creation which would be necessary to achieve the objectives set out in the ESDP. UK priority areas identified in the UK Framework³⁰⁴ and confirmed in Scotland’s Sustainable Development Strategy include the creation of a sustainable pattern of consumption and production, the halt of climate change and a reduction in energy consumption, the protection of natural resources and the enhancement of the environment, and the creation of sustainable communities. As such, both documents clearly state the direction in which development should be going, but rather than indicating the possibility of a creation of new restrictive policies, incentives or targets, these frameworks predominantly promote measures aimed at further research, encouragement and advice. The Scottish Strategy contains less than a dozen measures which it believes Scotland would need to implement in order to ensure that sustainable development is mainstreamed into the processes of government and accountability is strengthened.³⁰⁵ These measures include a review of new policy and expenditure decisions to ensure they contribute to sustainable development objectives, a modernisation of the planning system (largely through the creation of

³⁰⁴ Department for Environment, Food and Rural Affairs (2005) “*Securing the Future – Delivering UK Sustainable Development Strategy*” London: Stationary Office

³⁰⁵ Scottish Executive (2005) “*Choosing our Future – Scotland’s Sustainable Development Strategy*” Edinburgh: Astron. Page 72 ff.

the 2006 Planning Act), and the creation of further indicators which would measure the progress of the Strategy (which were finalised in 2006). The Strategy further states that the Executive will require each significant capital investment to illustrate in a business case “*that it has considered sustainable design incorporating green procurement strategies, resource efficiency and waste minimisation*”,³⁰⁶ although this requirement merely mirrors one of the requirements set out in the 2002 EU Building Directive.

The measurement of progress in Scotland against a set of new indicators formed part of the agreed UK Framework. The UK Framework itself created a set of 20 indicators on which to measure its progress. Although the UK Government Sustainable Development Strategy is supported by a set of 68 national sustainable development indicators, including the UK Framework indicators, only the UK Framework Indicators are shared by the UK Government and the devolved administrations in Scotland, Wales and Northern Ireland. The remaining 48 indicators highlight additional priorities relevant to the UK Government Strategy. The UK Framework demanded that strategies of the devolved administrations would develop “*further priorities and be supported by further measures and indicators*”.³⁰⁷ These should be more localised, supporting local priorities, and should be followed up by local measures which would combat the issues highlighted through these indicators.

As the UK Framework Indicators were only implemented in 2005, it is too early to assess the overall impact of the framework. Early trends can however be assessed. By the middle of 2006, the indicators showed that only 6 out of the 20 indicators showed signs of improvement. Amongst those achieved was economic growth, vehicle theft and burglaries (which followed an existing downward trend likely to be caused by increased inbuilt security), childhood and pensioner poverty (which also continued an existing downward trend) and infant mortality, which showed a slight improvement. Indicators which showed neither improvement nor deterioration

³⁰⁶ Scottish Executive (2005) Ibid. P. 73.

³⁰⁷ Department for Environment, Food and Rural Affairs (2005) “*Securing the Future - Delivering UK Sustainable Development Strategy*” London: Stationary Office. P. 14

included greenhouse gas emissions, waste, bird populations, ecological impacts of air pollution, river quality, active community participation, employment, workless households and sustainable mobility (cycling and public transport). Three indicators showed a deteriorating trend, namely life expectancy, robbery and resource use. Indicators for social justice, wellbeing and environmental quality are still in development and should be published in the 3rd quarter of 2007.

The Scottish set of indicators is unsurprisingly rather similar to the remaining 48 indicators created in support of the UK Government Sustainable Development Strategy, but more comprehensive than the indicators created by Scotland's first strategy. Unfortunately, the new indicators will replace the existing ones created with the publication of Scotland's first sustainable development strategy, *Meeting the Needs*, and it therefore seems unlikely that the collection of data for the old set of indicators will continue. The old set was created to cover the period between the implementation of the strategy (2002) and 2010. This would have been a sufficient time span to assess the outcome of current Scottish policy. As of 2007, the latest report available on these indicators, published in 2005, predominantly refers to data collected between 2003 and 2004. A discontinuation of these indicators will make long term policy evaluation based on collected statistical data virtually impossible. Although the new set of indicators is more wide-ranging, comprehensive data collection will only start in 2007, which means that early trends can only be assessed in 2010. Furthermore, the Scottish Executive reserved the right to review and develop the new set of Indicators. In a document published in 2006, the Scottish Executive states that "*we envisage the set of indicators will continue to evolve as policy develops and the evidence base improves*".³⁰⁸ Although this in itself is positive, it could lead to a lack of continuity in data availability, making future policy assessments difficult. Indicators on Social Justice, Environmental Equality and Well-Being are still in development.

³⁰⁸ Scottish Executive (2006) "*Sustainable Development Strategy Indicator Set*" Available online at <http://www.scotland.gov.uk/Topics/SustainableDevelopment/revisedindicators>

In 2006, the Scottish Executive published a policy statement outlining its approach to the regeneration of places and communities.³⁰⁹ Entitled *Re-think: People and Place*, the document summarises actions already taken and highlights a new approach that should lead to increased investment, the creation of mixed and vibrant communities, a regeneration of deprived neighbourhoods, collaboration between Executive Departments and agencies, and the tackling of land and property issues which currently inhibit regeneration. The document is to be seen as a statement of intent, and as such only outlines overall objectives for the current government. Amongst the main achievements of the document is the promotion of a cross-sectoral approach to ensure a more integrated way of supporting regeneration. This, together with a strengthened joint-up partnership with the private sector, would support a more proactive and integrated regeneration strategy involving all stakeholders. This approach is long overdue: In 1992, the UN's Agenda 21 program already promoted an integrated approach in all aspects of decision making, including the incorporation of social and environmental and economic dimensions. Agenda 21 stated that "*it is desirable to plan and manage all (Land Resource) uses in an integrated manner. Integration should take place at two levels, considering, on the one hand, all environmental, social and economic factors (...) and, on the other, all environmental and resource components together.*"³¹⁰ Fourteen years later, the Scottish Executive policy statement finally reported that "*experience suggests that progress on the economic, social, physical and environmental aspects of regeneration requires an integrated approach which 'joins up' planning and delivery across these aspects*".³¹¹ In order to tackle urban dereliction, the Scottish Executive will "*aim to put environmental justice and sustainable development at the heart of our approach to regeneration*".³¹²

Amongst the few concrete measures outlined in the 2006 policy statement was a modernisation of the planning system, "*making it more proactive in releasing land through the development plan process and faster in the handling of applications for*

³⁰⁹ Scottish Executive (2006) "*Re-think: People and Place*" Edinburgh: Blackwell

³¹⁰ United Nations (1992) "*Agenda 21*" *ibid.* Chapter 10: Integrated approach to the planning and management of land resources Article 10.3

³¹¹ Scottish Executive (2006) "*Re-think: People and Place*" Edinburgh: Blackwell. Page 53

³¹² Scottish Executive (2006) *Ibis* Page 45

housing development.”³¹³ This was done with the creation of the Planning (etc.) Scotland Act of the same year, which classified certain developments as being of national importance and limited the time in which an appeal against a decision can be made. The Act gave the Scottish Executive the power to approve national projects without an inquiry. Although public inquiries on a local level are able to influence the proposals before a decision has taken place, they are unable to stop them. This now gives the Scottish Executive a wide range of powers in the area of planning. National Development Plans are implemented by the Executive and will form the basis for Local Development Plans. Local Development Plans have to be approved by the Executive, who has further rights to ask for their amendment at any point. Furthermore, the Scottish Ministers have the power to direct the planning authority to refer an application to them for decision.

The right for third parties to appeal against planning decisions made at local or national level was already specifically ruled out in a 2001 consultation paper published by the Scottish Executive,³¹⁴ which stated that there were sufficient avenues open to appeal and that further measures would create delays in planning application approvals. It also stated that appellants may not represent the wider community and granting such rights would increase costs. However the consultation conceded the Third Party Right of Appeal would remain an issue of concern and that the Executive would continue to monitor development in case-law. Recent calls for a Third Party Right of Appeal for local communities to object to developments were again rejected by a cross-party committee prior the implementation of the 2006 planning act. The committee believed that the planning act would increase public participation in planning by involving local people at an earlier stage of the process. Although the Planning (etc) Scotland Act 2006 made further provisions for public participation in both the creation of Development Plans and in the decision making process of planning approvals, these provisions are limited to the publication of plans and planning applications and the procedures for public hearings. It is doubtful that

³¹³ Scottish Executive (2006) Ibis Page 42

³¹⁴ Scottish Executive Development Department (2001) *“Getting involved in Planning – Consultation Paper”* Edinburgh: Astron.

the consultation process outlined in the planning act will give the public any real influence.

Overall, Scottish policy has remained fairly weak in the implementation of measures aimed at cross-sectoral sustainable development. The Executive has been slow in implementing the statutory instruments required under EU directives, and has not yet managed to meet binding EU targets. The EU Directive on the Energy Performance of Buildings, already implemented in England and Wales, is delayed in Scotland, and some areas of the Directive are still in the consultation phase. Scotland is not yet on track to meet the targets that were set out in the EU Landfill Directive, and is still in the process of creating a genuinely joined-up approach across Executive Departments and agencies in support of regeneration. Furthermore, the Scottish Executive has been extremely cautious in the setting of concrete targets and the creation of indicators that could measure the success of government policy on sustainability. The indicators implemented with the publication of *Meeting the Needs* suggest that the current policy approach has not been very successful, and a much more regulating policy approach would be needed.

3.5 The Irish Urban Administrative and Policy Context

The influence of Westminster after the independence of most of Ireland in 1922 is evident across all elements of the Irish political system, and the Irish planning system, which adopted and mirrored British planning practice, is no exception. Comprehensive planning regulations were first proposed in 1929 with the Town Planning and Rural Amenities Bill, but a 5 year delay in the implementation of the legislation is indicative of a certain public apathy to planning.³¹⁵ During these five years, media reports on the rapid and uncontrolled growth of Dublin City increased public awareness of the importance of planning in a modern society, and the Bill was subsequently enacted as the Town and Country Planning Act in 1934.³¹⁶ The Act not only shared the name with its UK counterpart³¹⁷ enacted two years earlier, but was

³¹⁵ Moore, N. (1999) "*Rejuvenating Docklands: The Irish Context*" Irish Geography, Volume 32(2) Dublin: Geographical Society of Ireland.

³¹⁶ Ireland (1934) "*Town and Country Planning Act*" Dublin: Stationary Office

³¹⁷ Great Britain (1932) "*Town and Country Planning Act*" London: Stationary Office

also rather similar in its context. Both the Irish and the UK Act enabled local authorities to prepare planning schemes but were purely permissive. This rendered both the UK and the Irish Planning Acts fairly ineffective. In 1940, the UK Royal Commission on the Distribution of the Industrial Population urged that more effective action should be taken to control the location of development and both pointed to the weaknesses of the Act of 1932:

*“While present statutory town planning tends towards producing a more pleasant, healthier and more convenient local environment, it is not adapted to check the spread of great towns or agglomerations, nor, so long as their growth continues, to arrest the tendency to increasing central density and traffic congestion. . . . Present town planning does not concern itself with the larger question of the general and national grouping of the population.”*³¹⁸

The Irish 1934 Town and Country Planning Act resulted in similar problems. Despite an attempt to regulate urban and rural areas through land-use zoning, building regulations and the creation of amenity areas, the potentially highly effective legislation was never realised. Several reasons can be found to explain the failure of the Act. Since a production of development plans by local authorities was not mandatory, and local authorities subsequently failed to enact development plans, nothing could control the growth which was a result of a demographic boom and rapid industrial development during the 1950's. In addition, Article 43 of Irish Constitution guarantees the right to private property to every citizen, and this right was invoked several times to fight compulsory purchase orders.³¹⁹

The ineffectiveness of the 1934 Town and Country Planning Act together with the continuing suburban growth and inner-city decline made a re-assessment of planning policy imperative, but it was not until 1963 that a new bill was passed as the Local Government (Planning and Development) Act. The Act replaced all previous legislation and created an entirely new planning environment. Planning Authorities

³¹⁸ Great Britain (1940) *“Royal Commission on the Distribution of the Industrial Population”* Cmd 6153, Paragraph 219 (Publicly known as The Barlow Report) London: Stationary Office

³¹⁹ Moore, N. (1999) *Ibis*.

were now required by law to draw up a development plan, indicating development objectives for their area, including objectives with respect to country boroughs, boroughs, urban districts and scheduled towns.³²⁰ The implementation of development was an attempt to ensure the renewal of obsolete areas and the preservation, improvement and extension of amenities, as well as the provision of new water supplies and sewage services and the securing of greater convenience and safety for pedestrians and road users. These plans were to be reviewed every five years. ‘Development’, as defined in Part I Section 3(1) of the Act, was defined as the “*carrying out of any works on, in, or under land or the making of any material change in the use of any structures or land*”,³²¹ and was to be managed by the dual instruments of land use zoning and development control.

For the first time, the Act was vested with powers of enforcement. Unlike previous restrictive functions, Authorities were empowered to grant permission to development subject to or without conditions, or refuse it. Part IV of the Act gave Authorities the right to enforce planning control, thus providing a legal basis on which planning became possible. Every development required an application for planning permission to be lodged with the relevant authority, the only exemption being agricultural land and certain projects including development by councils of counties or urban districts or corporations of counties and boroughs, as long as development was within their administrative area.³²² Part VII of the Act required the public notice of development proposed to be carried out by local authorities, allowing for the first time active public participation. It now became the responsibility of local government to inform the general public about the intentions of property developers, and to publicise any objections made to the development, ensuring and encouraging demographic and equitable planning. Furthermore, the Act made provisions for any person, body or interest group to appeal to the Minister

³²⁰ Great Britain (1963) “*Local Government (Planning and Development) Act, 1963*” Part III, Section 19(1). “*Every planning authority shall, within the period of three years beginning on the appointed day (or such longer period as the Minister may in any particular case allow, make a plan indicating development objectives for their area.*”

³²¹ Great Britain (1963) *ibid.* Act, Part I Section 3(1)

³²² Ireland (1963) “*Local Government (Planning and Development) Act 1963*”, Part I, Section 4 Paragraph 1(a) “*Development consisting of the use of any land for the purpose of agriculture or forestry (including afforestation), and development consisting for the use for any those purposes of any building occupied with land so used... shall be exempted development for the purpose of this act.*”

against a decision of a planning authority,³²³ as long as they made submissions or observations in writing to the planning authority in relation to the planning application in accordance with permission regulations.³²⁴

Although the Local Government (Planning and Development) Act of 1963 can be generally seen as a dramatic improvement on the previous Town and Country Planning Act, criticism was drawn onto a number of points. The emphasis of the new legislation was placed on regulation rather than development, and although Authorities were given the right to develop, they were still granted more restrictive than permissive powers.³²⁵ This predominantly negative approach reflected that of the British Planning system.³²⁶ Criticism was also drawn to the fact that regional planning was not included in the Act, and no co-ordination between development plans of neighbouring Local Authorities was required or encouraged. The public display of, and the opportunity to object to, development plans only after their perception discouraged active public participation in planning, and the system was not seen as meeting the demands of a well-educated public for a constructive participatory role.³²⁷

The first amendment to the Act,³²⁸ which passed Parliament in 1976, established the *An Bord Pleanála*, an appellate Board entirely divorced from political institutions. The Act made provision for the chairman of the Board to be appointed by the Government; eligible persons for this position were required to hold or have formerly held a judicial office.³²⁹ It made additional provisions for the board to take into account directives and policy issued by the Minister for the Environment and Local Government in relation to planning and development,³³⁰ and placed financial control

³²³ Ireland (1963) *Ibis*. Part IV, Section 26, Paragraph 5(a)

³²⁴ Barclay, C. (2002) "*Third Parties Rights of Appeal in Planning*" House of Commons Research Paper 02/38

³²⁵ Moore, N (1999) "*Rejuvenating Docklands: The Irish Context*" *Irish Geography*, Volume 32(2)

³²⁶ Clifford, G. (1994) "*The Retail Development Process, Location, Property and Planning*" London: Routledge

³²⁷ Bannon, M. (1989) "*Planning: The Irish Experience, 1920-1988.*" Dublin. Wolfhound Press

³²⁸ Ireland (1963) "*Local Government (Planning and Development) Act, 1963*"

³²⁹ Ireland (1963) *Ibis*. Paragraph 4

³³⁰ Ireland (1963) *Ibis*. Paragraph 6

into the hands of the Ministers.³³¹ However, the act provides further that this power does not enable the Minister to exercise any power or control in relation to any particular appeal. (This was further strengthened under section 114 of the 2000 Planning Act, which made it unlawful to communicate with any member of the Board, an employee or a consultant engaged by the Board for the purpose of influencing improperly his/her consideration of an appeal or a Board decision.) Ireland is until today unique among European countries in that it established an independent third party planning appeals system. In determining individual appeals, the *An Bord Pleanála* acts in a quasi-judicial role in accordance with the principles of natural justice. Decisions taken by the Board can however still be appealed further to the High Court, and the involvement of the judiciary in the planning process was criticised as downgrading the social and economic objectives of planning.³³²

Subsequent amendments to the Act up until 2000 made minor alterations to the planning process, reflecting the expansion of the statutory development control system to meet the demands arising from economic growth, rising public concern in the area of environmental control as well as growing European dimension, but the foundations of the Irish planning system remained primarily in the 1963 Act.

Although the legislative regulation of Irish planning system remained relatively unchanged for nearly four decades, several Acts outside the scope of the Planning and Development Acts introduced new permissive powers. The first of these new additions came with the enactment of the Urban Development Areas Bill as the Urban Renewal Act in 1986. The Urban Renewal Act was the first pro-development instrument, represented the first attempt by central government to intervene in the planning process, and marked the first step taken by the state towards a constructive development role. It was a reversal of earlier Government policies of decentralisation, and proposed to stem the outflow of human and financial capital from the inner city. The need for this Act grew out of a growing decay of inner city areas which were the result of an economic downfall following the global recession and the closure of many ineffective labour-intensive indigenous industries caused by

³³¹ Ireland (1963) *Ibid.* Paragraph 7

³³² Moore, N. (1999) "Rejuvenating Docklands: The Irish Context" *Irish Geography*. Volume 32(2).

Ireland's EEC membership. In order to halt the physical impact of industrial decline in the urban core, the Irish government proposed the establishment of two special commissions each overseeing an area within Dublin City, the largest and worst affected city of Ireland. The areas in question were the Custom House Docks Site on the north bank of the river and the Liberties area, located in the South of the city. The proposals included provisions for a transfer of some Local Authority powers to the new commissions, and allowed development that was sponsored and approved by the commissions to be exempted from the traditional planning process. The proposals included further provisions for fiscal incentives in order to attract development. Due to a change of power following the national elections soon after the proposals were made, the Urban Development Areas Bill was not enacted until four years later.

The 1986 Urban Renewal Act made *“provision for the renewal of certain urban areas, for that purpose to provide designation of such areas by the minister for the environment and for the remission of rates in such areas, to establish a body to be known as the Custom House Docks Development Authority and to define its functions, and to make provisions for other matters connected with the matters aforesaid.”*³³³ The Act closely resembled the Urban Development Areas Bill, but was initially restricted to the Custom House Docks site. Although it empowered the Minister for the Environment to declare an area to be a designated area if he is satisfied that there is a special need to promote urban renewal within this area,³³⁴ and furthermore allowed the Minister of Finance to create financial incentives for these areas, no area other than the Custom House Docks site was declared a designated area by the Act. Designated areas benefited from a standard package of tax incentives provided in the 1987 Finance Act and extended in the 1995 Finance Act, but the Custom House Docks received preferential treatment in that it profited from incentives targeted directly at the financial service industry.

The establishment of the Custom House Docks Development Authority (CHDDA) to oversee development activity within the boundaries of its authority came after it was realized at central government level that *“physical planning measures cannot be*

³³³ Ireland (1986) *“Urban Renewal Act, 1986”* Part I, Section 1

³³⁴ Ireland (1986) *“Urban Renewal Act, 1986”* Part II, Section 6(2)

dealt with contradictions in the economic order as they are manifested in the build environment. The function of planning as a means of avoiding crisis in the build environment has increasingly been beyond its means".³³⁵ Previous attempts by Local Authorities to take on a more entrepreneurial role and engage the private sector into the financial part of development were previously less successful because of the perception that the public sector was an incompatible partner. Despite Local Authority powers such as the facilitation of site assembly and its ability to authorise comprehensive development, the private sector proved to be reluctant to provide development expertise and finance, being unsure about the outcome of such joint venture. Major problems within the conurbations remained therefore unresolved. In order to ensure private sector interest, development under the supervision of the CHDDA became therefore entirely divorced from the local authority. Although this provided a successful platform for development, criticism has been drawn onto the fact that these measures were based purely on physical regeneration and escaped the risk of planners' imposing value judgement based on criteria of social justice.³³⁶ The full impact of the Urban Renewal Act together with its later amendments and additions will be discussed in a later chapter.

A comprehensive review of Irish planning legislation was initiated in August 1997. The principle of the review was to ensure that the planning system of the twenty first century would be strategic in approach and "*imbued with an ethos of sustainable development*"³³⁷ and would deliver a performance of the highest quality. As a result of the review, the Planning and Development Act 2000 became the new statutory instrument and consolidated all previous planning legislation and regulations and much of the Environmental Impact Assessment Regulations. As well as consolidating existing provisions, the Act contains many significant changes and new initiatives.

³³⁵ McGuirk, P. (1991). "*Perspectives on the nature and role of Urban Planning*", Unpublished PhD Thesis, p.247, Department of Geography, Trinity College, Dublin. See also MacLaran. Andrew. (1993). "*Dublin: the shaping of a capital*" London: Belhaven. P.107

³³⁶ McGuirk, P. (1991) Ibid

³³⁷ Department of the Environment, Heritage and Local Government (2005) "*Overview of Planning Legislation*" Available online at <http://www.envron.ie>

The new planning Act created a turning point in the provision of housing in Ireland. The legislation had two major implications for voluntary housing associations, empowering planning authorities power to require that up to 20% of land approved for residential developments was set aside for social and affordable housing by the planning authority or a nominated body,³³⁸ and setting out a series of detailed provisions requiring a planning authority to formulate and adopt a housing strategy and to take steps through the performance of its functions as a planning authority to implement that housing strategy. Each local authority was to prepare its strategy within a period of nine months from the commencement of Part V of the Act. This meant that even areas which would otherwise have been developed exclusively for the upper housing market were now required to make 20 per cent of that land available for social housing. Furthermore, Local Authorities were able to request that a developer would transfer a number of completed buildings, build at a set price and equalling in total value the cost of land transferred under the 20% rule, to be transferred back to the Authority or a nominated body. After severe pressure from private sector developers, this Act was amended only two years later. Although amendments were made under the pretext to give planning authorities more flexibility in how they apply the 20% provision, the Planning and Development (Amendment) Act 2002 arguably benefited the private sector significantly more than the voluntary housing market and Local Authorities. Instead of the transfer of land or completed buildings on said land, private sector bodies were now able to either make an agreed one-off payment to the Local Authority, or to transfer to the Local Authority ownership of any other land or buildings within the functional area of the planning authority.³³⁹ Although Local Authorities were still able to seek provision of units from developers as opposed to the other options available, the majority of developers are seeking options other than the transfer of land or housing stock. Whilst other options still ensure the availability of land and the financing for social housing, they do not guarantee the supply of social housing in an integrated manner.

³³⁸ Ireland (2000) "*Planning and Development Act 2000*" Part V, Section 96: Provision of social and affordable housing, etc.

³³⁹ Ireland (2002) "*Planning and Development (Amendment) Act, 2002*" Part II, Section 3. Amendment of section 96 of Principal Act. Dublin: Stationary Office

The Planning and Development Act 2000 made further provisions for the compulsory implementation of development plans and put regional planning and its associated guidelines on a statutory footing for the first time. Development plans were to set out the overall strategy for the proper planning and sustainable development of the area and had to include amongst other elements the zoning of land for the use, the provision of infrastructure, the integration of the planning and sustainable development of the area with the social, community and cultural requirements of the area, the development and renewal of areas in need of regeneration and the provision, or facilitation of the provision, of services for the community. The Act stated that it was the duty of a planning authority to do everything within its powers for securing the objectives of the development plan.

Crucially, the 2001 Local Government Act removed all executive functions away from the elected bodies and placed them into an appointed manager.³⁴⁰ Although the 1930 Local Government (Dublin) Act already made provisions for the appointment of a Dublin City Manager who would exercise and perform for and on behalf of the City Corporation the powers, functions, and duties of the City Corporation other than a set of reserved functions,³⁴¹ the new Act marked a culmination of a continuous trend that removed the decision-making process from elected councillors to full-time professionals and officials. With the new Act, every county and city was to employ a manager who would resume all chief executive functions. The division between political matters reserved by Local Authorities and executive functions which are no longer carried out by an elected representative but by a City or County Manager was an attempt to bring corporate efficiency into the Irish planning system. Although it remains the duty of elected representatives to adopt a development plan, it is the manager's role to take day-to-day planning decisions on individual planning applications.

As such, it becomes the responsibility of the manager to implement and execute the objectives set out in Development Plans. As provided for in the 2001 Local Government Act, a manager is required give a report to the members of the authority

³⁴⁰ Ireland (2001) "*Local Government Act, 2001*" Dublin: Stationary Office. Section 144

³⁴¹ Ireland (1930) "*Local Government (Dublin) Act 1930*" Dublin: Stationary Office

on the progress achieved in securing the objectives set out in the development plan within two years of its implementation. Failure to deliver the objectives can lead to the manager being removed from his post.

Although initially devised by the Local Authority and the City Manager in conjunction with the public, development plans are guided by a number of policy frameworks and strategies. Amongst the main documents are the National Spatial Strategy (2002), the National Development Plans (1999, updated 2007) and the Sustainable Development Strategy 1997. The sustainable development strategy³⁴² was implemented as a framework that would allow sustainable development to be taken forward more systematically in Ireland. It was based on the precautionary principle, which requires that emphasis should be placed on dealing with the causes, rather than the results, of environmental damage and that, where significant evidence of environmental risk exists, appropriate precautionary action should be taken even in the absence of conclusive scientific proof of causes. It stressed the need for integration of environmental considerations into other policies at central government level and at macro-economic and fiscal policy levels, to reflect the value of natural as well as human-made capital. It promoted cost internalisation through the use of market based economic and fiscal instruments in order to stay in line with the polluter pays principle, and advertised the principle of shared responsibility for the environment which requires a broadly based involvement of public bodies, private enterprise and the general public. Although the document was based on the principles of sustainability, only mild references were made to social aspects, primarily focusing on environmental issues and only occasionally stating that policy should underpin social development. Whilst the strategy did not mark a new commitment of government targets, it summarised environmental targets to which the government already committed itself. These targets included an increase of electricity generated from renewable sources to 14% by 2010, the reduction of municipal waste arising by 20% by 2010 based on 1999 levels, diversion of 20% of municipal waste from landfill through recycling by 1999, and an increase to at least 50% in the recovery rate for packaging waste by 2005. The strategy suggested the implementation of

³⁴² Government of Ireland (1997) *"Sustainable Development – A Strategy for Ireland"* Dublin: Government Publications Office

indicators to measure long-term progress. Measures outlined in the document to achieve the objectives set out by the government included the establishment of a National Sustainable Development Council to facilitate participation by economic, social and environmental interests in the achievement of sustainable development. The Council was set up in 1999 and was recently renamed Comhar. Functions of the Council include the review of progress in implementing Agenda 21 and the Rio Commitments, and the preparation of national reports to the UN Commission on Sustainable Development. Further functions include the promotion of information exchange and the increase of public awareness of sustainable development, and to generally advise Government on the implementation of policies and actions regarding sustainability.

The National Development Plan was a document that organised large-scale expenditure on mainly national infrastructure. The first plan covered the period from 2000 to 2006, whilst the second National Development Plan is due to run between 2007 and 2013. Although the plans focused primarily on the national road network, some elements had direct impacts on inner urban areas.³⁴³ This included the diversion of inner city traffic through the creation of the Dublin inner ring road, and the creation of the Dublin Port Tunnel, completed in December 2006, which now is the second longest urban motorway tunnel in Europe after *The South Link* in Stockholm. The tunnel relieves surface road congestion by taking heavy goods vehicles from Dublin port directly onto the motorway network, and became a necessity as it was realized that a surface relief road was not feasible. It is hoped that this will have a positive knock-on effects for bus users, pedestrians and cyclists travelling along the quays in Dublin city centre, including better air quality and safer travel. To discourage commuters from using the tunnel, vehicles other than Heavy Goods Vehicles are heavily tolled. As part of the Development Plan, Dublin suburban routes have benefited from an increase in suburban railcars. These operate north to Drogheda, northwest to Maynooth, southwest to Kildare and south to Arklow. The electrified section of the north-south route through Dublin has had extra electrical trains brought into service. Dublin has also seen the opening of a new tram

³⁴³ Government of Ireland (2007) *“National Development Plan / Community Support Framework 2000-2006. Review”* Dublin: Stationary Office

system, Luas. Major projects undertaken were the upgrade of Heuston Station in Dublin to nine platforms and the new railcar servicing depot in Drogheda. Many other stations, particularly the Dublin suburban stations, have been upgraded and modernised, with elevators for example on new footbridges. Other measures to improve disabled access have been implemented, and park and ride facilities have been developed.

Investments made under the National Development Strategy totalled to a significant 57 billion Euros spend over a period of 6 years, with EU funding contributing to around 6 billion Euros. €10 billion has been invested in housing projects since 2000, which was divided between Local Authority housing, voluntary housing, affordable housing, improvements to existing housing and accommodation for groups with special needs. The new National Development Strategy plans to spend a total of 184 billion Euros,³⁴⁴ over three times the previous budget and the equivalent of 72 million Euros every day over the period from 2007 to 2013. The budget for housing investment was doubled, reflecting the growing need for affordable housing, and the plan provides for investment of over 25 billion Euros in programmes which will directly and positively impact on Environmental Sustainability.

The National Development Plan 2000-2006 provided a commitment to prepare a spatial strategy to plan at national level for the country's future spatial development, a commitment that was realized with the creation of the National Spatial Strategy.³⁴⁵ The strategy, published in 2002, provided an eighteen-year planning framework designed to deliver more balanced social, economic and physical development between regions, and became the strategic planning guidance for a range of government policies as well as regional and local plans. Ireland's Spatial Strategy shares similar objectives with its Scottish counterpart, the National Planning Framework, but was published 2 years earlier and was placed immediately on a statutory footing, unlike Scotland's Planning Framework which will only form a legislative part of planning policy in 2008. Although similar in context, Ireland's

³⁴⁴ Government of Ireland (2007) "*National Development Plan 2007-2013*" Dublin: Stationary Office

³⁴⁵ Government of Ireland (2002) "*National Spatial Strategy 2002-2020*" Dublin: Stationary Office

strategy offers a more defined approach, which is probably due to the differences in legislative status between these documents.

Overall, Ireland's planning approach differs substantially from its Scottish counterpart. This is partially due to an earlier separation from Westminster control, giving it more time to evolve, but it is also due to a different spatial layout. Nearly half of Ireland's 3.9 million inhabitants are based in the Greater Dublin Area, whilst Scotland's 5 million inhabitants are dispersed between Greater Glasgow with nearly 2.3 million inhabitants and the Greater Edinburgh Area with an estimated 1.25 million. This gives Ireland the advantage of being able to focus central government urban policies on a single conurbation. Dublin, the largest city, capital and centre of commerce, has therefore been the focus point of many central government renewal legislations, exclusively benefiting from early tax incentives and management directives. Scotland, with two major cities performing different functions, is unable to mirror such a practice without running into the danger of being accused to discriminate against a city.

Furthermore, Ireland's approach seems more open, inclusive and decisive, partially because of its constitutional background, but also because of a certain element of parliamentary maturity which can be difficult to find in Scotland. Ireland ensured public participation in the planning process through strong public consultation and the establishment of an independent third party appeals board, and developed its planning system in such a way that it combines democratic values with private sector efficiency. Ireland's sheer amount of planning legislation (33 in 10 years) combined with a seemingly low number of non-statutory government strategies stands in sharp contrast to Scottish governance, which can find it difficult to put strategies into legislation. Ireland has also been much faster in the implementation of European Directives and guidelines, and feels generally more integrated into Europe. It could however be argued that this is due to the fact that since joining the EU in 1973, Ireland has received over €17 billion in EU Structural and Cohesion Funds support,

with a further €3 billion secured for the period up to 2013,³⁴⁶ whilst Scotland's EU support currently stands at a comparatively meagre €2 billion.³⁴⁷

Ireland's commitment to inclusive social housing provision is evident in the 2000 Planning and Development Act, a commitment which is not evident in Scotland's planning legislation. However, it seems that private sector pressure had sufficient force to partially overturn this legislation, and the amended legislation remains fairly comprehensive but lost the element of inclusiveness. Neither Ireland nor Scotland have introduced a set of binding sustainability targets enforced by statute outside European Directives. Implementing targets into policy would involve the creation of a specific set of restrictive measures aimed at all involved bodies. In the case of the European Landfill Directive, this translated into the creation of Local Authority allowances, similar to the creation of allowances imposed on Nations in the context of the Kyoto protocol. Exceeding allowances results in financial penalties. In these cases, the governing bodies are able to recover the cost based on the polluter-pays principle, either through a municipal waste charge based on volume in the former or through a price increase of carbon producing energy in the latter case. In other cases, this becomes more difficult. Whilst Local Authorities could be held responsible for not achieving a set target in for instance sustainable transport, and be subsequently fined for this failure, it is difficult to identify all individuals responsible for this failure in order to make accountable. Although people can be encouraged to participate in sustainable transport by making it affordable and readily available, and by substantially increasing the cost of unsustainable transport, it is feared that the price increase needed would have negative economic effects. In the field of social justice, it is virtually impossible to identify all the causes that prevent social inclusion. Target setting is further hindered by an uncertainty of what concretely needs to be achieved. The definition of social justice is based on morality and as such differs substantially amongst individuals. Environmental sustainability is a lot clearer, as people become increasingly aware of the need to live within the Earth's capacity.

³⁴⁶ The Irish Regions Office (2006) "*EU support for Irish Regions*" Available online at <http://www.iro.ie/EU-structural-funds.html>

³⁴⁷ Europe in the UK (2006) "*European funding - making a difference to Scotland*" Available online at <http://www.europe.org.uk/index/-/id/90/>

Whilst governments occasionally commit themselves to targets, binding only in a sense that a failure of these targets would result in a dampened reputation, these targets do often not translate into success. Although Ireland has experienced substantial economic growth over the past decades, this is only partially reflected in its development to sustainability. Long-term unemployment rates plummeted from 7% in 1996 to 1.4% in 2004, and in 2005 Ireland had the lowest unemployment rates amongst the EU 25 countries, down from 12% in 1996.³⁴⁸ However, these figures are partially put into perspective by the fact that Ireland's employment rate only grew by 15% from 68% in 1996 to 78% in 2005,³⁴⁹ and that in 2005, 6.7% of all 18-59 year olds still lived in jobless households.³⁵⁰ 21% of the Irish population remained at risk of poverty, even after the effect of pensions and social transfers, a figure which remains the highest in Europe.³⁵¹ Those predominantly at risk of poverty were the remaining unemployed, the disabled, lone parents, and a percentage of pensioners. In 2004, 8.8% of the population in Ireland was living in consistent poverty, and although life expectancy at birth increased by just under 3 years in the period from 1990 to 2003, it is still below the European average.³⁵² The social problems Ireland is still facing are not reflected in its housing provision, despite comprehensive policy. Although Local Authority and Voluntary Sector housing rose from 3593 dwellings completed in 1996 to 5559 completed dwellings in 2005, the share of social housing of the total of housing build fell from 11% to 7% in the same period.³⁵³

Environmental policy had an equally mixed outcome. Although Ireland was allowed to increase its carbon emission by no more than 13% above 1990 levels, Ireland already exceeded the 2008-2012 Kyoto target in 1997 and reached almost 127% of the 1990 level in 2001. Although the situation has improved somewhat since 2001, it remained high at 123.5% above 1990 levels in 2004.³⁵⁴ Furthermore, Ireland collected by far the most amount of municipal waste in 2004, 60% more than the

³⁴⁸ Central Statistics Office (2005) *"Measuring Ireland's Progress"* Dublin: Stationary Office. Page

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³⁴⁹ Central Statistics Office (2005) *Ibis*. Page 33

³⁵⁰ Central Statistics Office (2005) *Ibis*. Page 37

³⁵¹ Central Statistics Office (2005) *Ibis*. Page 40

³⁵² Central Statistics Office (2005) *Ibis*. Page 51

³⁵³ Central Statistics Office (2005) *Ibis*. Page 58

³⁵⁴ Central Statistics Office (2005) *Ibis*. Page 62

European average. Although Ireland landfilled only 45.7% of municipal waste, which equals the European average, it remained in the European top 5 polluters based on landfilled waste per person. Total waste collected in Ireland continued to increase by 14% between 2002 and 2004, although this was offset by a 13% decrease of waste going to landfill. Nevertheless, Ireland has already reached its target set under the EU Landfill Directive to recycle 35% of municipal waste, and increased its land area under forest by 47% in the period between 1990 and 2005.

At present, Ireland's rate of economic development is causing an acceleration of environmental pressures. Although legislation tried to implement measures aimed at ensuring sustainable economic growth, these measures have been predominantly unsuccessful. The economic theory stating that an increase in economic activity is the driving force behind social sustainability only partially relates to Ireland: Whilst GDP increased by nearly 300% from 1995 onwards, 21% of the Irish population remain at risk of poverty. Income inequality as measured by the GINI coefficient worsened by 1.4 points on the GINI scale in a period of four years (30.4 in 2000, 31.8 in 2004). The trickle-down effect of a successful economy is therefore not sustained for those still unable to find work. A growing economy will therefore only be able to support those who have the required skills needed in order to participate in the growth, and as such become employable. However, it worsens the effect on those who do not possess these skills.

Planning policy in both Ireland and Scotland is currently insufficient to ensure a transition into sustainability. Despite attempts to break the links between economic growth and environmental damage, this has not been achieved. Scotland's policy statements continuously remind the reader that although sustainable development should happen, it should not stand in the way of economic growth,³⁵⁵ as growth is perceived as the route to a fairer society, to social justice, and to securing equal opportunities for all.³⁵⁶ Ireland is a good example that this argument is not necessarily sustained.

³⁵⁵ Scottish Executive (2006) *Re-think: People and Place* Edinburgh: Blackwell Page 53

³⁵⁶ Scottish Executive (2006) *Ibis*. Page 5

Chapter 4

Risk Factors & Stimulants for Private Sector Investment

4 Risk Factors & Stimulants for Private Sector Investment

Planning is defined as the conception of methods and activities required to create a desired outcome. In the context of urban planning, it involves the design of a desired spatial layout and the selection of effective ways of achieving it. Plans are created and implemented by elected bodies, and should as such represent a vision based on demographic inputs from affected citizens. Whilst this in itself creates a problem, the implementation of development plans is often hindered by opposition from those who are needed to develop urban areas. Due to financial constraints of the public sector, it remains the task of the private sector to create the development needed in order to achieve the visions created by the development plans. Unfortunately, the private sector has its own vision, based on the principles of financial viability and culminating with the creation of profits. This, the fundamental basis of corporate investment, is often seemingly incompatible with the visions set out in development plans.

The private sector caters for the needs and aspirations of consumers. It constantly evolves in trying to find new market opportunities and to adapt to changing patterns of consumption. In that, the role of the private sector in regeneration is no exception. In a free market economy, competitiveness is a vital element. Free market competition is created when two or more parties acting independently to secure the business of a third party, normally the consumer, by offering the most favourable terms. The aim of the private sector is to use resources to create activity that will enhance the level of economic performance, and by doing so raise value. The value will be determined by consumer demand, product availability and product quality, which are the prerequisites for successful competition.

The level of private sector investment in regeneration has to be assessed on two criteria, consumer demand on the one side and investor confidence on the other. Consumer demand in the estate market is driven by supply and directed by preferences, such as location, type, neighbouring areas, available amenities and general accessibility. Whilst some preferences are constant (accessibility, amenities and quality of surroundings), others change in accordance with current trends (type

and location). Investor confidence is created through extensive market research prior to development. As locations are not uniform and certain sites offer significantly greater financial potential than others, investor confidence is placed in the area which offers the highest rates of return in order to offset risks and benefit from a competitive advantage over other investors.

The extent of private sector involvement in the delivery process of sustainability can be assessed on two further criteria, resource throughput and build quality. The concept of sustainability prescribes the improvement of resource productivity, which can be achieved through a reduction of resource inputs without a limitation of economic outputs, and by the improvement of outputs by making them more versatile and giving them a longer life span. In the built environment, this is measured by the choice of building materials, resource and maintenance requirements during the lifecycle of the building, and the adaptability and lifespan of the structure. Whilst some investors realize the potential in catering for increasingly environmental conscious consumers, some believe the further costs incurred by a potentially longer planning phase, higher material costs and even reduced floor space will overprice the development. Some aspects of building materials and standards are covered by EU Directives, ensuring minimum standards are met. Increasingly, governments are trying to persuade both investors and architects to work towards tougher standards, although choosing higher standards remains an individual's choice.

Development plans which aim at sustainability attempt to direct private sector investment into specific areas. The objectives set out in these plans are generally the same: limit urban sprawl through high density building and a limitation of Greenfield developments, regenerate or develop derelict and underused land within the inner city, promote a mix of land use and enhance social inclusion by integrating social housing into developments. Priority areas are identified where redevelopment is either most needed or where development will have the greatest impact overall. These areas are often not the ones identified as carrying the highest financial potential by private sector investors.

A recent study commissioned by the Office of the Deputy Prime Minister highlighted factors which affect both the level and the form of private sector investment in Regeneration.³⁵⁷ The study investigated private sector preferences and highlighted aspects that prevent investment. It concluded that the primary reason for non-investment in regeneration areas include adverse quality of neighbouring environments, lack of or low rates of capital appreciation, and the perception of bureaucratic grant regimes. This translates into the availability and quality of property in the surrounding area, levels of land contamination, occupier demand, labour market characteristics, social factors, transport and amenities, as well as associated regulatory and planning policies. These factors are perceived to reduce or eliminate total investment returns, but are often characteristic to areas in need of regeneration. The Scottish multiple deprivation index, which highlights the most deprived areas, is based on indicators such as unemployment, crime (ranging from house braking to vandalism), health, quality of housing, and geographic access to services. Inevitably, an area portraying signs of multiple deprivations automatically becomes an area that is not financially viable or imposes higher risks for the private sector, unless redeeming factors are available. Redeeming factors include proximity to the city centre, the possibility to regenerate the entire area, waterfront and other fashionable locations, and the possibility to redevelop significant architectural heritage within the area.

Private sector investment in land development is always exposed to risks. This is due to the possibility of changes in occupier demand, not only in the residential but also in the office and retail sector, and due to the time involved in creating a finished building. Markets can change rapidly, but it is difficult for an investor to change or pull out of a development once the construction phase has begun. The complex and time consuming task of site assembly adds further to the already lengthy period of planning and construction, making a period of 10 years from conception to completion not unusual, and therefore substantially increases the risk of completing a development for a market which either ebbed down or is already overrun.

³⁵⁷ Adair A, Berry JN, McGreal S and Quinn A (2003) *Factors Affecting the Level and Form of Private Investment in Regeneration* Urban Research Summary, No. 6, Office of the Deputy Prime Minister, London.

Investors who develop areas regardless of added risks generally do so in expectation of above average rates of return, and will invest predominantly on a short-time basis.³⁵⁸ Institutions that primarily focus their activity on long-term investments, such as a bank, insurance company, retirement fund, hedge fund, or mutual fund, are by their nature and responsibility to their stakeholders risk adverse and therefore cautious about holding regeneration investment. This means that the majority of investment in regeneration projects is made by speculative investors, who have no intention to have long-term exposure to their assets. Speculative development is therefore sold off immediately after construction, either to owner-occupiers or landlords who are convinced of the merits of long-term investment. In contrast to speculative property investment companies who are more amenable to facilitating the financing of regeneration, institutional investors considering investments in regeneration areas set very high criteria for alleviating risk.³⁵⁹

Generally, the private sector will only invest in regeneration if there is sufficient evidence to support the presence of significant investment opportunities. Although the private sector will seek out existing locations with under-priced markets, it is increasingly the role of the public sector to provide the trigger. These triggers include measures which add value to the area, such as integrated land use and transport planning, but can also include fiscal incentives, which either directly benefit the investor or aim at potential occupiers, making the development more attractive. The public sector has therefore the ability to create an environment conducive to the private sector, by creating confidence in a regeneration area as an investment location and thereby reducing the level of risk to investors. In prioritising areas in need for regeneration, it is important for the public sector to understand the merits and disadvantages of each area. Whilst some areas will require hardly any public sector intervention, others require a strategic and innovative approach to generate investor confidence. Therefore, each approach will have to be based on the requirements for the individual area.

³⁵⁸ Adair A, Berry JN, McGreal S and Quinn A (2003) *Ibis*, Page 1

³⁵⁹ Adair, A.S., Berry, J.N., Deddis, W.G., Mc Greal, W.S., Hirst, S.M. (1998) *“Accessing Private Finance; The Availability and Effectiveness of Private Finance in Urban Regeneration”* RICS Research. London.

Chapter 5

The impact of policy frameworks:

Dublin and Glasgow

5. The impact of policy frameworks: Dublin and Glasgow

An assessment of direct public sector involvement in regeneration has to be carried out on local level. Although policy frameworks are largely created at regional and national level, it is the task of local governments to implement methods which will lead to the attainment of goals set out in national frameworks. For the purpose of this thesis, two cities, Dublin and Glasgow, stand in comparison with each other. Historical similarities in industrial activity and the resulting decline of available labour in both cities created a very similar atmosphere during the 1980's. Unemployment was high, areas previously used for industrial activities were left largely unused and became subject to vandalism, and inner city residential areas that often consisted of old housing stocks fell into disrepair. Presented with the same problems, local governments of each city took a similar approach in an attempt to solve them. Dublin, being a national capital, the only metropolitan city of the country and the economic hub of a nation, received substantial support from the national government. Glasgow, although host to the largest and most dynamic economy in Scotland, is neither a capital nor the only metropolitan city in the country. Nor was it the economic hub of a country: During the 1980's, Scotland was still centrally governed by Westminster, which focused its energy on issues more in its immediate surroundings: Between 1960 and 1980, all of London's docks had closed, leaving around 21 km² of derelict land in East London. London's unemployment was high, and poverty and other social problems were rife.

With the central government somewhat distracted, Glasgow had to rely on its own initiative to combat large-scale unemployment and dereliction that marked the city. Changes in technology brought the answer. Glasgow's main advantage over other UK cities was low labour costs, and potential employees were readily available. It was decided that redevelopment would be achieved fastest by aiming at attracting footloose investment in the financial and service industry. This decision brought Glasgow into direct competition with Dublin, who decided on the same approach a few years earlier. With the help of its national government, Dublin had succeeded in attracting significant amounts of investment in the IT and finance sector, a level which Glasgow would never be able to achieve without the full commitment of the

UK government. Nevertheless, finance sector investment soon arrived in Glasgow in the form of call centres, which were able to benefit from cheap land and low labour costs. With finance secured, both cities were able to start a comprehensive regeneration program. A quarter of a century later, the transformation in both cities is dramatic. Now a building site or a newly developed residential or office quarter, little can be seen of the former inner city derelict sites which were a common sight in both Dublin and Glasgow until the fourth quarter of the twentieth century. Both cities attract a vast influx of tourists who enjoy cultural programs, well presented architectural heritage, park lands and shopping facilities. Away from the main streets however, things do not look quite so much on the up. Social problems prevail: In 2006, Glasgow City was home to half of Scotland's most deprived areas, covering a third of its entire area.³⁶⁰ Dublin's inner city has experienced a significant amount of gentrification, and areas outside the city centre display the same levels of relative deprivation as they did 15 years ago.³⁶¹ Furthermore, environmental issues show no sign of improvement, waste production and private car travel are increasing, air pollution in several areas of Glasgow is still above the National air quality standards,³⁶² although air pollution substantially decreased after the closure of heavy industries which stood in the immediate surroundings of the City. The trend towards a more localized economy is mixed. Although the local food industry has seen a small revival, mainly due to health concerns, local retailers continue to fail under the pressure imposed by their national and global counterparts.

The concept of Sustainability has only been introduced to planning a little more than a decade ago. This chapter analyzes how this has translated into local government decision-making. Ironically, the task of urban planning has not changed much in nearly a century: The provision of integrated communities and the need for environmental planning were elements already advertised in the comprehensive redevelopment programs of the 1970's, and the reduction of urban sprawl goes as far

³⁶⁰ Scottish Executive (2006) "*Scottish Index of Multiple Deprivation 2006: General Report*" Edinburgh: Blackwell

³⁶¹ Haase, T. (2005) "*Deprivation and its Spatial Articulation Deprivation and its Spatial Articulation in the Republic of Ireland.*" Conference on Mapping Poverty. National University of Ireland. September 2005. Slideshow available from <http://combatpoverty.ie/research/seminars.htm>

³⁶² Glasgow City Council (2005) "*Local Air Quality Management - Detailed Assessment Report*" unknown publisher.

back as the 1940's. What did change are the issues that generate urban renewal policies. We are no longer concerned about over-crowded inner city areas, about sanitary provisions, lack of light or the availability of public green spaces. Environmental planning, which translated into the mere provision of trees for public enjoyment, has seen a change in definition. What has changed is the fact that we are no longer dealing exclusively with issues arising out of the city itself, but are increasingly concerned about the wider global context.

Whilst comprehensive redevelopment policy carried out in the 1980's did manage to address some of the issues that were present at the time, it could not solve the roots of the problems. Furthermore, 1980's policy created a pool of new issues previously unheard of. The scale of social exclusion created with the development of the new towns was unprecedented, the psychological impacts unknown. Developing the new towns on Greenfield sites outside the city generated further urban sprawl, and the creation of out-of-town retail centres which advertised abundance and convenience lead to the reliance on private car travel which is amongst the highest environmental concerns today. Are we confident that current policy will not cause similar problems, and can the private sector provide the development needed to combat current issues? Based on recent and current developments in Dublin and Glasgow, this chapter will analyze these concerns.

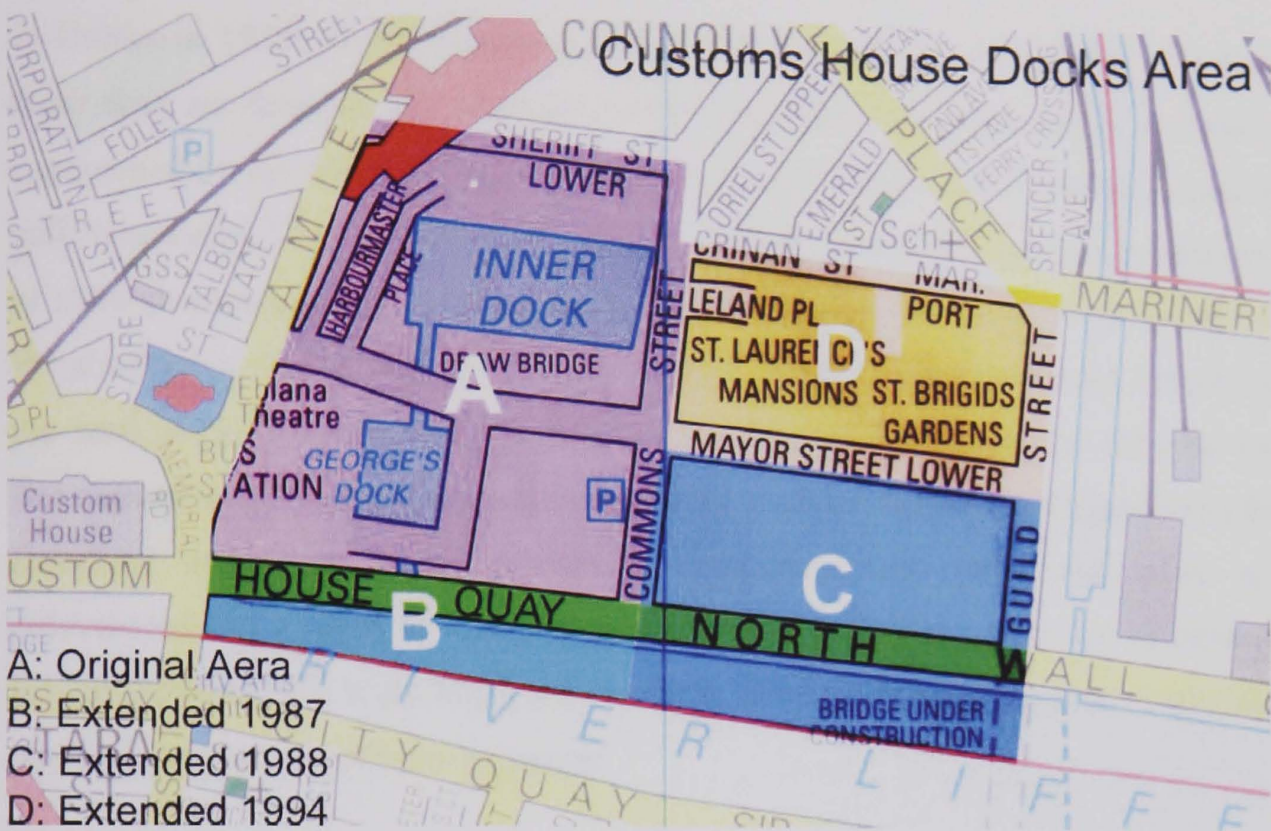
5.1 Regeneration Policy and Private Sector Investment in Dublin

Over the past two decades, Dublin's inner city experienced dramatic changes. Development accelerated, sustained by steady economic growth, supported by European financial aids, encouraged and influenced by a series of urban renewal policies. This evolution was badly needed: By 1985, Dublin's inner city had suffered from an almost total loss of its middle-income population. It consisted of large areas of under-used and derelict land, experienced extensive social problems and central retail areas suffered the impact of out-of-town mega-stores.³⁶³ Amongst the worst

³⁶³ Gleeson, D. (1999) "*Changing approaches to Planning in Dublin's inner City*" in Killen, J and MacLaran, A. (Eds.) "*Dublin – Contemporary Trends and Issues for the Twenty-First Century*". Geographical Society of Ireland. Dublin: Murphy

affected areas was the former Custom House Docks, which comprised 213 hectares of under-utilised land.

Figure 5.1: Custom House Docks Area as defined by Urban Renewal Acts



Urban dereliction was not new to the Dockland area. When plans were announced to replace the old Custom House situated up-river at Essex Quay with a new building which was to be situated down river, close to the city centre, city merchants living in elegant Georgian homes in nearby streets protested that the traffic, dirt and noise from the port would damage the value of their properties while making the property owners to the east wealthier. Despite the protest, the plans went ahead and in 1781 construction work began on a new Custom House that was built on slob land reclaimed from the estuary of the river Liffey.

The fears of the merchants proved correct. For over a century, vast amounts of live cattle, Ireland's main agricultural export, was driven through the area, soiling the streets and causing traffic chaos. The Georgian mansions near the Custom House became some of Dublin's worst slums. As most of Dublin's sewage was discharged into the river, the smell of the River Liffey, combined with the smell from the

gasworks and the fertiliser plants at the North Wall, made anyone who could afford it move away from the proximity of the Docklands. As a result, houses built in the Docklands during the nineteenth century were often cheap and of low quality, build to accommodate only the poorest of workers.

In Dublin in 1935, 33,000 families lived in 5,357 tenements, an average of a little more than six families per tenement, of which 8,000 families lived in tenements condemned by the Medical Officer of Health, and of which 1,445 families occupied unfit basements.³⁶⁴ To address this problem, Dublin Corporation began a programme of slum-clearance and re-housing which culminated with the adoption of the Myles Wright Plan in 1966.³⁶⁵ The Wright Plan proposed a new echelon of outer suburbs to the west of the city, served by new roads. Re-housing families in the suburbs was less expensive, but often worsened the problem of urban dereliction. Properties in the Dockland area were either closed or demolished, but their sites were not redeveloped. As a result of the re-housing scheme, the population of the Docklands halved between 1900 and 1980's, but for those who remained in the area, economic, physical and social problems worsened.

During the 19th century, most of the buildings that developed in the Docklands were linked to the port. As Dublin was not a city of factories, most workingmen were employed as labourers and carters on the docks and railways. Dublin's few industries were built around port activity. Many relied on imported goods, such as the glass industry which used large quantities of imported coal and sugar refineries which processed imported sugar, whilst others were directly depended on port activity, such as the shipbuilders and repairers. An increase in mechanisation in the 1950's, mainly in the form of containerisation and roll-on, roll-off ferries, resulted in a significant decline in marine-related employment and removed the need for storage facilities and large dockside areas where cargoes could be unloaded, adding further to the already severe dereliction. This situation was worsened after Ireland joined the European

³⁶⁴ Canavan, Rev. J.E. (1938) "*Slum Clearance in Dublin*" Dublin: Journal of the Statistical and Social Inquiry Society of Ireland, Vol. XVI No. 1, 1937/1938, pp21-32

³⁶⁵ Wright, M. (1967). "*The Dublin Region. Advisory Regional Plan and Final Report*" (2 vols.) Stationary Office: Dublin.

Economic Community in 1973, which resulted in the closure of some of the long established indigenous industries.

In the early 1980's Dublin Docklands were characterized by an unbalanced land-use, widespread poverty and intolerable housing conditions.³⁶⁶ Residential areas within the Dockland area became increasingly isolated, and no recreational facilities were provided. Although several residential areas within the Dockland area were scheduled for redevelopment in the 1980 Development Plan, no action was to be taken for another decade to ensure that the need of the community were met. Decades of out-migration had left behind those who were generally dependent on State support, including the elderly and unemployed.³⁶⁷ Between 1975 and 1984, staffing levels in Dublin Port were reduced by nearly a third, removing the only avenue to employment for the un-skilled workforce still living around the Docklands.

5.1.1 Urban Renewal Act of 1986

By the early 1980's, it became evident that positive intervention was essential if the continuous trend of Dublin's inner city urban dereliction was to be arrested. In 1982, the then Minister of the Environment stated that "*existing methods of dealing with the problems of redevelopment and urban renewal in inner urban areas have not been able to achieve the necessary results in areas of special need (...) despite the best efforts of the local authorities*".³⁶⁸ First attempts to intervene on national level were made with the Urban Development Areas Bill of 1982, which proposed to set up a commission to oversee the development of a 10.9 hectare derelict site located beside the Custom House, an area which was then owned by the Dublin Port and Docks Board. A change in government not only prevented the legislation from being enacted, but further prevented a proposed redevelopment of the area by the Dublin Port and Docks Board, as the possibility that the site could become subject to future compulsory purchase orders deterred private sector investment.³⁶⁹ When a Bill closely resembling the Urban Development Areas Bill of 1982 was finally enacted as

³⁶⁶ Moore, N. (1999) Op.Cit. Page 140ff

³⁶⁷ MacLaran, A. (1993) "*Dublin: The shaping of a Capital*" London: Belhaven Press

³⁶⁸ Brady (1982) "*Urban Development Areas Bill, 1982: Second Stage*" Dáil Éireann - Volume 335 - 02 June, 1982

³⁶⁹ Moore, N. (1999) Op.Cit. Page 141

the Urban Renewal Act of 1986,³⁷⁰ it marked an unprecedented intervention by central government in urban development, although its scope was initially limited to the Custom House Docks area. Central government justified this intervention by stating that “*the Custom House Docks is of significant social and civic importance and could not be left undeveloped without considerable repercussions for the surrounding area*”.³⁷¹

Together with the Finance Act of 1986,³⁷² the main purpose of the new Act was to stimulate private sector investment within designated inner-city areas through a series of substantial financial benefits. The Urban Renewal Act of 1986 defined the initial boundaries for the Custom House Docks designated area, established a body that was to be known as the Custom House Docks Development Authority (CHDDA) and defined its functions. It made further provisions for the Minister of the Environment under the consent of the Minister of Finance to declare an area to be a designated area, and gave the Minister of Finance the authority to set the level and type of tax relief available for a designated area. Chapter V of the Finance Act of 1986 established the first allowances for urban renewal, and created further designated areas, namely the Liberty-Coombe, Temple Bar and areas of the South Docks, which, together with the Customs House Docks, were the four most severely deprived areas close to Dublin’s inner city. The benefits outlined in the Finance Act of 1986 were available for an initial period of four years, and included:

- Full remission of rates for ten years on new buildings and on increased value of reconstructed premises.
- Capital allowances for commercial development amounting to 50 per cent of the capital involved, whether the building is owner-occupied or leased.

³⁷⁰ Government of Ireland. (1986) “*Urban Renewal Act, 1986*” Source: Irish Statute Book Database. No. 19/1986.

³⁷¹ O’Brien, F. (1986) “*Urban Renewal Bill, 1986: Second Stage*” Seanad Éireann Parliamentary Debates Volume 113 - 12 June, 1986, Section 642

³⁷² Government of Ireland. (1986) “*Finance Act, 1986*” Source: Irish Statute Book Database. No. 13/1986

- For tenants of new or refurbished premises a rent allowance against tax amounting to twice the annual rent for a period of ten years.
- In addition to normal mortgage interest relief, owner-occupiers of private dwellings erected or reconstructed during the operation of the scheme are entitled to an allowance amounting to a total of 50 per cent of building costs.

Expectations were high. It was believed that the new incentives would “*create a suitable financial climate for large-scale investment by the private sector in these areas*” and would “*generate the confidence that will lead to a self-sustaining urban renewal process in the years ahead*”.³⁷³ Due to its size, level of dereliction and close proximity to the city centre the Custom House Docks received the most favourable tax treatment and was subject to additional incentives, notably a capital allowance for business premises amounting to 100 per cent (54 per cent in the first year and 4 per cent thereafter). Other exclusive incentives included the permission for landlords of rented properties to off-set the total cost of new premises constructed between January 1988 and January 1993 against rental income from all sources, limited to residential properties measuring between 35 and 125 square metres in the case of a house or 30 – 90 square metres in the case of an apartment.

In early 1987 the CHDDA, a newly created non-elected body appointed by the Minister for the Environment, subsumed all planning powers from the Local Authority and took ownership of the eleven hectares of disused land around the Custom House Docks previously owned by the Dublin Port and Docks Board. The area included the land between Amien Street to the west, Common Street to the east, Sheriff Street Lower to the north and Custom House Quays to the south. Of the eleven hectares, 2.8 hectares were accounted for by two interlinked dock basins. The Urban Renewal Acts of 1987, 1988 and 1994 subsequently expanded the site to include an extension to the centre of the river Liffey, the land to the east until

³⁷³ Government Information Office (1986) “*Statement by the Ministers for the Environment and Urban Affairs*”, Dublin, 26 March.

Spencer Dock and an area north-east between Major Street and Sheriff Street respectively. (Figure 1) The CHDDA was responsible to “*acquire, hold and manage land in that Area for its development, redevelopment or renewal*”, to “*prepare a scheme for the development, redevelopment or renewal of land in the Area*” and to then “*develop, redevelop or renew, or secure the development, redevelopment or renewal of, any land in that Area or otherwise to secure the best use of any such land*”.³⁷⁴ The authority’s function further included the disposal of land either upon completion of development or in order to secure development or its best use, and to provide of infrastructure, develop amenities and improve the environment to such extent as, in the opinion of the Authority, may be required to encourage people to use the facilities provided in the Area. The CHDDA’s main objective was to facilitate office and residential development in order to redevelop a historically significant but decaying part of the urban core. The tax incentives provided for by the Finance Act of 1987 were the key new instrument for encouraging the private sector to invest into the early phase of urban renewal.

Shortly after the creation of the CHDDA, the Finance Act of 1987³⁷⁵ made provisions which, it was hoped, would contribute to the creation of an International Financial Services Centre (IFSC) within the Dockland area. The IFSC was based on government ideas and advice from Dermot Desmond, property magnet and chairman of NCB Stockbrokers. It was hoped that the IFSC could compete successfully with other offshore tax havens like the Isle of Man and the Channel Islands, because it benefited from access to EU markets established in the UCITS Directive³⁷⁶ which also denied access to non-member states. Qualifying corporations, which were preferably of foreign origin and deal predominantly in international financial service activities including global money-management, insurance and related activities, and

³⁷⁴ Government of Ireland. (1986) “*Urban Renewal Act, 1986*” Part III, Section 9, Article 1. Source: Irish Statute Book Database, No. 19/1986.

³⁷⁵ Government of Ireland. (1987) “*Finance Act, 1987*” Source: Irish Statute Book Database. No. 10/1987

³⁷⁶ Council of the European Union (1985) “*Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)*” Official Journal L 375 , 31/12/1985 P. 0003 - 0018

other financial dealings denominated in foreign currencies, were able to benefit from no restrictions on foreign currency transitions and a waiver of any capital tax on trading income generated within the Centre. Companies which were approved by the Industrial Development Agency as being engaged in off-shore activities could further benefit from a 10% corporate tax rate.

In 1987, the CHDDA submitted its first planning scheme consisting of a written statement and plans for approval to the Minister for the Environment.³⁷⁷ The planning scheme addressed three key issues, including the nature and extent of the proposed development, the proposed distribution and location of uses and the overall design of the area including maximum height and external finishes. It further established a framework to attract investment into the derelict Docklands area and reflected a broad focus on the renewal of the historic city. Its main objective was to develop a high quality and vibrant environment, favouring functional integration. The river was to be re-integrated into the urban fabric, through the creation of public cultural and private functional spaces, and through significant pedestrianisation and re-vitalisation of the Custom House Quay. Traffic was to be re-routed, and access in parts restricted to public transport. It was hoped that these traffic-calming measures, together with an emphasis on building design, would contribute to the development of a high quality urban environment. Building heights were restricted, and consideration to developments higher than permitted by the new regulations were only to be considered if the building would legitimately possess landmark quality.³⁷⁸ In an attempt to increase vibrancy, the CHDDA abandoned the rigid zoning approach that dominated previous planning policies, instead envisaging a mixed-use development. The area was to be developed with a variety of land uses, ranging from commercial offices to financial services, hotels, conference centres, retail and cultural amenities and residential units, reproducing in microcosm within its local area a broad range of uses normally found within an urban area. The new IFSC was to be created on the western edge of the site, in close proximity to the Custom House.

³⁷⁷ Custom House Docks Development Authority (1987) "*Custom House Docks Planning Scheme*" Dublin: CHDDA

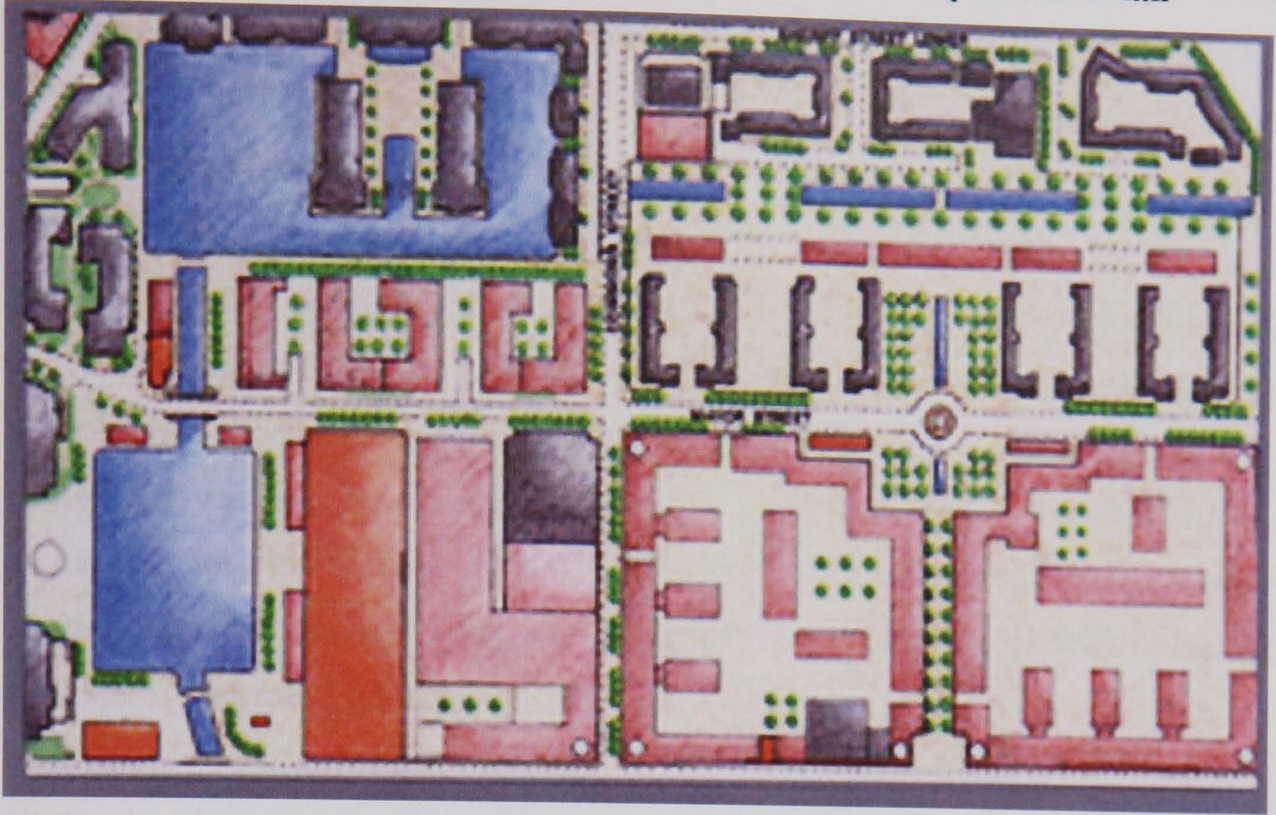
³⁷⁸ Moore, N. (1999) Op.Cit. Page 144

The planning scheme formed the basis for competition amongst investors interested in developing parts of the Custom House Area. By the close of the competition in September 1987, eight full schemes were lodged by an international consortium of developers, plus a further eight partial schemes covering minor elements. Evaluation of the proposals was based on design, financial backing and deliverability. The winning scheme, a joint-venture of Irish construction company McInerney Properties, Irish property development company Hardwicke and London-based property investment company British Land, was announced in October that year. All companies involved in the joint-venture had considerable development experience in the city. To remain in accordance with the Master Plan, the project was to be completed within five years. Representing an investment of around 387 million Euros, the proposed scheme involved a total of more than 150,000 m² of office space, of which roughly half was assigned to the IFSC. It included further a 300-bedroom hotel, a 5000-seat conference centre, 200 residential apartments, three museums (folk, science & modern art), retailing units, restaurants and pubs. The Master Project Agreement was signed in January 1988. Land ownership was to be transferred to the development consortium, which now traded as the Custom House Docks Development Company, in stages on a 200-year leasehold agreement as individual developments were undertaken. To speed up the process, subsequent changes to the winning scheme did not require consent from the CHDDA, as long as alterations accorded with the CHDDA's overall planning scheme.

The project initially experienced a slow start. This can be attributed to a number of causes, namely the stock market crash in 1987, the collapse of the UK housing and construction market in 1989 that caused the Irish construction company McInerney to pull out of the consortium, and ongoing legal battles between the Authority and the Custom House Docks Development Company. Nevertheless, the flagship project, the IFSC, underwent rapid process. The first IFSC building, the *Western Block*, consisting of 11,450 m² of prime office space, was completed and occupied in 1990, and four more buildings totalling to around 30,000 m² were completed by 1991. However, by November 1994 the south block of the IFSC consisting of 10,000 square metres had, although sold to Dermot Desmond in 1991, still not been fully let.

Despite the initial drawbacks, central government announced in the budget of 1994 that the Custom House Docks area was to be extended. The decision came after a renewed confidence into the Irish economy, with the GDP rising 12% between 1991 and 1992 and, after a slight decline in 1993, continuing to rise rapidly each year. This was coupled with a re-emergence of a buoyant property market. The new site covered an area of nearly 30 hectares and incorporated a nearby residential community, the Sheriff Street Flats, which had been neglected in the previous plan, as well as the proposed site for a National Sports Centre and other smaller areas adjacent to the original area, such as the An Post sorting office. The 1987 planning scheme was updated and an assessment of regeneration that occurred so far was carried out. Although the new plan closely resembled the original master plan, emphasis was shifted away from mixed-use development and shifted towards targeting particular uses to their most appropriate location and to further capitalize on the IFSC to act as the main catalyst for future development. Development surrounding the IFCS was aimed at catering for the demands of office workers and new residents, and would include restaurants, shops and public houses. High density development was strongly advocated, and a substantial residential use to reinforce the population of the North inner city was encouraged. Further emphasis was given to the waterside areas, which were to be exploited to their maximum potential for public amenity and to lend particular character to the new emerging urban fabric.

Figure 5.2: The 1994 Custom House Development Authority Master Plan



Overall, the 1994 scheme shifted its emphasis on economic regeneration, and concerns about the social, cultural and environmental dimensions remained secondary. Although it continued to promote a safe and pleasant environment as well as a high build quality using materials sympathetic to the historic origin of the area, high standards of architectural design and the creation of a dynamic and vibrant landscape, the incorporation of the new development into the existing urban fabric, mainly the local communities of North and East Wall, became of secondary importance. Occupiers of adjacent residential areas felt increasingly alienated, not least because of an influx of 2000 blue-collar workers. By 1994, constructed office space amounted to approximately 50.000 m², with a further 4.500 m² under construction. It was therefore decided to zone additional areas for the development of office space. Residential development on the other hand was fairly slow. Construction of only 333 apartments had commenced with a further 113 residential units being constructed by Dublin Corporation in the Sheriff Street area, which were designed to accommodate the majority of the remaining social tenants within the existing flat blocks. Construction on these residential units had begun prior to the incorporation of the Sheriff Street area into the CHDDA, and after the incorporation

it was decided that Dublin Corporation would sell the remaining flat blocks within the area for private development, primarily for residential development.

5.1.2 Urban renewal: the CHDDA

The CHDDA was a new approach to planning in Ireland, which made a rapid development of previously derelict land possible. It was the first renewal scheme which was separated from Local Authorities, and perhaps due to an uncertainty of the outcome priority was given to the creation of a high-class business district. This had an unfavourable knock-on effect on other designated areas within Dublin City, which did not benefit from the favourable fiscal incentives given to the Custom House Docks Area, and whose development was subject to regular planning procedures overseen by Dublin Corporation.

In the decade following the publication of the new Custom House Docks Master Plan, significant development occurred within the Docklands area. By 1997, the IFSC consisted of 111,500 m² of prime office space, employing approximately 4,600 people. The overall success of the Custom House Project is however contested. In a review of the scheme in 1996, the Department for the Environment stated that “*the ambience is muted in contrast to the bustling, vibrant mixed use development mooted in the 1987 Planning Scheme. Its links to the city are weak both by virtue of its introverted urban layout and boundary environmental conditions*”.³⁷⁹ Although the project undoubtedly managed to develop an area in which all previous attempts had failed, criticism was drawn to the fact that the indigenous population did not benefit from the development in real terms, but instead experienced an alienation from their communal area.³⁸⁰ Indeed, the social structure of the Custom House Docks area has been irrevocably altered, as virtually all of the new residential units developed for owner occupation in or in the vicinity of the area aimed at the middle and upper income market. This has led to an influx of a younger, generally more educated and affluent population, which in turn increased labour force participation rates. During a

³⁷⁹ Department of the Environment (1996) “*Study on the Urban Renewal Schemes*”, KPMG, Department of the Environment, Dublin

³⁸⁰ Drudy, P.J. (1999) “*Dublin Docklands, the Way forward*” in Killen, J. and MacLaran, A. (eds.) “Dublin: Contemporary trends and Issues for the Twenty-First Century” Geographical Society of Ireland. Dublin: Murphy

conference held in June 1996 entitled *Dublin 2020: Vision*, criticism was further drawn on the fact that the policy of urban renewal tax incentives encouraged gentrification, and had very little relevance to the key economic problem of inner city long term structural unemployment and poverty.³⁸¹ Trinity College Senior Lecturer MacLaran, speaker at the conference, argued that the inner city would never reach its full potential unless the problems of economic deprivation and social exclusion among the existing community are tackled. Amongst the main reasons given for the failure of social integration was the fact that a high proportion of the new residents had little commitment to the community, but perceived their new home as a temporary accommodation. The ultimate long term goal remained a house in the suburbs, predominantly because of the undesirability of the inner city to bringing up children. Criticism was also drawn on the amount of state led gentrification by Downey, of Threshold Housing Association, who argued that too many apartment blocks resembled early 1970's buildings and that these could become the future slums if the blocks were not maintained. Teachta Dála Tony Gregory, independent Member of Parliament for Dublin Central, stressed the fact that 10 years of urban renewal had made no impact on the indigenous communities in the city centre, who were still powerless and ignored. He argued that if public-private partnerships were to have any meaning, they must include a strategy to deal with deprivation.

Speakers at the Celtic Tiger Conference held in March 1999 at the National University of Ireland (NUI) in Maynooth branded the revitalisation of Dublin's city centre through apartment developments and tourist-driven initiatives as a major failure in urban planning. Breathnach, Senior Lecturer at the NUI Maynooth and speaker at the conference, stated that inner-city development was not creating sustainable communities.³⁸² Despite an improvement of the depth of poverty, which was evident from a substantial fall in the proportion of households whose income was less than 40 per cent of the average, the gap between the very poor and the rest of society was growing. This was coupled with a high degree of social polarisation,

³⁸¹ MacDonald, F. (1996) "Economic deprivation mars future development of inner city Dublin" in *The Irish Times* Monday, June 17, 1996

³⁸² Yeates, P. (1999) „Dublin city's revitalisation 'a failure'" in *The Irish Times* - Monday, March 22, 1999

driven by the appearance of gated developments that fenced off and differentiated from the surrounding physical and social landscape.³⁸³ The newly built apartments consisted almost entirely of one- and two bedroom units, which were built to be occupied by single people or childless couples. No provision was made for older households or families with children, either in the design of the apartments themselves or in the availability of public and community services. The population which inhabited the by then 10,000 newly constructed apartments was therefore predominantly young, driven by the need to be close to consumer-intensive districts of restaurants, boutiques, theatres and art galleries.³⁸⁴

Despite the criticism, it has to be said that in terms of physical and economic regeneration, the CHDDA was a considerable success. Large amounts of brownfield and derelict wasteland had been transformed into a £400 million development. At the heart of the project, the IFSC employed over 4,500 people, and up to December 1996 generated over 1 billion Euros in tax revenue.³⁸⁵ Whilst there is some criticism drawn from the fact that a number of foreign firms seek very small office parcels and as such might be entering the IFSC to launder foreign currency operations through a partial tax haven,³⁸⁶ this is not substantially confirmed. Further criticism claimed that the jobs created on the site were in real terms not as high as the officially published figures. Drudy argues that up to mid 1997, a high level of relocation of firms had taken place within Dublin to avail of the incentives, and that therefore no more than a modest net gain in employment occurred.³⁸⁷ This transfer effect was not limited to the CHDDA area, but extended to all designated areas within Dublin. An evaluation report commissioned on behalf of the government found that a gross total gain in employment in Dublin's designated areas, excluding the Custom House Docks area,

³⁸³ Punch, M. Kelly, S. & Redmond, D. (2003) *"Restructuring the Divided City: Uneven Development and Gated Communities in Dublin"* Paper presented to the Gated Community Conference: Building Social Division or Safer Communities. Glasgow.

³⁸⁴ Yeates, P. (1999) *Ibis*.

³⁸⁵ FinanceDublin (2006) *"Finance Dublin Yearbook 2006"* available online at http://www.financedublin.com/yearbook/ifs_and_economy.php

³⁸⁶ Malone, P. (1993) *"The Difficulty of Assessment: A case study of the Custom House Docks, Dublin"* in White, K. et.al. (Eds.) *"Waterside Regeneration: Problems Prospect."* London: Horwood. P.121

³⁸⁷ Drudy, P.J. (1999) *"Dublin Docklands, the Way forward"* in Killen, J. and MacLaran, A. (eds.) *"Dublin: Contemporary trends and Issues for the Twenty-First Century"* Geographical Society of Ireland. Dublin: Murphy

was around 24,700 in the ten-year period from 1986 to 1995.³⁸⁸ However, the report estimated that only around 4 per cent of his figure represented a net gain, suggesting a significant transfer effect. *“Although the schemes result in the location of employment within the Designated Areas, the employment opportunities are limited as the majority of employees move to the area from their previous location. While the majority of firms surveyed reported job creation since they began trading in the Designated Areas, the number of jobs created is very small. Many firms did not take on additional employees”*.³⁸⁹

Furthermore, newly created employment opportunities within the designated areas have not, in the main, benefited the pre-existing local community. Although unemployment rates fell from 35 percent in the north and 31 percent in the south inner city in 1991 to 32 percent and 25 percent respectively in 1996, this modest improvement can be attributed to the dilution effect of a new incoming population, which was mostly already employed. Unemployment in the inner city had actually increased in real terms from 11,098 to 12,009 over the same period, despite the fact that an additional 3,489 persons were recorded as employed in the area. Research suggests that residents that moved into the area carried a very low rate of unemployment,³⁹⁰ and consisted almost exclusively of people availing of the tax incentives or seeking to eliminate the difficulties associated with commuting. This leads to suggest that the rise in unemployment had been accounted for almost exclusively by the indigenous population, who were now located next to an increasingly young and affluent population.

The failure to provide appropriate employment for the indigenous population comes despite attempts to employ the local labour force in the construction phase. The fact that most local people would be unable to get construction jobs was not unknown. Russell Taylor, managing partner of Savills, a developer in London’s Dockland, stated that local people had *“to wait for 10 years until bars, restaurants and other*

³⁸⁸ KPMG, Murray O’Laoire and NIERC, (1996) *“Study of Urban Renewal Schemes”*, Stationery Office, Dublin.

³⁸⁹ KPMG, et.al. (1996) Op.Cit. P.55

³⁹⁰ MacLaran, A. et al, (1995). *“Recent Residential Development in Central Dublin”*. Centre for Urban and Regional Studies, Trinity College, Dublin.

service outlets opened".³⁹¹ This was partially caused by the fact that builders arriving on site already had a core workforce, and that extra help was only employed on a sub-contractor basis. Although no exact figures exist relating to the number of locals employed within the Custom House Area, it is likely that these figures are very small.

5.1.3 Strategy and Expansion: Dublin Docklands Development Authority

Nevertheless, the perceived physical and economic success, based on the CHDDA's ability to develop large areas of derelict brownfield sites, create employment, provide a flow of revenue to the Exchequer, create new businesses and establish an International Financial Service Centre illustrates the effectiveness of a market-led regeneration scheme facilitated by public-sector initiatives. As a direct result of this success, and after proposals by the then president of the Royal Institute of the Architects of Ireland Ms Joan O'Connor, the government introduced a ministerial order prescribing a strategic approach to be taken to redevelop the greater docklands area. A taskforce was established in January 1996 to plan the development of an estimated 526 hectares of Dublin's redundant dockland area, consisting predominantly of wasteland and old industrial sites. In May that year, the Government decided to set up a Dublin Docklands Development Authority (DDDA), with overall responsibility for rejuvenating the city's redundant port area, including the Custom House Docks. A Bill was drafted to establish the new authority, and was presented to the Dail in October 1996. In March 1997, the Bill passed all stages and was enacted as the Dublin Docklands Development Authority Act 1997.³⁹² The Act created the legislative background for the establishment of the DDDA, which was to begin work later that year on May 1st. The new body was to assume the functions of the CHDDA, whose term initially expired by the end of March 1997 but was extended until April 30th.

³⁹¹ McDonald, F. (1997) "*Groups want jobs for locals at docks development sites*" in The Irish Times - Thursday, October 09, 1997

³⁹² Government of Ireland (1997) "*Dublin Docklands Development Authority Act, 1997*" Source: Irish Statute Book Database, Number 7 of 1997

Members of the newly established Authority were to be appointed by the Ministers, and included a Chairperson whose term of office was five years, and a total of 25 ordinary members, which were to be appointed from among the officers of the Minister for Arts, Culture and the Gaeltacht; the members of the Dublin City Council and the established civil servants. Included in the total of ordinary members were also the Dublin City Manager or an officer of Dublin Corporation nominated by the Manager, the Chief Executive of Dublin Port Company or an officer of that company nominated by the Chief Executive, a nominee from the Electricity Supply Board, a nominee from the leading energy provider *Bord Gáis Éireann*, and a nominee from *Coras Iompair Éireann*, the shareholding company for the three largest internal transport companies in Ireland; two nominees of organisations concerned with community development in the Dublin Docklands Area and a further four nominees who, in the opinion of the Minister, have wide experience in relation to all aspects relating to regeneration. It was expected that the wide range of expertise, public and private sector representatives as well as community interest groups assembled within the Authority would insure an integrated approach to the development of the area, and would guarantee the opportunity for more demographic control.

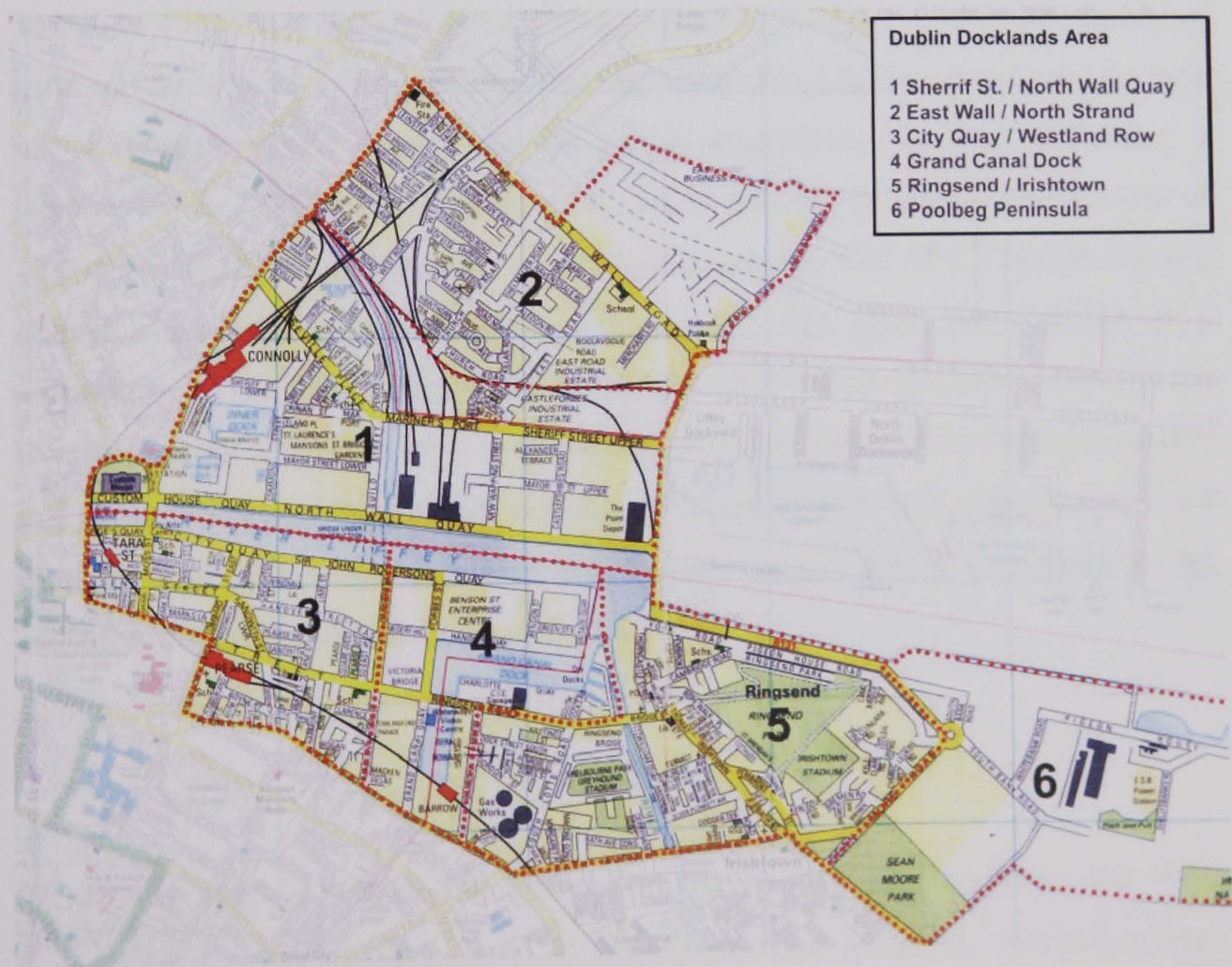
The objective of the DDDA was to secure the social and economic regeneration of the Dublin Docklands Area on a sustainable basis, to improve the physical environment of the Dublin Docklands Area, and to continue development in the Custom House Docks Area. The new Authority was given largely the same rights as were given to the CHDDA, and as such it received all legislative powers from the Dublin Corporation for the area. It was to function as a corporate body and was to acquire, hold and dispose of land in order to ensure its redevelopment. It was further given the powers to sue and be sued in its corporate name.³⁹³ However, only a proportion of the entire Dockland area was given the same status as the CHDDA site. Section 25 of the Dublin Docklands Development Authority Act provided for the Authority to prepare Planning Schemes for designated areas through a public consultation process, which, following endorsement by the Minister for the Environment, would be exempted from the traditional planning process. Once the

³⁹³ Government of Ireland. (1997) "*Dublin Docklands Development Authority Act, 1997*" Source: Irish Statute Book Database, Number 7 of 1997. Part II, Section 18

Authority established that a developer was in compliance with the Planning Scheme, the development could proceed immediately, and would no longer be subject to any further planning application process or to third party appeals. In this case democratic control was secured through the consultation process in the initial planning stages, whilst creating shorter lead times from conception to completion of a development.

The incorporation of the concept of sustainability as outlined in the United Nations Local Agenda program into a development plan was a first in Dublin. Although the UN program was already developed in 1992 and subsequent guidelines issued by the Minister for the Environment in 1995 recommended that local authorities should by 1996 develop a consensus on a local Agenda, Dublin had so far failed to implement sustainable development as a key principal for governance. The creation of a Local Agenda 21 remained a non-statutory concern, and as such was secondary to the functional remit of local authorities.

Figure 5.3: The Dublin Dockland Authority Area



Like the CHDDA, the DDDA was to adopt a Master Plan consisting of a written statement and a plan indicating how the objectives of the Authority are to be met. The Master Plan was published by the end of 1997,³⁹⁴ and had evolved out of a Report by an alliance of Irish professionals who had been commissioned a year earlier in order to speed up progress, and a Draft Master Plan, which was developed in consultation and partnership with local residents and community groups, business and sectoral interests, environmental and cultural organisations as well as statutory bodies, training and development agencies. Active community involvement was seen as an integral part to the new Master plan, not just in the initial planning stages but throughout the redevelopment process. In order to maximise the involvement of local communities, a Community Liaison Committee was set up to provide an ongoing link between the Authority and Developers over the 15 year period of the plan, and to maximise employment opportunities for the local population.

The 1997 Dublin Docklands Area Master Plan set ambiguous targets for an increase in sustainable employment by the end of the plan period, envisaging an addition of 30,000 to 40,000 new jobs by 2012, with an additional target to double the number of local residents employed within the area. Although the plan did not indicate the type of jobs which would benefit the indigenous population, Ms Joan O'Connor, a member of the DDDA's executive board, stated that the projected development of 10,000 residential units inhabited an average occupancy rate of 2.5 would create a critical mass which would sustain service jobs. She gave the example of a launderette.³⁹⁵ It is the policy of the DDDA that 20% of all new jobs created in the Docklands area will be on offer to the residents of the docklands in the first instance and thereafter in its hinterland, although this proportion was dependant on the availability of skills in the area. The Authority aims to provide the necessary training and education to rectify identified skills shortages.

³⁹⁴ Dublin Docklands Development Authority (1997) *"Dublin Docklands Area Master Plan 1997"*
Dublin: Spectrum

³⁹⁵ McDonald, F. (1997) *"Groups want jobs for locals at docks development sites"* in The Irish Times
- Thursday, October 09, 1997

The overall aim of the Plan was to guide the durable social, economic and physical development of the Dockland area, and to capture the vision of a beautiful and sustainable environment. It was estimated that a total of 2 Billion Euros was needed to convert the area, around 20% of which was to be invested by public bodies. The residential base of the area was to be significantly expanded, and sufficient land was to be allocated to cater for a target population of 25,000 additional people over a 15 year period. A minimum average ratio of 20% of all new housing units were to be allocated throughout the area for social and affordable housing, and were to be of a design which would not articulate social differences. In addition to new housing, the refurbishment of schools and the development of training centres and other community facilities were promoted. Office development was to expand from the existing central business district into the Docklands area and was to be located around existing and planned transport nodes. The plan provided for the expansion of existing major industries, as well as retaining areas for small industry and workshop use. Small enterprise units were to be further developed, and the development of light industry was promoted. New opportunities for retailing were created by the development of a district centre, in addition to the encouragement of local facilities in residential and business areas and along the main pedestrian routes. This, it was hoped, would secure vitality and security.

Central to the Master Plan was the provision of a transport infrastructure which was to be consistent with the Dublin Transport Initiative strategy and the overall phasing of the Master Plan. The plan proposed to reduce the penetration of the area by private cars through a variety of control, infrastructural and public transport measures. This was to be achieved by an early provision of integrated public transport systems, a promotion of park-and-ride schemes, the provision of a dedicated local public transport system, the provision of a dedicated and safe network of routes for cyclists and pedestrians, and the provision of traffic calming measures in residential areas. Existing transport modes were to be inter-linked by pedestrian connections, which would facilitate the interchange between modes.

To ensure consistent high quality of architectural and urban design, the Authority was to encourage urban designers to recognize the importance of the treatment of space and to determine the essential contextual elements of quality within any area and respond to them in a creative manner. The design of buildings was to be of a high standard and had to be proportionate to the scale of their surroundings. In order to ensure the highest standard of design in all areas, architectural and urban design competitions were to be held. Further bridges across the Liffey were to be constructed, and buildings of historical, architectural or artistic interest preserved and protected.

Amongst the strengths of the 1997 Master Plan was the systematic analysis of deterrents and stimulants for private sector investment within the area. Deterrents included the scale of neglected land, traffic congestion, a lack of cohesion, the contrasting built environment, inadequate schools, social alienation, and a lack of appropriate skills. The plan further stated that a negative perception by the investment market existed due to poor access, land contamination, adverse quality of infrastructure, a perceived lack of safety and security, and because of the general decay and dereliction, including high crime rates and drugs related problems. Whilst this represented a considerable list, the powers of the Authority combined with public finance would be able to remove a significant amount of these deterrents, especially with the provision of infrastructure and the decontamination of former industrial sites. Amongst the main stimulants for private sector investment was the location of the area. The waterside location of the area was deemed to be a potentially attractive physical setting and it was believed that if developed properly, the area could compare favourably with other waterside developments across Europe. The Dockland area was central to the business districts of the Capital, as well as to Trinity College. Further stimulants were the fact that the majority of the site was state owned, removing the lengthy process of site assembly, the guaranteed level of government support, including tax incentives, as well as the strong presence of a music culture.

Overall, the plan continued the entrepreneurial approach that has characterised the development of the dockland area since the creation of the CHDDA, but encouraged a more integrated and democratic strategy. Guidelines set out in the UN Agenda 21 document have been fully integrated into the local development plan. The provision of employment for the existing population, attempts to strengthen the community, the creation of social housing, the integration of a good network of public transport, pedestrian routes and cycle paths, coupled with provisions for families and the elderly, the creation of high density mixed-use development, the promotion of local enterprise and the promotion of local small scale amenities all go hand in hand with economic office development. It is doubtful that in the absence of national legislation on these issues, much stronger elements could have been implemented into the plan. As such, the 1997 Dockland Master Plan was very thorough and ambiguous, portraying a thoughtful and integrated approach to the sustainable social, environmental and economic regeneration of an area nearly a tenth the size of Dublin City. The removal of deterrents to private sector investment through the Authority itself, which was given the powers to purchase land even on a compulsory basis, and to speed up development through the removal of the appeals system, has to be seen as a positive despite claims that this removes democratic control. Public participation is still guaranteed in the initial stages of the planning process, and is further insured through the representation of local communities within the Authority.

It is unclear to what extent the new plan had been informed by United Nations, European and National guidelines. Reference to the UN Agenda 21 and the European Community Eco-management and Audit Scheme (EMAS) is only given in the context of environmental management. It seems that the new Master Plan addressed predominantly concerns directed at the CHDDA, which were raised locally.

In 2003, an updated version of the 1997 Master Plan was published in accordance with the provisions set out in the Dublin Docklands Development Authority Act. The new plan largely resembles the 1997 Master Plan but reflected the changing circumstances of the wider economy and the experiences and lessons gained from the project since its commencement. Amongst the main changes was the inclusion of a

Strategic Environmental Assessment (SEA) as required by the EU Directive 2001/41/EC. The Master Plan had to be further adapted to findings of the Employment and Socio-Demographic Profile of the Dublin Docklands Area, prepared by the ESRI in 2000, the Land Use and Building Condition Survey, which was undertaken in June 2002, and to the findings of the 1996 and 2002 Census, which provided detailed socio-economic information for the review. Amongst the main changes in proposed land use was an increase in mixed-use residential areas, by a reduction of areas zoned for industrial, mixed-services and enterprise activity. The overall targets which were set out in the 1997 Master Plan remained the same.

Figure 5.4: Dublin Docklands Area Master Plan 1997

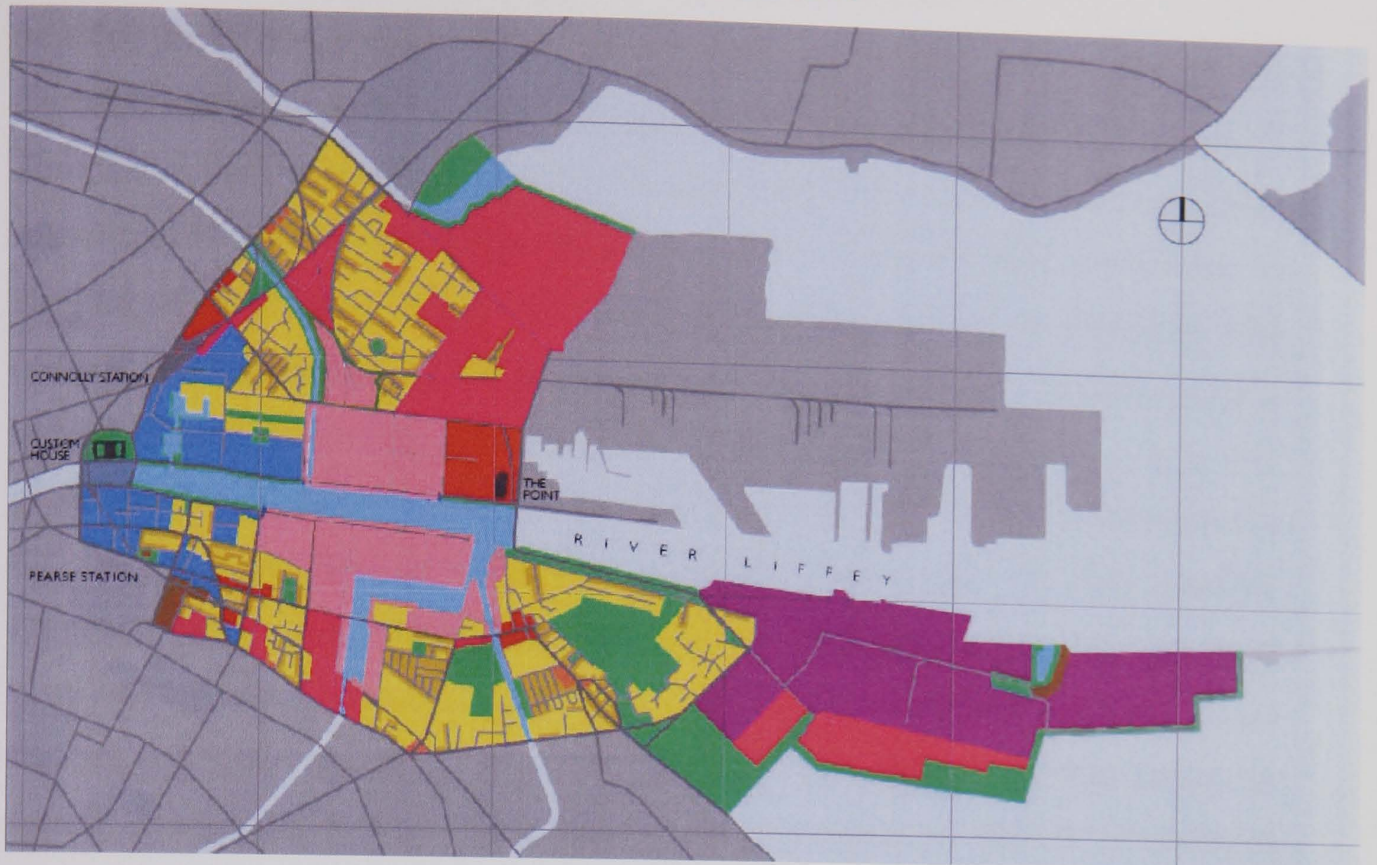
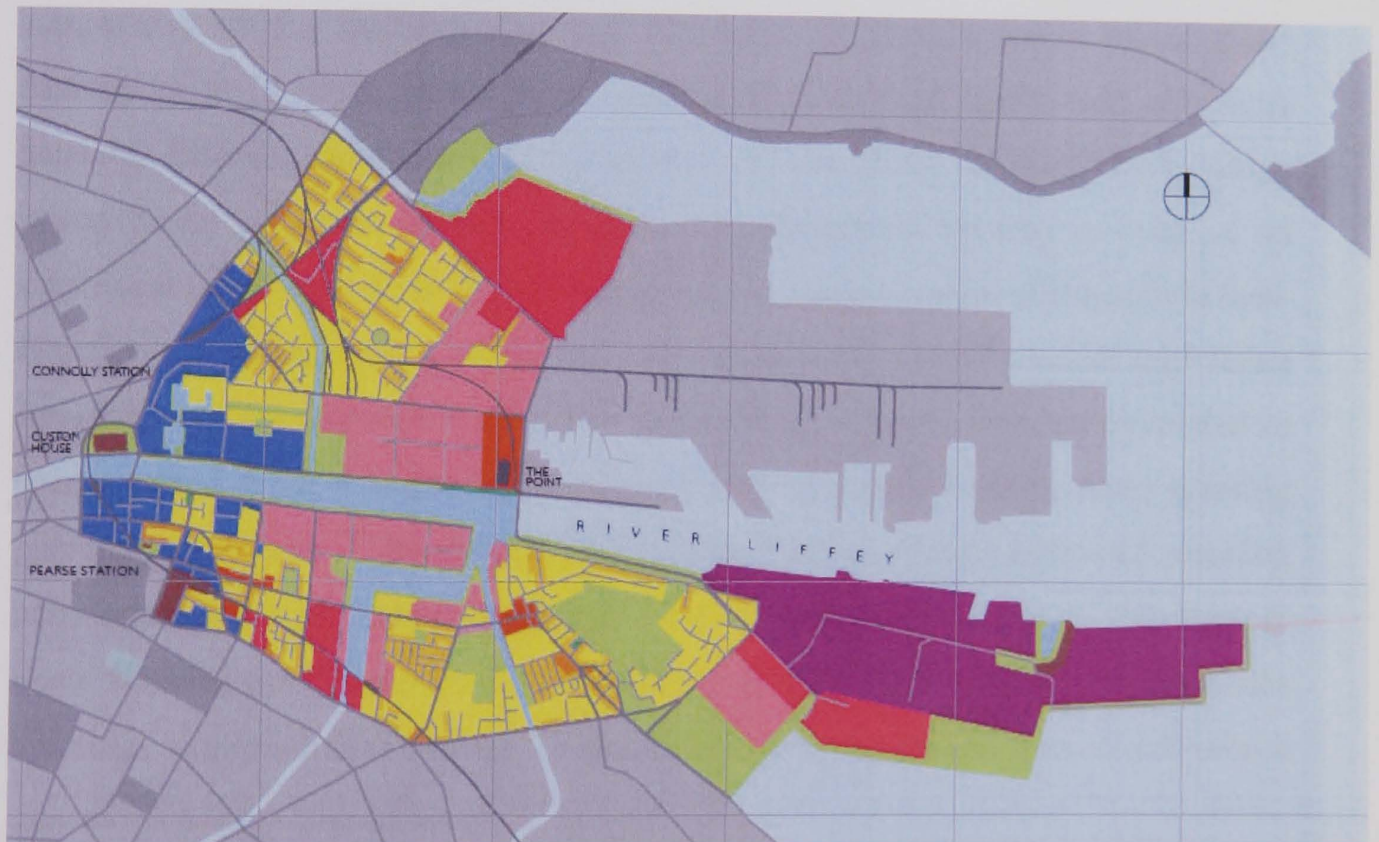


Figure 5.5: Dublin Docklands Area Master Plan 2003



- | | |
|---|--|
| <ul style="list-style-type: none"> Zone 1 Zone 2 Zone 3 Zone 4 Zone 5 Zone 6 Zone 7 Zone 8 Zone 9 Zone 11 Zone 14 | <ul style="list-style-type: none"> To protect, provide and improve residential amenities To protect and/or improve the amenities of residential conservation areas To provide for and improve neighbourhood facilities To provide for and improve raised services facilities To consolidate and facilitate the development of the central area, and to identify, reinforce and strengthen and protect its civic design character and dignity To provide for the creation and protection of enterprise and facilitate opportunities for employment creation To provide for the protection and creation of industrial uses and facilitate opportunities for employment creation To protect the existing architectural and civic design character, and to allow only for limited expansion consistent with the conservation objectives To preserve, provide and improve recreational amenity and open space To protect and improve canal, coastal and river amenities To seek the social, economic and physical rejuvenation of an area with mixed use of which residential and Zone 6 would be the predominant uses |
|---|--|

5.1.4 Halfway through the project: Progress of the DDDA

In 2005, the DDDA project reached its halfway point. Progress so far indicates that the initial start was slow, but the DDDA insists that the project remains on track.³⁹⁶ Throughout the Docklands, a total of 1,852 residential units were completed by 2005 including 139 social units, which represents a ratio of less than 8% of the total. At the end of 2005, some 5,831 residential units were certified or permitted with construction beginning on 3,188 of these. Social or Affordable Housing amounted to around 15% of the housing units certified or permitted for construction, and to 14% of all housing developments beginning construction in 2005.³⁹⁷ It is evident that so far, the target of 20% of social and affordable housing has not been reached. Proposals for a new development consisting of 1,000 apartments at Spencer Dock were also advanced. This development is to include 189 mixed affordable apartments for sale and social apartments to rent. A further 15 affordable rental apartments are spread through the rest of the scheme nearer the canal, as well as 55 sheltered dwellings and senior citizen units. However, the scheme experienced some controversy as the Developer seemed to exploit a loophole which would allow developers to in parts escape their obligations to provide social and affordable housing. Planning permission under section 25 was given by the DDDA, which insists to an inclusion of 20% of social and affordable housing as long as no significant costs occur through, for instance, the decontamination of brownfield land. However, once approved, a developer could lodge a second and separate application for additional development works with Dublin City Council, who are permitted to accept a land swap or cash in lieu of social and affordable housing when granting planning permission.³⁹⁸ In March 2007, An Bord Pleanála refused additional planning permission that was granted by Dublin City Council in July 2006 to the Spencer Dock Development Company Ltd in relation to the modification of two apartment buildings within the development.³⁹⁹ Such conduct proves the reluctance with which

³⁹⁶ RTE Business (2005) "Dublin Docklands plan on target" online at <http://www.rte.ie/business/2005/0728/docklands.html>

³⁹⁷ Dublin Docklands Development Authority (2006) "Master Plan Monitoring Report 2005" Dublin: Spectrum

³⁹⁸ Downes, J. and Kelly, O. (2006) "Docklands plan loophole found" in The Irish Times, Mon. Dec 04, 2006

³⁹⁹ Downes, J. (2007) "An Bord Pleanála closes Dublin docklands planning loophole" in The Irish Times, Mon, Apr 02, 2007

developers accept the obligations of providing social and affordable housing, reminiscent to the protest that caused the legislation to change in 2002.

Further criticism can be drawn on the implementation of social and affordable housing schemes. So far, social housing in the Dockland area has concentrated in one building, whilst „affordable“ housing units were mixed in with full priced apartments. Such a system does not result in a truly socially mixed area, especially since the upper market units continue to be fenced off from the surrounding area. Furthermore, the allocation of affordable housing units is subject to a lottery system run by Dublin City Council. Effectively, affordable housing units are equal to their full priced counterparts, but a discount often in the region of 40% had been negotiated between the developer and the Authority. Affordable housing is for employed people with good credit whose incomes are too small to afford a mortgage in the current market. To be eligible for Affordable Housing, the Applicants have to be first time buyers and earn up to the maximum annual household income, which stands at approximately €40,000 for shared ownership and €60,000 for Part V schemes.⁴⁰⁰ Affordable Housing is priced in the region of €165,000 to €235,000, representing a discount of up to €150,000.⁴⁰¹ In 2006, house prices in Dublin averaged at €532,000.⁴⁰² The significant discount, coupled with a fairly high household income and soaring average house prices, led to an increasing number of the young middle-class struggling to set foot on the property ladder to apply for affordable housing.⁴⁰³ In 2006, the Dublin City Council allocated 206 homes amongst a pool of 7000 applicants. Although the DDDA established rules concerning the allocation of affordable housing units to guarantee that some of these units benefit the indigenous population, these rules are fairly weak. 50% of all completed homes are to be sold to residents of the Dublin Docklands area, 10% will be sold to residents of Dublin City Council or Voluntary Housing Associations surrendering their homes and 40% will be sold to other applicants on the Affordable Housing List.

⁴⁰⁰ Dublin Docklands Development Authority (2006) *“Community - Social and Affordable Housing”* online at http://www.ddda.ie/cold_fusion/community/socialaff_hous/soc_aff_hous.cfm

⁴⁰¹ Holmquist, K. (2007) *“Staking dreams of home on a lottery”* in *The Irish Times*. at. Jan 27. 2007

⁴⁰² RTE Business (2006) *“Building and property - Average house price near €400,000”* Monday. 31 July 2006, online at <http://www.rte.ie/business/2006/0731/houses.html>

⁴⁰³ Holmquist, K. (2007) *Ibis*

Social and Affordable Housing provision in the Docklands area stood at a total of 201 units, of which 115 units were for social rent and 86 units were to be allocated as affordable housing. This means that so far, only 43 affordable housing units were provided for the indigenous Docklands population.

However, in other areas, significant progress has been made. Construction has begun on extensions and refurbishments to Community and Recreation Centres, and Sports Clun facilities have been upgraded. The housing market has also seen an inclusion of family friendly three-bedroom units, which accounted for 11% of the total residential units' provision. Two bedroom apartments, which are largely occupied by young couples, accounted for 71% of all housing units. A survey which was carried out by Hooke & McDonald on behalf of the DDDA reported an increasing trend towards owner-occupation in the Docklands and the Grand Canal Dock area, estimating owner-occupation at around 62%. Owner-occupation is traditionally linked to a strong community as residents are likely to stay in the area for a significant amount of time, however, as a survey by MacLaran found, an increasing number of owner-occupiers only seek short-term accommodation ⁴⁰⁴ and are likely to rent out the apartments in the future to receive extra income and to provide themselves with a pension guarantee.

Further progress was made in the office sector further expanded. Over 91,000 square metres of commercial/office space and nearly 12,500 square metres of retail space received building permission in the year leading up to September 2005. Construction has begun on several Landmark buildings, including the U2 tower and the Studio Libeskind-designed Grand Canal Theatre. One pedestrian bridge opened in 2005, with another bridge comprising four traffic lanes with cycle tracks and footpaths on either side being scheduled for completion in 2008. Public Transport provision has increased with a dedicated bus service now in operation. The area has also been integrated into Dublin's existing public transport network by the extension of the City's new commuter light rail system.

⁴⁰⁴ MacDonald. F. (1996) "*Economic deprivation mars future development of inner city Dublin*" in The Irish Times, Monday, June 17, 1996

As such, the DDDA has largely built on the progress of the CHDDA, and further succeeded in the integration of public transport infrastructure and the revitalisation of an area nearly a tenth the size of the entire city. Social integration has so far remained fairly weak, although some progress has been made in the provision of community facilities. It seems likely that the DDDA will meet the objective of redeveloping the Dockland Area within the plan period, given a continued growth in the office and residential market. An already emerging over-supply of office space might hinder future development; however, the housing market seems to be stable. Amongst the positive side of the DDDA is its ability to redevelop the area whilst simultaneously benefiting from private sector profits. The DDDA remains shareholder in any development and as such receives a percentage of the profits once a project is sold.⁴⁰⁵ The estimated net profit for the entire Dockland area is just under €300 million, and the DDDA's share will be re-invested into the area in the provision of further amenities and environmental enhancements. Although this is to be seen as a positive, the profitable outcome depends on many economic factors, largely the continuous economic growth of Ireland to sustain both office and residential units demand. It is questionable if any publicly funded authority should be involved in such a high-risk venture.

If the Dublin Docklands Area is to become a prime example of a sustainable inner city, a great deal remains to be done. The Dublin Docklands Development Area Master Plan, which can only be praised for its inclusive approach and the thorough analysis of all issues involved, is just like every other plan only as good as its implementation. If all recommendations made in the plan, particularly the 20% social and affordable housing provision, tackling educational disadvantages, providing employment for the indigenous population and the involvement of local community groups are not addressed to their fullest, the prime objective of sustainability will fail.

⁴⁰⁵ McManus, J. (2006) "*Rare view of the inside track on property deals*" in The Irish Times. Mon. Dec 04, 2006

5.1.5 Outside the Docklands:

Socio-Economic Structure in Dublin's Liberties-Coombe

The Liberties Coombe area located south-west of Dublin's inner city is today one of the most problematic areas within Dublin. With a population of just under twenty-thousand inhabitants, the Liberties Coombe is one of Dublin's most densely populated areas, with an extremely high unemployment rate of around 25%. In contrast, Dublin's overall unemployment rate currently lies at around 6%. The area has the character of a historic neighbourhood and is renowned for its rich historical, architectural and archaeological heritage. The Liberties, which were until the 1960's a labour intensive locale, were particularly adversely affected by the urban economic restructuring during the 1970's and 1980's, which resulted in the loss of labour-intensive manufacturing jobs. The drug crisis, slum clearance schemes and a lack of inner city urban regeneration policy all contributed to a continuing decline which forced the neighbourhood to lapse into dereliction. Many of the 65 hectares of cleared sites and derelict buildings that blighted the inner city in 1985 were located within the Liberties, illustrating the negative effects of ill-sought-out transport planning, disinvestment and economic decline.⁴⁰⁶

Recent policy intervention in the shape of tax-incentive schemes, the creation of Integrated Area Plans (IAP) and Public Private Partnerships (PPP) recently encouraged property-led renewal, seriously affecting the socio-economic structure of the area. Until today, over €500m of private and €100m of public investment have been injected into the physical and social infrastructure of the neighbourhood. This sudden inflow of investment caused the indigenous population feeling increasingly alienated.

⁴⁰⁶ MacLaran. A. (1993) "*Dublin: The shaping of a Capital*" London: Belhaven Press. p.120

5.1.6 Social Housing: The Fatima Mansions Complex

During the first decades of the twentieth century it was increasingly recognised that the state had an obligation to provide adequate housing for its citizens. Until then, public intervention in the private housing market, be it the direct provision of housing, financing of development through State housing banks or the promotion of the private sector through financial subsidies or tax incentives,⁴⁰⁷ was relatively modest. Working class housing proved to be a major preoccupation of public health authorities from the 1880's until the 1940's, but despite several private philanthropic housing ventures which were undertaken during the later part of the nineteenth century and which preceded municipal involvement by several decades,⁴⁰⁸ the outcome was very limited. It became clear that there was no private sector solution to the problem. Dublin Corporation, initially concerned with the intimately associated housing and sanitary reform movements and the subsequent slum clearance schemes, became increasingly involved in the development of houses for the working class. Between the first development at Benburb Street dating back to the late 1880's, and 1914, the Corporation had only developed 1,385 houses and apartments.⁴⁰⁹ Slum clearance had a particularly damaging effect on the south-west of the inner city, as the poor experienced a reduced supply of affordable accommodation within the city, forcing them to relocate elsewhere or to find a sleeping place in the already overcrowded remaining dwellings.

In the 1940's Dublin Corporation purchased a site in Rialto known locally as Bonzo's field, situated on the south-western edge of the Liberties. Slum clearance and re-building, combined with a decline of traditional industries, had already led to a virtual disappearance of industrial areas within the Liberties, and the area had fallen into decay. The Fatima Mansions complex, an early working class housing development, was built on the site. It was completed in the years 1949/51.

⁴⁰⁷ Pooley, C.G. (ed.) (1992) „*Housing Strategies in Europe, 1880-1930*“. Leicester University Press. Leicester.

⁴⁰⁸ Aalen, F.H.A. (1985) „*The working-class housing movement in Dublin 1880-1920*“, in. M.J. Bannon (ed.) *The Emergence of Irish Planning 1880-1920*". Turoe Press, Dublin, 131-88

⁴⁰⁹ MacLaran, A. (1994) „*Dublin, the Shaping of a Capital*“. Belhaven Press. London. p.47

In the creation of the Fatima Mansions development, Dublin Corporation took several factors into consideration, amongst which was the “one house, one family” ideal.⁴¹⁰ However, whilst the clearance of overcrowded and unsanitary tenements and the creation of many small houses had already led to transformations with “no more sickness and misery, physical or moral”,⁴¹¹ it was also realised that it was not within the Corporation’s financial potential to attain such an idealistic goal. Fatima Mansions were therefore designed as a flat complex consisting of 394 residential flats in 15 four-storey blocks with surrounding garden space. Eight shops were also erected on the site to cater for the communities immediate needs.

The importance of personal property, even the consideration of the enclosure of property, was recognised and taken seriously by the Corporation. Housing schemes in Drumconda and Ferguson Street were given front garden boundaries to create the illusion of owned property, while a brick wall crowned with spiked wire was erected around the Fatima Mansions estate, which had the purpose of giving a sense of security and community to the estate. This inevitably led to a physical and social segregation of the estate to its surrounding context, leaving its habitants feeling isolated and rejected.

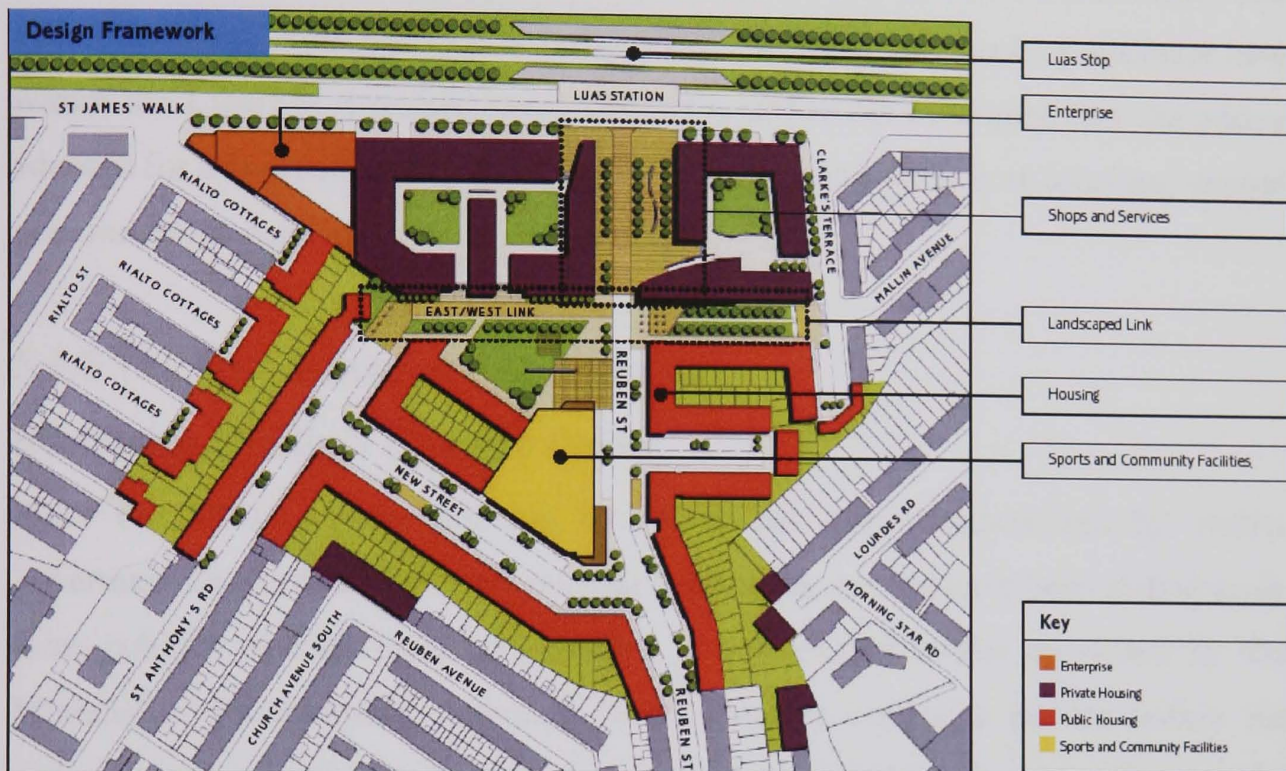
The estate soon began to fall into a social decline. By February 2001, the estate had a population of 686 residents occupying 255 dwellings, with the remaining 108 flats being empty. It was decided that only the total demolition of the Estate and a redevelopment in partnership with the private sector could resolve the problem. In 2003 all residents were relocated and the site was cleared. An Bord Pleanála granted planning permission for Phase 1 of the Project in March 2003 in the context of a Master plan for the site. Phase 1 consists of the provision of 110 residential units that will be delivered to the City Council for social housing. The initial plan that was proposed by Dublin Corporation in 2001 included the construction of 270 social housing and 300 private residential units, which are believed to assist the progress of social integration. A sports centre and childcare centre is provided for in the plan,

⁴¹⁰ McManus, R. (2002) “*Dublin, 1910-1940. Shaping the city and the suburbs*” Dublin: Four Courts Press, p. 93

⁴¹¹ McGrath, F. (1932) “*Homes for the People*” *Studies*, 21, p.544

together with a number of shops and enterprise/training units. The sports centre will also provide a variety of community projects. The full implementation of all construction aspects of the plan was estimated to cost in the region of about £100m, and the development is therefore one of the largest housing projects currently being undertaken by Dublin City Council.

Figure 5.6: Design Framework of the Fatima Housing Development



There is however some criticism to the new development scheme. While the Mixed Use Development Policy is used to enhance “*social integration as well as sustaining the local economy*”,⁴¹² the two tenures will be physically separated by a wide landscaped street, the East/West Link. Private units will be facing onto the main roadway along the green stretch of St. James Walk, adjacent to the new LUAS light-rail station which opened in 2004, whilst social housing units will be confined to the rear of the development, generally secluded from the view. While the Development Plan states the provision of “*approximately 270 homes (...) for social housing mainly for the current residents but also giving options for voluntary, co-operative, or*

⁴¹² Dublin Corporation (2001) “*Regeneration / Next Generation: Looking forward for a new future for Fatima*” Dublin: Stationary Office

affordable dwellings for purchase”,⁴¹³ the 2004 Progress Report on Dublin Thermal Treatment Facility states that a mere 220 social and affordable housing units will be developed within the new Fatima Complex. This now leaves the question open about how many social and affordable housing units will eventually appear on the site, and enhances arguments that social mix policy merely legitimates the selling of publicly owned land to facilitate private residential development. The initially envisaged 270 social and affordable housing units were already a net decline in the Corporations housing stock, as the Fatima Estate incorporated 363 flats before the demolition, and even over thirty more just over a decade ago. The dwindling stock of available land within the Liberties therefore raises concerns, and it can be argued that the policy adopted for this area remains short sighted strategy adopted by both local and central government to facilitate a short-term economic gain.

5.1.7 The Foundations of Sustainability:

Evaluating Dublin’s Planning Policy

Since the 1980’s, urban planning in Ireland has been characterized by central government intervention. Powers relating to planning-control have been shifted away from publicly elected local governments to non-elected bodies appointed by the Minister of Environment. Although these measures centralize powers within the national government, the structure of the newly created authorities allows local participation, both direct through public consultation as well as indirect through the inclusion of community groups and other stakeholders in the authority’s council and executive board. Furthermore, the executive functions of local governments have been placed into the hands of a non-elected administrative manager of a city or region, in an attempt to include an element of corporate efficiency into the delivery of local and national agendas. These measures, coupled with the implementation of fiscal incentives to direct private finance into designated areas, have played a significant part in Irelands attempt to combat large-scale dereliction and to include the concept of sustainability into new developments.

⁴¹³ Dublin Corporation (2001) *“Regeneration / Next Generation: Looking forward for a new future for Fatima”* Dublin: Stationary Office

The re-structuring of planning control had a substantial impact on Ireland's development. The designated area schemes have helped to release private equity into derelict areas, and the DDDA has so far largely achieved what it was meant to do. The inclusive approach taken by both the non-elected authorities and the local governments has given Dublin wide recognition as a leading example of good governance. But are these measures sufficient to ensure sustainability?

Based on the latest statistical information, the answer has to be no. Despite the provision of a substantial network of sustainable public transport, Dublin has seen a 60% increase in car ownership in the 9 years following 1995, coupled with an increase in congested and carbon dioxide emissions. Private car dependency further increased through the continuous development and expansion of retail space in suburban or ex-urban locations. Income inequality widened, and 21% of the Irish population remains at the risk of poverty. Despite several attempts to include a social mix in new developments, social housing often remains stuck behind higher class developments, often completely secluded and physically separated, or social housing is not included in the development scheme at all. Part V of the Planning and Development Act 2000, which required the inclusion of 20 percent of social and affordable housing in new housing schemes, has not delivered: Between 2002 and 2006, over 400,000 new houses have been built in Ireland, whereas social housing accounted for a meagre 27,752 units, or just over 5%.⁴¹⁴ In March 2002, 48,413 households were in on the waiting list for social housing throughout Ireland, an increase of 23.5% since 1999 when the total was 39,176 households. A further 5,581 people were homeless.⁴¹⁵ Despite the construction of 27,752 units since 2002, the waiting list only reduced by just under 10% to about 44,000 people in the same period,⁴¹⁶ which is a result of rising house prices and a demonstration of the continuous social problems apparent in Ireland.

⁴¹⁴ Morgan, E. (2006) "Failing on social housing" in The Irish Times, Thu, Nov 23, 2006

⁴¹⁵ Habitat for Humanity International (2006) "Habitat for Humanity Ireland" available online at <http://www.habitat.org/intl/eca/98.aspx>

⁴¹⁶ Bettzuege, M. (2007) "Home sweet home: Ireland's key domestic risk" dpa German Press Agency. March 30, 2007

5.2 Public Policy and Private Sector Investment in Glasgow

The virtual disappearance of traditional heavy industry has left a legacy of social, economic and environmental problems within the City of Glasgow. Problems had already started to appear during the inter-war period, which was marked by building decay, overcrowding and poor sanitation. Little reminded of the Cathedral and University City that was once “one of the cleanliest, most beautiful and best built cities in Great Britain”.⁴¹⁷ In 1707, Glasgow was home to a meagre 13,000 people, but soon grew to establish itself as a mercantile and industrial city in the centre of the western world. Population grew rapidly, reaching 100,000 in 1807. By the middle of the 20th century, 1.1 million people lived and worked in about 160 km², causing enormous air and river pollution, overcrowding and social problems. Delays during the economic depression of the 1930's, bomb damage from the war, and the run down condition of tenement areas had combined to create an acute shortage of housing. Many families lived in one or two roomed houses with no bathroom and no inside toilet. After the Second World War, Glasgow had some of the densest populated areas in Europe. The majority of Glasgow's population (70%) was concentrated on an 8km² stretch of land along the banks of the River Clyde, with a gross population density of approximately 50 persons per hectare (pph).⁴¹⁸

Glasgow Corporation responded in 1960 with one of the biggest urban redevelopment programmes in Europe. A twenty-year programme was initiated involving the demolition of 13 km² of industrial and residential building stock, a twelfth of the entire city area. By 1970, 52,000 houses were demolished, with a further 75,000 scheduled for demolition up to 1980. Areas cleared by demolition were to be used to “make room for new life in the city”,⁴¹⁹ and to create a new integrated community. It was estimated that by 1980, 800,000 people would have good houses, situated in a revitalized environment with no cramped conditions. 29 areas across the city were scheduled for comprehensive redevelopment. (Figure 5.7)

⁴¹⁷ Defoe, D. & Cole, D. (1927) “A tour thro' the Whole Island of Great Britain” 3 vols. Stanford: Stanford University

⁴¹⁸ This is not very high especially when compared to current calls for a 150pph gross density, but has to be seen in an historical context

⁴¹⁹ Marzaroli O. (Dir) (1971) “*Glasgow 1980*” Films of Scotland and Glasgow Corporation, Ogam Films. Best Laid Schemes. 15 Jan. 2007

Figure 5.7: Proposed Comprehensive Development Areas, 1959



The Greater Possil Area was one of these comprehensive redevelopment areas (CDA). In the 1960's, an estimated 15,000 to 20,000 people inhabited 6000 homes build on a 7.7 km² area, the equivalent of less than 8 dwellings per hectare and a population density of just over 25 persons per hectare (pph).⁴²⁰ The area was identified as having multiple levels of economic, social and environmental deprivation, and was not liked by the tenants.

The housing stock in the Greater Possil Area originated from late 1920's to the early 30's, and was then considered to be amongst the best Glasgow could provide. In just over 30 years, the area had fallen into extreme dereliction. Although many maintained that the tenants were to blame, the Glasgow Corporation took the viewpoint that the fault was with the lack of money and imagination given to the

design of the outside spaces. It was therefore believed that the poor standard of drying areas, muddy paths, down trotted poorly grained grass, litter, and the broken fences which once divided the areas and now left the tenants with no identification, had to be blamed on the very layout of the housing schemes.⁴²¹

Glasgow Corporation's attempts to solve these problems involved the re-housing of 600,000 people, and the reduction of excessive population densities. Within the city boundaries, areas scheduled for comprehensive redevelopment were earmarked to accommodate 250,000 people. A further 100,000 people were expected to be re-housed in estates on the edge of the city, such as Castlemilk, Drumchapel and Easterhouse. This left 250,000 people that had to be re-housed in areas outside the Glasgow City boundaries. The solution was the creation of *new towns*, starting with East Kilbride and Glenrothes, and then followed by Cumbernauld, Livingston and Irvine. Overspill agreements with around 60 local authorities as far as Arbroath, Stranraer, Wick and Haddington (East Lothian) allowed for further moves.

Although building high-rise incurred extra expense as compared to two-story developments, it seemed the only way to accommodate the quarter of a million people within the CDA's. New areas were to be developed with a density of 60 pph, still high compared to the modern suburban density of 12 pph, but considerably less than the existing density of 186 pph. By 1970, work had commenced on eight CDA's, the first of which was the Gorbals. High-rise flats designed by Sir Basil Spence were to provide modern living, with light, space and a sense of freedom.⁴²² In other areas such as Ibrox, low, medium and high-rise buildings were grouped together. Between 1960 and 1970, 40,000 new houses were built within the city, with a further 23,000 by 1980. Together with changes in housing came changes in the pattern of life. Small shops disappeared and were replaced by shopping malls, which displayed "modern abundance matching modern prosperity".⁴²³ Private cars were to

⁴²⁰ Gormley. C. (Dir) (1975) "*Places... or People*" Films of Scotland and the City of Glasgow District Council, Department of Environmental Improvements: Tree Films

⁴²¹ Gormley. C. (Dir) (1975) *Ibid.*

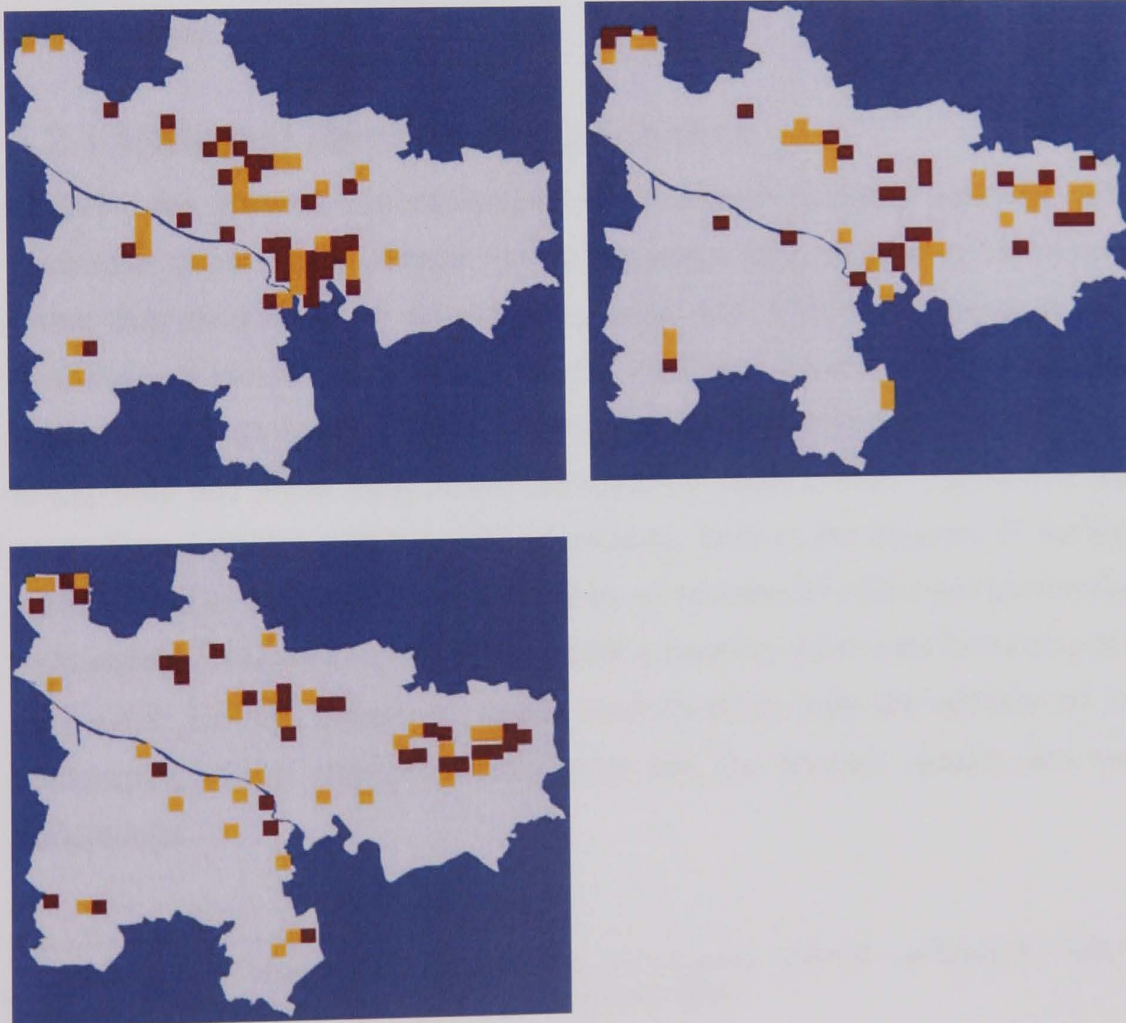
⁴²² Marzaroli O. (Dir) (1971) "*Glasgow 1980*" Films of Scotland and Glasgow Corporation, Ogam Films

⁴²³ Marzaroli O. (Dir) (1971) "*Glasgow 1980*" Films of Scotland and Glasgow Corporation, Ogam Films

serve and free the housewife, the new city was to create convenience, safety and excellence.

That all was not as it seemed became clear in the 1980's. Not only was it realized that the housing on the peripheral schemes had been built with poor building specifications and had already started to deteriorate, it was also realized that too few amenities had been provided for the population. People started to feel the loss of community spirit. Inner city areas that had been subject to comprehensive redevelopment were now characterized by an air of neglect and dilapidation. Furthermore, the comprehensive redevelopment programme did not manage to tackle the roots of the problems that caused the initial decay, but merely shifted them into other areas. (Figure 5.8)

Figure 5.8: Worst 30 (orange) and 60 (both colours) areas for male unemployment, clockwise from top left 1971, 1981 and 2001



The comprehensive redevelopment strategy had failed, partially due to a continuous shortage of central government finance, partially due to the overambitious and radical approach taken, and also due to an unforeseen political, social and economic change caused by two recessions during the 1980's. It remained however unclear which new approach was to be taken. Hutchesontown, the first of Glasgow's CDA's, became subject to intense political debate. The redevelopment scheme, which was never fully completed, had already fallen into decay. Poor design and low-quality construction of the concrete 20-storey flats had led to innumerable social and health problems in the area, and many of the blocks had developed damp and structural problems. Public finance restraints had made a renewed attempt to completely redevelop the site difficult. Whilst some members of the Labour led council proposed to capitalize on the land and buildings by selling to the private sector, a more traditional side of the Labour Party rather preferred to demolish and leave the site as inner-city mud waste than having it fall into private ownership.⁴²⁴ It was an argument that urged practical possibility on the one side and advocated political principle on the other. Ultimately, practical possibility prevailed. The old scheme was demolished in 1987, and the redevelopment now provides a mix of private and social housing.

5.2.1 Renewed attempts: Rehabilitation

In 1971, the growing dissatisfaction with modernist planning solutions led Assist Architects to start a programme that demonstrated the possibilities for rehabilitation rather than demolition of the remaining inner city Victorian Tenements. Although this idea was initially confined to old and traditional housing stock, it soon included interwar and post-Second World War housing. Furthermore, attention was now given to gap sites and urban infill on the old tenement street pattern. The overall shift was away from ideology and towards practicality, both in the creation of development schemes and in their execution, evident by an increase in public-private development partnerships. Attempts to modernize existing housing stock were however not overly successful. Largely limited to façade modernization with the addition of external landscaping, these attempts merely disguised the internal squalor and technical deficiencies.

⁴²⁴ Markus, T. "*Comprehensive Development and Housing. 1945-75*" in Reed, P. (Edit.) (1999) *Glasgow, the forming of a City*. Edinburgh, University Press

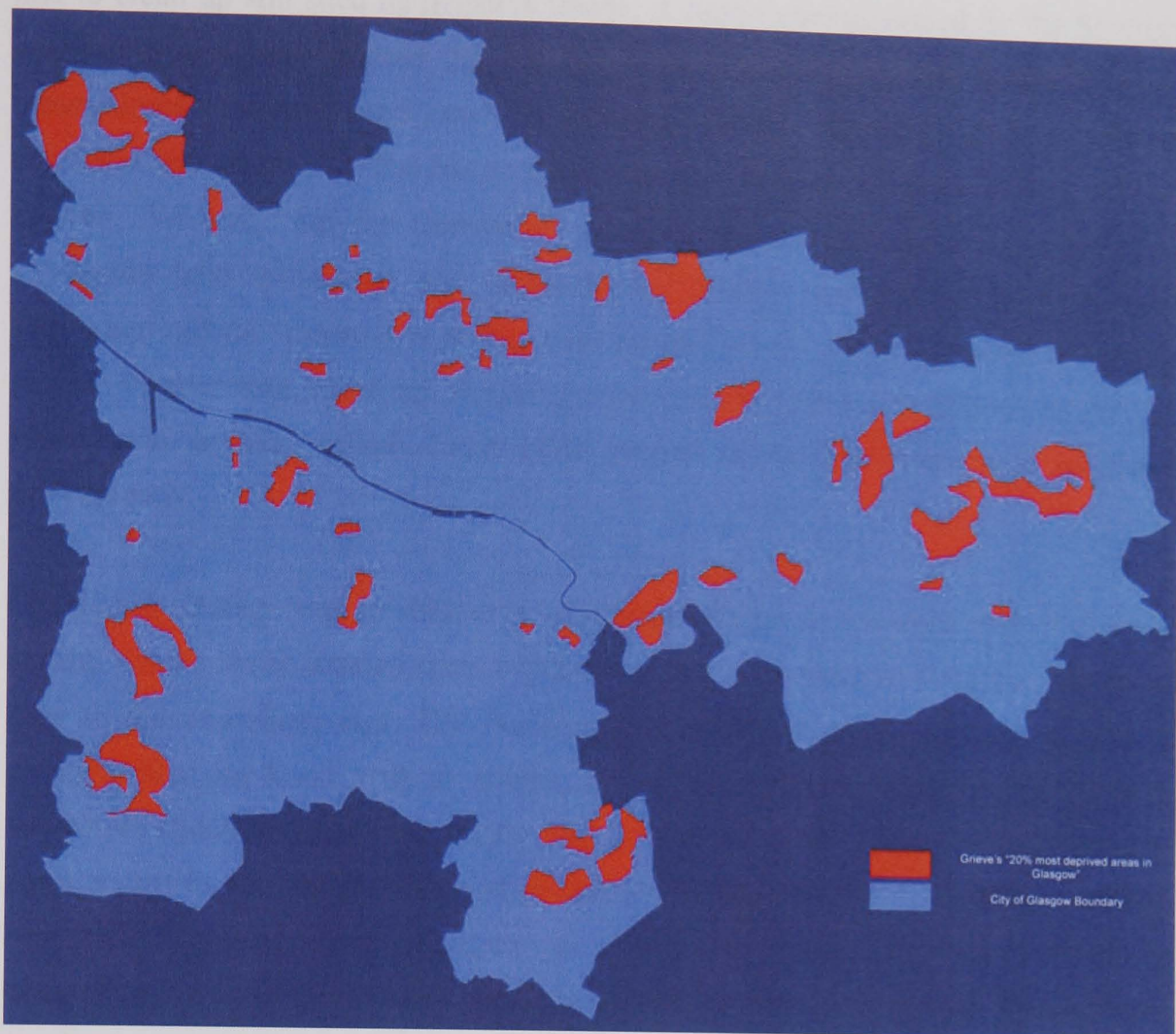
Furthermore, Glasgow City Council was still faced with large areas of near-derelict and deprived housing. In 1987, the City of Glasgow District Council published a house condition survey concluding that almost a third of the houses in the city suffer from some form of dampness, condensation or mould.⁴²⁵ The survey also highlighted the fact that this problem is heavily, but not exclusively, concentrated within the housing stock owned and managed by the local authority. Whilst Glasgow was tackling the last remnants of the slum problem, the city's solution to alleviate slum conditions had become the new housing problem. A report published by Sir Robert Grieve further stated that "*a major housing crisis is now facing the city and there can be no doubt that unless immediate action is taken the situation will become irretrievable, with slum clearance ultimately affecting 40,000 houses. The real cost of any delay will be borne by the thousands of Glaswegian families who will continue to live in sub-standard housing*".⁴²⁶

Grieve identified areas that he deemed to be the most deprived twenty per cent of all areas in Glasgow. (Figure 5.9) Most of these areas were situated in Easterhouse, Castlemilk and Greater Pollok and Drumchapel, the *big four* post-war social housing estates. By the mid-1990's, the estates were characterized by large numbers of empty properties which were too badly damaged and ill maintained to be lettable. The lack of variety of housing types had created a monotonous and bland townscape. Furthermore, the areas had suffered from a severe lack of basic amenities, such as shops, sports and other recreational grounds and cinemas. This, along with a lack of any stable pre-existing community structure, had led to the severe urban dereliction and social deprivation that was identified in Grieve's report. It became ever more apparent that although three decades of comprehensive redevelopment policy had successfully solved the problem of overcrowding and unsanitary housing conditions, it had largely shifted deeply rooted social problems into other areas. Furthermore, new problems were created, as a result of ill thought out planning schemes and sub-standard housing provisions.

⁴²⁵ City of Glasgow District Council, (1987) "*Glasgow house condition survey*" Glasgow, City of Glasgow.

⁴²⁶ Grieve, Sir, R. (1986) "*Inquiry Into the Housing of Glasgow*". Glasgow, City Press of Glasgow Ltd. Page 19.

Figure 5.9: Glasgow's twenty per cent most deprived areas, 1986



Although the council responded to the housing survey with a programme of selective demolition and refurbishment of housing stock, it now focused its attention on the revitalisation of inner city areas. Glasgow tried to change its image and reinvent itself as a successful port-industrial city. In 1983, the *Glasgow Miles Better* campaign was launched to promote the city for tourism and above all as a location for new industry. The campaign focussed on the cultural richness of the city, its extensive parklands, its mild climate and its suitability for enterprise. Service industries were seen as the future for Glasgow, since these “provide the only realistic opportunity for employment growth in Glasgow. Although existing and new manufacturing will be an important generation of wealth, changes in technology and international competitiveness mean that overall manufacturing employment in the

Glasgow area will continue to decline”.⁴²⁷ In order to attract new industries, Glasgow had to clean up and shed its negative image. A report commissioned by the Scottish development Agency argued that “if Glasgow is to reach its full potential as an international business and service industry centre, it must have a vibrant cosmopolitan centre”.⁴²⁸ The heart of the city was therefore a main concern for the council. Not only did the decline of the shipping industry leave large areas of Clydeside land underused and undeveloped, further land had remained vacant following railway clearances at the two extremities of one of its main shopping streets. Furthermore, inner city shopping areas had been adversely affected by out-of-town retail arcades, which could offer greater choice and were accessed more conveniently.

Glasgow’s strategy was to redevelop Buchanan Street as the main axis of the city centre, conveniently located with Blythswood to the immediate west and Merchant City to the immediate east. The North end of the street was to become a cultural centre, whilst the South end, St. Enoch, was to become a popular centre combining the whole spectrum of tourist, visitor and city centre needs. With a shift in strategy came a shift in funding policies, and greater emphasis was given to the private sector. Merchant City, which was largely in public ownership following compulsory acquisition, was to be repaired and revitalized, as was Blythswood. Broomielaw, south-west of Buchanan Street, was to be given the most radical make-over. When a master plan was commissioned by the Scottish Development Agency, the prospect of urban regeneration immediately stimulated commercial development in the area, so that the master plan, published in 1988, had already to “incorporate and respond to private developer’s quite independent proposals for high-quality offices to cover almost half of the area”.⁴²⁹ Despite encouraging new housing through positive planning control, making available suitable listings for conversion and releasing vacant sites for speculation, the District Council initially received a less favourable response from developers for the Merchant City area. However, the inclusion of Merchant City into the Central Conservation Area slowly but gradually led to a sense of confidence in the future of the area. Blythswood was taken over by the office

⁴²⁷ Scottish Development Agency (1985) *“The potential of Glasgow City Centre”* Glasgow, Scottish Development Agency. Page 3

⁴²⁸ Scottish Development Agency (1985) *Ibis*. P.35

⁴²⁹ Reed, P. (1999) *“The Post Industrial City?”* in Reed, P. (Edit.) *Glasgow, the forming of a City*. Edinburgh, University Press P.194

sector, whilst Buchanan Street developed as a major retail area with two major sheltered shopping complexes on each of its pole.

5.2.2 Evaluating Policy: Glasgow 2001

Glasgow's inner city policy has led to a significant amount of development around the city core, providing for both producer and consumer services. Indeed, the inner city retail sector has expanded to such extent that Glasgow now claims to form the UK's second largest and most economically important retail sector after Central London.⁴³⁰ Furthermore, Glasgow successfully reinvented itself as a tourist destination, becoming the third most popular city location with tourists visiting the UK. With this success came a host of newly build hotels, conference centres, concert halls, refurbished art and performance venues, theatres and galleries. But whilst Glasgow has successfully reinvented itself as a post-industrial city based on inner city development, decades of comprehensive development have left the peripheral city scarred and broken. The 2001 population density map reveals a drastically spatially segmented layout, connected only by a faint reminder of what was once an extensive rail network. (Figure 5.10) In between are vast areas of urban wasteland, light industry and excessive parklands. Amenities outside the centre are mostly unconnected and not integrated into the residential areas, except in upmarket areas such as the West End and Langside.

⁴³⁰ International Financial Service District Glasgow (2007) *"Choosing a location: life in Glasgow"*
Available online at <http://www.ifsdglasgow.co.uk/>

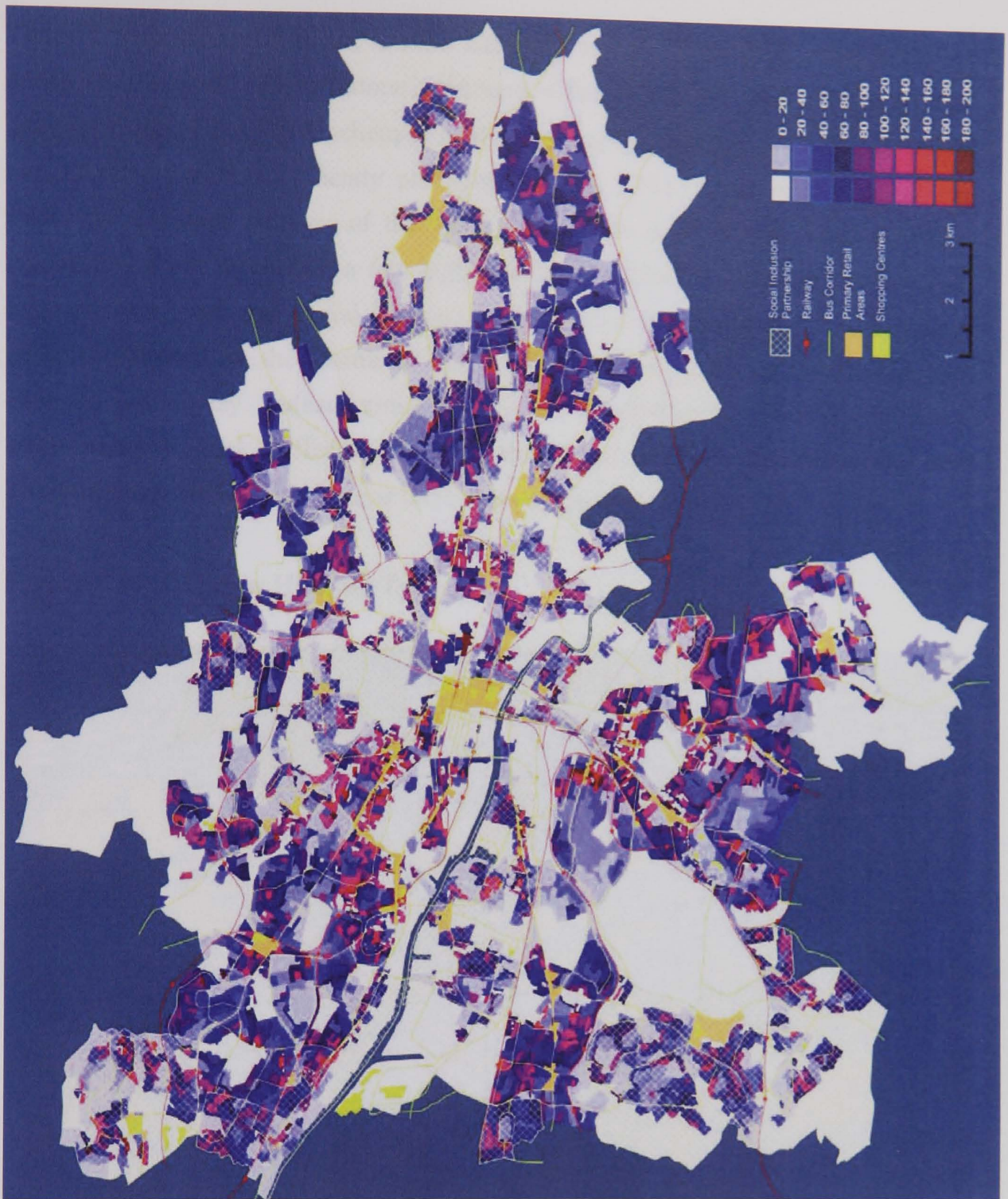
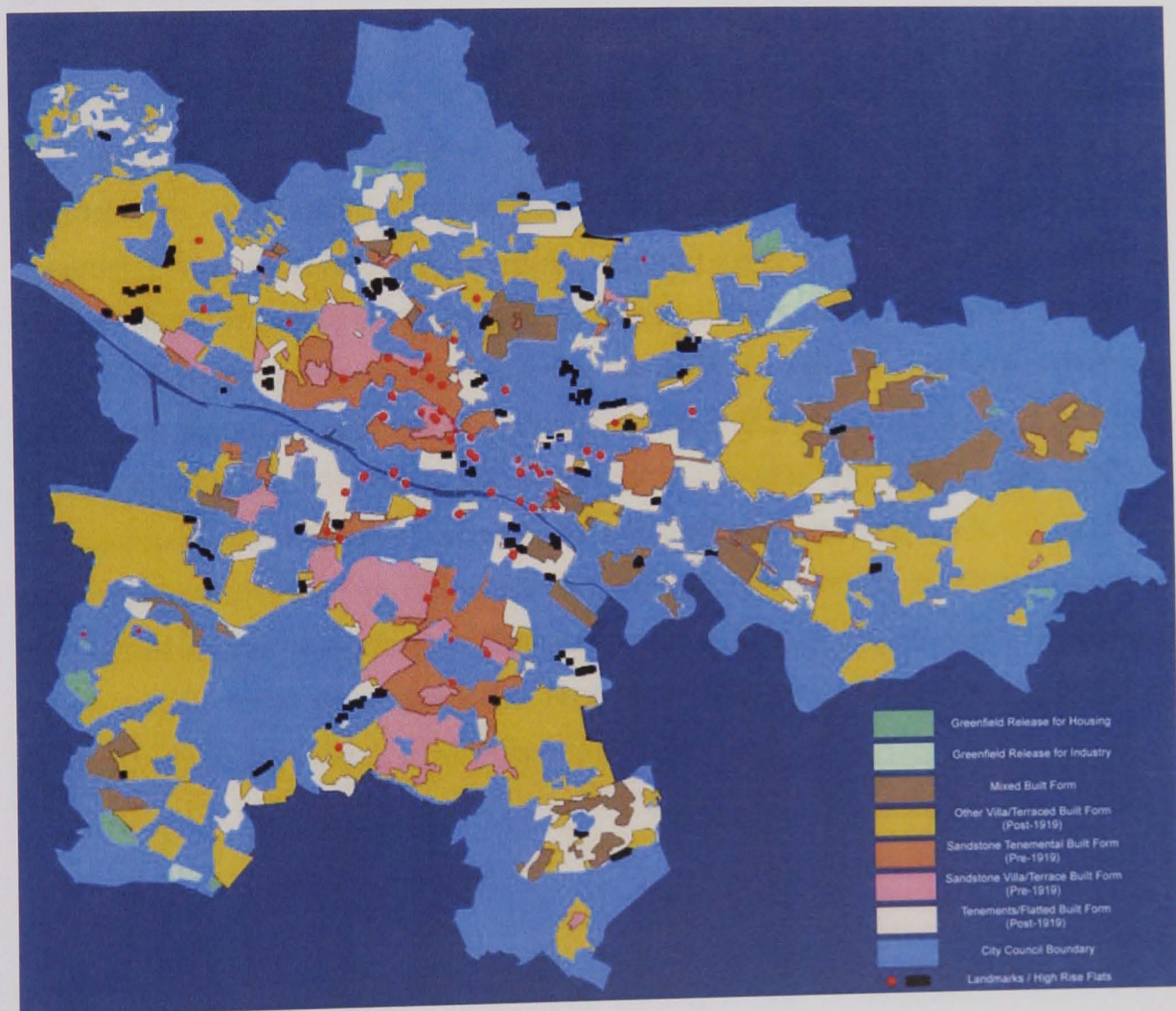


Figure 5.10: Glasgow Density, including retail areas, Public Transport and Social Inclusion Partnerships. Map created using 2001 census data.

Today's most upmarket areas, around Langside and the West End, predominantly consist out of pre-1919 sandstone tenements villas or terraces, and were both not developed under the CDA schemes. Still providing high density living, both areas benefit from traditional amenity provision. (Figure 5.11) Areas which had fallen under the vigorous strategy of the CDA's remain in parts underdeveloped, often consisting of not more than a few high rise housing blocks. Amenities in the four edge-of-town post-war social housing estates have been provided by a single complex situated in the centre of the development, a provision which has not changed until today. Indeed, virtually all areas predominantly consisting of post-1919 housing stock suffer from insufficient local amenity provision, and are predominantly served only by one large scale shopping complex.

Figure 5.11: Glasgow Housing Types



5.2.3 The promotion of Sustainability: Policy in Glasgow

In 2001, Glasgow published its response to the UN Agenda 21 programme with the Local Agenda 21(LA21) framework document 'Developing the Sustainable City'. The document stated that "it was guided by the broad principles set out in Agenda 21", and was "large shaped by local conditions".⁴³¹ As it was a statement of intent and commitment, the document did not outline specific actions but set out a broad overview of sustainable objectives that were to influence Glasgow's spatial, economic and environmental strategies. Overall, the document appears to be a half-hearted approach to fulfil UK commitments to develop local frameworks. It does not address local conditions, but predominately lists a set of actions that apply to any European City. The vagueness of the list of "strategic" actions and a severe lack of substantial social and environmental commitments cannot go unnoticed. It is therefore no surprise that the Glasgow's development, transport and environmental strategies remain fairly weak in the delivery of strong sustainable objectives.

The Local Transport Strategy "Keep Glasgow Moving", which was first published in 2000 and subsequently updated in 2006, for instance fails to offer a truly integrated approach to sustainable transport.⁴³² No real strategy is presented within the documents; instead several objectives which generally apply to the city are outlined. The provision of public transport does not receive the necessary attention, mainly as a result of claims by the council that the rail network and underground system are outside its authority and that the Council does not have direct control over the operation of buses. Although the document states that the council can improve service provision in terms of infrastructure through the implementation of bus lanes and improvements in traffic signal technology, no specific priority areas are highlighted within the strategy. This vagueness characterizes the entire document, which mainly states what should be done rather than developing a specific plan of action to which the council would need to adhere to.

⁴³¹ Glasgow City Council (2001) *"Developing the sustainable City"* Development and Regeneration Services, Glasgow, Stationary Press

⁴³² Glasgow City Council (2006) *"Keep Glasgow moving: Glasgow's Local Transport Strategy 2007-2009. Phase 2 Consultation Draft."* Development and Regeneration Services, Glasgow, Stationary Press

The same vagueness can be found in Glasgow's Environmental Strategy, which covers development in the four-year period beginning in 2006.⁴³³ The action plan, consisting of a set of 52 objectives, is yet another assembly of predominantly insufficient statements faintly relating to the concept of sustainability. Although the strategy highlights the Council's commitment to reduce the City's Ecological Footprint approach to inform Council decision-making and to raise awareness of sustainability issues, it remains unclear how this is to be successfully achieved. Aside from highlighting progress in the adoption of policy seeking to ensure sustainable construction, the reduction of landfill reliance, the control of air pollution, the reduction of energy use, the improvement of water quality and the reduction of carbon emissions, these policies go not beyond the requirements set out in the relevant EU directives. The local aspect of the strategy is largely missing, some mild references aside, making it another statement of intent which could apply to any city.

Equally, the Glasgow city plan does not provide a proactive and inclusive approach demonstrating strong council leadership, but concentrates on the importance of economic development.⁴³⁴ The main focus of the City Plan lays therefore on the promotion of the City Centre as a competitive international business and commercial location, as well as on the restoration of the Clyde as a centre for economic activity and economic productivity. Areas outside the existing and proposed economic centres have been given little attention, aside from primary policies similar to previous land use policies. As the name implies, primary policies are a shift away from land use policy that strongly reflected actual-existing patterns, and are more concerned to make statements of policy about the Council's basic attitude to develop in different parts of the city. The change of name aside, the new primary policy areas remain largely the same as the previous land-use policy areas.

⁴³³ Glasgow City Council (2006) *"Environmental Strategy and Action Plan"* Development and Regeneration Services, Glasgow, Stationary Press

⁴³⁴ Glasgow City Council (2003) *"Adopted City Plan"* 2 Vols. Development and Regeneration Services, Glasgow, Stationary Press

5.2.4 The Clyde Waterfront Redevelopment

In November 2001, the Clyde Waterfront Working Group (CWWG) was formed with the task to consider the regeneration of the Clyde from Glasgow Green to the Erskine Bridge. The working group consisted of members from the Scottish Executive, Scottish Enterprise, the affected District and City Councils as well as Communities Scotland. The group, which is supposed to represent a cross section of stakeholders, believes that the regeneration of the Clyde will help reduce inequality and address social inclusion through a strategic approach which is to transform the Clyde into a world class waterfront which attracts business and commerce.⁴³⁵ The group's task is to develop a vision for the Clyde and prepare a strategic action plan to realize that vision, as well as proposing how the action plan can be delivered. Overall planning control remains with the relevant Councils.

Ryden, a firm of commercial property consultants and chartered surveyors, were consulted to examine 17 key waterfront site development proposals in the Clyde waterfront area. The total area of the initial proposals exceeded 300 hectares, with an estimated £1 billion investment excluding investment in infrastructure. It was estimated that the proposed areas would provide 9,500 residential units, 470,000 square metres of business space as well as 78,000 square metres of retail and leisure space. The vast majority of the investment was to come from the private sector, however, it was realized that the stated developer intentions were unlikely to be delivered in full, as market conditions, competitive pressures, planning and infrastructure constraints were likely to all have an effect on the volume and mix of development. A 2002 report by the CWWG remained sceptical, stating that the group believes that „*even in a best case market scenario – the results are likely to fall short of the benchmarks of international best practice in terms of the mix and quality of development, the delivery of public goods and the overall waterfront experience*“.⁴³⁶ The working group based this evaluation on the lack of leadership and sustained strategic investment still had to deliver a modern public transport system, clear guidance and development principles and market confidence in less favoured sites and locations.

⁴³⁵ Clyde Waterfront Working Group (2004) "The Clyde Waterfront Regeneration Plan" SE/4094/MAY 04

⁴³⁶ Clyde Waterfront Working Group (2002) "Clyde Re-Built. A National Development Opportunity" CWWD, no publisher. P.8

Overall, the report outlines the potential of the Clyde corridor, with the occasional injection of a dose of realism, and remains fairly critical of recent developments that occurred on the site. It states that “despite the success of some recent developments, the Clyde waterfront still lacks vitality and appeal”, and although substantial progress had been made in the provision of transport, infrastructure and river engineering, „there is at present no strategic framework for the Clyde waterfront to draw these work strands together into a cohesive package“.⁴³⁷

The self-imposed role of the working group was therefore to develop a strategy which would focus on a number of key actions, including

- The connection of disadvantaged communities to new economic opportunities
- The physical renewal to help create attractive communities for living and working
- The creation of new jobs and training opportunities
- Encouraging growth of modern industries
- The development of new transport links to connect the riverfront to the city region

Throughout the 15-year project, the Clyde Waterfront project is estimated to require a joint private-public investment of up to £2 billion. In turn, it is believed to have the potential to create more than 50,000 jobs, along with thousands of new homes and commercial accommodation. It is believed that local communities adjacent to principal development sites will benefit through the creation of new service jobs for local people and the re-connection of these communities to the river. Two of the most severely deprived areas, the Social Inclusion Partnerships of Govan and the Gorbals, are located in the vicinity of two principal development sites, Govan Graving Docks and Tradeston respectively, and are believed to directly benefit from the new development. However, it has to be said that if communities were to benefit much work still needs to be done. The Govan Graving Docks are not yet fully developed, but development so far had little impact on the surrounding communities. Most waterfront developments have stayed well clear of the surrounding dereliction, often fencing themselves off through extensive landscaping in significant gaps to the nearest existing building. Furthermore, the development of a Clydeside walkway has, despite far-fetched claims, not yet delivered a revitalisation of the waterfront. A

⁴³⁷ Clyde Waterfront Working Group (2002) *ibis*. P.7

vision describing the Clydeside waterfront in 2012 as an area which “has already created a day and night-time buzz in some of the early development hotspots such as Tradeston, Glasgow Harbour and the International Financial Services District (IFSD)” and which “already offers an appealing mix of business, leisure and cultural activities, alongside new housing”⁴³⁸ are proof that vivid imagination can go alongside practical realism evident in observations such as “the Clyde waterfront still lacks vitality and appeal”.⁴³⁹ Current developments, concentrating on single-use development and continuously failing to integrate basic community provisions, push such a vision even further into the future.

5.2.6 The Glasgow Harbour

The Glasgow Harbour area, one of the key development areas in the Clyde Waterfront Regeneration Project, is located at the north bank of the River Clyde, in the West of Glasgow City. The area consists of over 46 hectares of land with a 3.1 km waterfront, and incorporates the land of four of Glasgow’s 16 former shipyards as well as the site of a former granary. (Figure 5.12) In the east of the area was Glasgow’s first shipyard, A & J Inglis, which sat in between Yorkhill and the River Kelvin but closed in 1963. On the western side of the Kelvin was the yard D & W Henderson that closed in the 1930's as a result of the depression. The land was until recently used largely by storage companies, haulers, and as a car dealers car park. To the west, the area included Meadowside and Merklands Quay, as well as the Meadowside Granaries. The Granaries remained in operation until 1988, when they ceased operations through lack of demand. The Merklands quays continued to be used to import salt and gravel as well as other bulk goods.

⁴³⁸ Clyde Waterfront Working Group (2002) *ibis*. P.10

⁴³⁹ Clyde Waterfront Working Group (2002) *ibis*. P.7

Figure 5.12: The Glasgow Harbour pre-development



The entire area was owned by Clyde Port Authority - a statutory Trust port formed in 1966 from the merger of the Clyde Navigation Trust, the Greenock Harbour Trust and the Clyde Lighthouses Trust. Following the Clyde Port Authority (Dissolution) Order of 1993 the Authority was dissolved and all property, rights and liabilities transferred to its private successor company, Clydeport Limited. Further property included four ports and extensive lands in the Inverclyde, North Ayrshire, Renfrew and Dunbartonshire areas. Following privatisation, Clydeport Limited was acquired by the Authority's then management and employees, and obtained a full listing on the London Stock Exchange in December 1994.

In 1999, Clydeport decided to re-develop the Glasgow Harbour area and established Glasgow Harbour Ltd. in a private joint venture with the Bank of Scotland. It was reported that the Bank of Scotland entered into the 50-50 joint venture, as it was impressed by Glasgow-based Clydeport's ambitions as a driving force behind the harbour redevelopment.⁴⁴⁰ In the following year, a design team was appointed to conceive a master plan for the area in collaboration with Glasgow City Council Planning Department. The Master Plan was submitted to Glasgow City Council for

⁴⁴⁰ Megee. B. (2003) "Peel Holdings faces pressures to make Glasgow Harbour pledge" in the Sunday Herald, 16 March 2003

planning approval the same year, and in June 2001, Glasgow Harbour was granted outline planning consent. (Figure 5.13) Demolition of the Meadowside Granaries began in December 2001, to clear the site in preparation for the major building work, and the Merklands Quay ceased operation.

Figure 5.13: The Glasgow Harbour Master Plan



The key development aims of the design team were to create a development integrated into the surrounding fabric, reflecting the historic background of the site, comprising a variety of mixed uses.⁴⁴¹ The area was to be developed with a view to improve public transport infrastructure and to revitalize the waterfront area through public access, creating public spaces and paths along the riverside. The project was to run for 15 years with a projected £1.67 billion investment, under the lead from Glasgow Harbour Limited and Glasgow City Council together with Scottish Enterprise Glasgow and the Strathclyde European Partnership, which was to help to bring European Structural Funds into the area. The urban strategy for the initial

Master Plan was acclaimed to be both far-sighted and ambitious;⁴⁴² however, the initial proposals remained fairly vague. Questions about the definition of mixed-use have to be raised: Of the 46-hectare site, 12 hectares were zoned for single use residential space. The mixed-use element was to come from an office, retail and leisure area situated towards the city centre, to the east of the residential development. A “social” element was included with the commitment to assist 270 unemployed people into work or further education. The project was to benefit the population of Glasgow by re-opening the Clyde to the public through the creation of a public walkway along the river. Further small-scale commitments were made which claimed to involve community participation: the refurbishment of the Meadowside underpass for instance was to include a community art project.

Early in 2002, a consortium of housing developers, including Cala Homes, Bryant Homes and Park Lane Caledonian, purchased the first parcel of land in the Glasgow Harbour area. It was reported that the newly build properties would retail at the upper end of the market, with prices ranging from £160,000 to £500,000. It became clear that no social or affordable housing was to be provided in the first stage of the residential development. By that time, infrastructure development had well advanced, including the lowering of the Clydeside Express Way and the construction of a new bridge over the river Kelvin.

In late 2002, it was announced that Clydeport was to be taken over by Peel Holdings, a Manchester-based property group. Peel, which was primarily a property group with a portfolio ranging from Liverpool airport to the Trafford Centre in Manchester, already had a port division that owned and operated the Manchester ship canal. With the takeover of Clydeport, Peel was to assume control over the Glasgow Harbour project, whilst Clydeport’s offices would assume responsibility for the operation of the Manchester ship canal alongside Clydeport’s four ports on the west coast of Scotland. Following the take-over, concerns were raised regarding the waterfront scheme. Glasgow Kelvin MSP Pauline McNeill stated that she remained “*anxious*

⁴⁴¹ Glasgow Harbour Outline planning Consent, online at http://www.clydeport.co.uk/index.php?site_id=3&page_id=647

⁴⁴² BBC News (2001) “*New era for River Clyde*” Saturday, 14 July, 2001

about a number of strategic issues. One is that the plan for Glasgow Harbour could involve cramming too much into the space allocated, and that out of 2500 homes, there is no allocation for social housing of which there is a real shortage in Glasgow".⁴⁴³ Further fears were raised in relation to a potential clash due to the close involvements of both of Scotland's largest banks in the projects, as Peel was partially owned by the Royal Bank of Scotland, and suspicions grew that Peel, which had significant retail experience, would in a major turnaround from the original plans swap the remainder of the scheme with shops.⁴⁴⁴ The overall fear was that the initially ambitious redevelopment plans which proposed a mix of retail, office, leisure and retail facilities, were in danger.

In February 2004, it became clear that the initial plans would not go ahead as planned. Initially, significant spaces were allocated for office space but a slowdown in the office market, evident by the lack of tenants in three of the major speculative built office blocks in the International Financial Service District, made the development of further office development financially unviable. The residential area, which had reportedly attracted 1500 inquiries from potential homeowners before a brick was laid, was to go ahead. It was announced that a new master plan would be created and would be the result of an "*evolutionary process*" with uncertain outcomes.⁴⁴⁵

A revised masterplan for the Glasgow Harbour area was submitted two years later in February 2006. The proposals were still presented as a mixed-use development, but this mix of use was now to come from an increased retail presence, a leisure area including a 16,200 m² of casino and a 5-star 200 bed luxury hotel. In comparison to the original plan, the retail presence increased nearly threefold, from an original 190,000 m² to 500,000 m². The size of the proposed Casino expanded fourfold, from an originally approved area of 3,770 m².

⁴⁴³ Megee, B. (2003) "*Peel Holdings faces pressures to make Glasgow Harbour pledge*" in The Sunday Herald, 16 March 2003

⁴⁴⁴ Gough, J. (2004) "*Glasgow Harbour plans to "evolve", but boss rules out retail presence*" in The Sunday Herald, 01 February 2004

⁴⁴⁵ Gough, J. (2004) *ibid.*

The possibility of a shopping complex rivalling inner city malls such as the Buchanan Galleries and St. Enoch Centre infuriated city centre traders, who argued that the planned expansions of two shopping complexes outside the centre already threatened their trade. Although the increase of retail presence was initially denied by the chief executive of Clydeport,⁴⁴⁶ it seems that investment concerns over financial viability resulted in a drastic change of plan. The plans are at present not approved, and it remains unclear if the Council has the strength to overrule the proposed developments.

5.2.7 Conclusions

Over the past two decades, the private sector has significantly helped to change the face of Glasgow. The inner city has been revitalized, and large areas of surrounding derelict land have been transformed into modern office and residential districts. Development control however remains fairly weak. It seems that Glasgow City Council, eager to attract any form of investment, does not possess the necessary strength in leadership to significantly influence private sector development. This represents a significant shift away from the control exercised by Glasgow Corporation during the early comprehensive development programmes. Although this turnaround in local development policy can be observed across the United Kingdom and can be attributed to both insufficient public finance, the national liberalisation of the market during the 1980's and the privatisation programme during the Thatcher regime, the concept of sustainability demands a renewed shift towards local government control.

Glasgow City Council's failure to produce substantial frameworks which would lead development towards sustainability can be partially attributed to weak national policies, discussed in Chapter 3.4. The administrative power of local governments is still restricted by the supremacy of central governments, but if Local Authorities are to act as agents implementing national frameworks, it is imperative that these frameworks are accompanied by clear policies, targets and strategic guidance. In the absence of a clear Scottish policy framework aimed at sustainable development, it is

⁴⁴⁶ Gough, J. (2004) *ibid.*

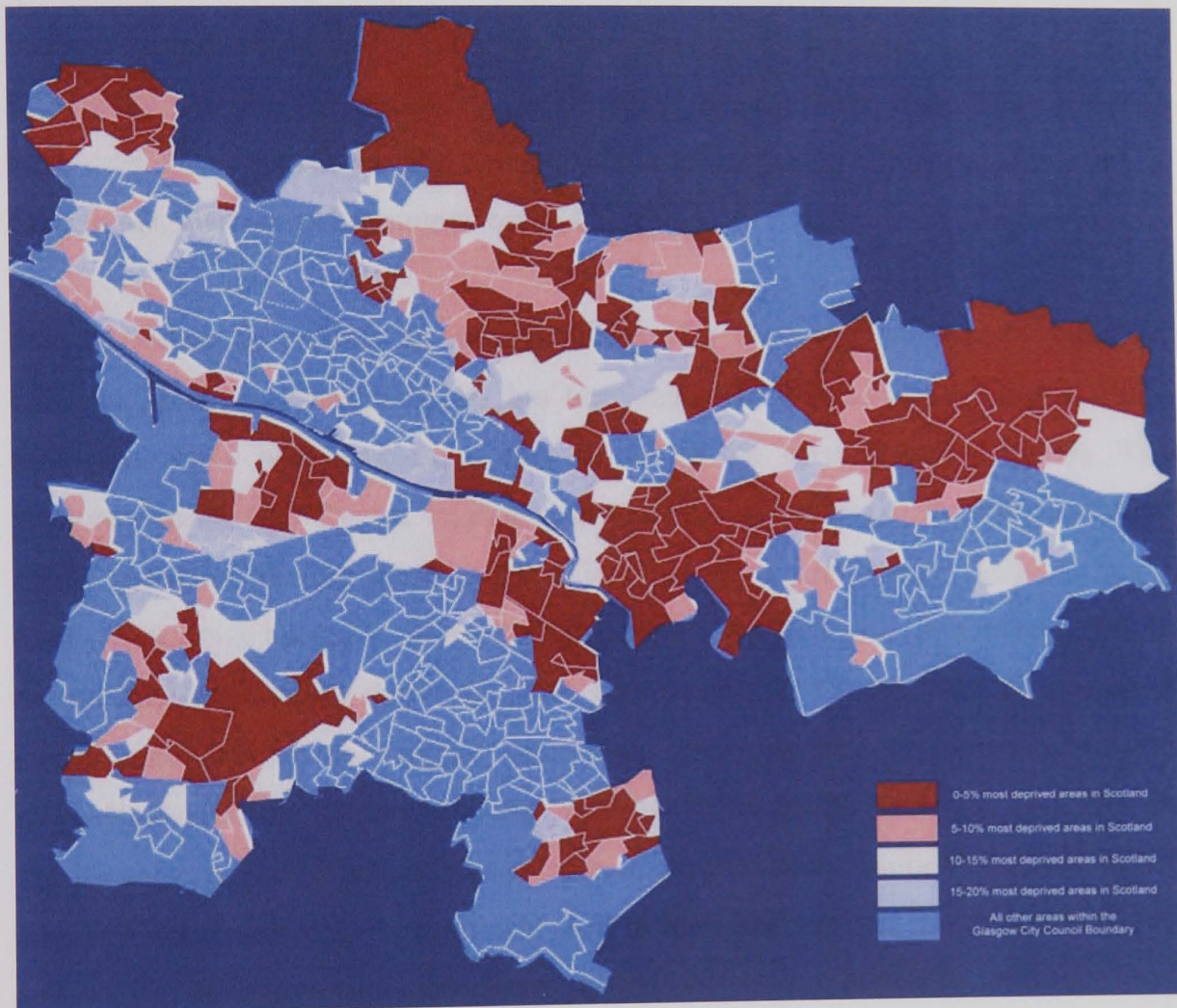
no surprise that local governments in Scotland have so far been unable to sufficiently lead development towards sustainability.

In the office and housing sector, Glasgow's development has been influenced almost exclusively by financial considerations. Areas with perceived high profitability, located on waterfront sites or close to the city centre, have seen a vast influx of private sector finance, but areas with physical or perceived financial constraints, such as those located in or around adverse neighbourhoods, have been largely neglected by private developers. Not only did Glasgow City Council largely fail to direct investment into areas which are most in need, it also failed to develop areas with significant private sector interest in an inclusive and sustainable manner. The northerly Clyde waterfront, from the city centre eastwards as far as Scotstoun, has been entirely given over to exclusive development with little diversification. Although still classified as "mixed-use", Glasgow's waterfront development can so far hardly be called sustainable. No social housing provisions have been made, residential areas and the majority of office areas remain single-use, and new upmarket retail provisions will have a detrimental effect on the local economy.

The failure to direct investment into areas which are in severe need of development is partially due to Glasgow's insubstantial Transport Strategy, which does not provide the necessary strategic planning approach to re-integrate secluded communities. It seems that the task of revitalising deprived areas has been given almost exclusively to the Glasgow Housing Association (GHA), which now owns and manages Glasgow's entire social housing stock. However, instead of integration, The GHA seems to follow a renewed re-housing strategy, similar to Glasgow Corporation's housing policy four decades ago. The five-year redevelopment programme, which will see the construction of 2,400 new homes at a cost of just under £100 million, largely focuses on the demolition of modernist social housing stocks and their replacement by a mix of two to four storey high terraced houses. Especially in outlying areas, such as North Toryglen and Shawbridge, the new houses will be constructed on the same area as their predecessors. Although a "social-mix" is envisaged, the private sector is still needed to provide the finance for

private-ownership dwellings in the area. It remains unclear whether the private sector, after decades of avoiding derelict areas, can be persuaded to invest in the wake of GHA's redevelopment programme. Furthermore, the master plans so far have failed to provide a convincing strategy for socially mixed residential developments, as they fall just short of merely dividing the area into two halves, designating one side for private ownership and the other for social housing.

Figure 5.14: Areas by levels of multiple deprivations, 2006 Map created using data from the 2006 Scottish Multiple Deprivation Index



The lack of a coherent strategy to solve the issue of social seclusion and urban deprivation has left Glasgow facing virtually the same social problems it failed to confront two decades ago. The 2006 index of multiple deprivations counts almost half of the entire Glasgow City area amongst the 15% most deprived areas in

Scotland. (Figure 5.14) Glasgow City contains over half of Scotland's 5% most deprived areas and a third of Scotland's 15% most deprived areas. The areas highlighted in the 2006 index of multiple deprivations are virtually identical to the areas Grieve classified as Glasgow's 20% most deprived areas in 1986. Glasgow displays a severe lack of progress in the tackling of deprivation and the social inclusion of disadvantaged communities.

In comparison with Grieve's classification, the 2006 index highlights improvements only in the West End of Glasgow, which no longer appears in the current classification of multiple deprivation. This can however not be attributed to a socially inclusive approach taken by Glasgow City Council for the area, but is a result of intense and continuous market-led gentrification: house prices in the West end area have risen sharply over the past decade, nearly twice the percentage as compared to the average increase in housing prices in Glasgow.

Despite failing to provide an overall strategy for the sustainable development of Glasgow, some localized progress has been made. In the Gorbals, a total of 1,871 new units have been erected, a third of which are socially rented houses. The proximity to the City Centre, together with the provision of retail facilities, a library, office premises, several local shops, a leisure centre, community facilities and a public park, have helped to attract private sector investment onto previously publicly owned but derelict land. However, areas surrounding the Crown Street development remain characterized by multiple deprivation, predominantly belonging to the 5% most deprived areas of Scotland. As such, the development seems to have had no significant overspill effect onto the surrounding areas, either through the provision of employment or services. A significant shift in local and national development policy is needed if Glasgow wants to achieve its goal of reviving the social, economic and physical fabric of the city in a sustainable manner.

Chapter 6

Conclusions

6 Conclusions

The incorporation of tangible measures to ensure a transition to urban sustainability has as of yet not occurred. Despite fully embracing the goals and values set out by the UN Agenda 21 programme, national governments have so far struggled to implement legislative measures restricting unsustainable developments. The reasons behind this failure are manifold, and consist of an interrelated pool of political, economic and structural factors.

The democratic political process that precedes and informs the creation of policy throughout Europe often leads to insubstantial strategies being implemented. Although European governments recognize sustainability as a necessary development path, there is no unanimous acceptance amongst the population. Whilst there is a widespread recognition of humanities' adverse affects on the environment through waste production and air pollution, there is less understanding of the issues relating to the exploitation of the natural biosphere beyond its natural regeneration capacity. Whilst this is partially caused by a lack of knowledge, excessive consumption levels in the developed world are primarily caused by individualism and social pressures: For many, the attainment of personal wealth has become the definition of a high quality of life, and there are numerous cultural pressures to increase personal consumption.

Opinions are also immensely varied in relation to social responsibilities. There is currently a severe lack of understanding of the issues arising out of physical and social deprivation, and there is an insufficient amount of societal responsibility for those who are disadvantaged either through their physical location or as a result of their social status. Without fully comprehending the issues arising out of urban seclusion and deprivation, it is easy to assume that insufficient educational performance and lack of participation in the labour market that characterizes deprived areas are due to the individual's mental capability and physical behaviour. The opinion that an individual's performance is directly related to the immediate surroundings of his upbringing is less prevalent.

A democratic society that is unaware of most issues relating to sustainability and evaluates political performance by the annual increase of private capital is therefore unlikely to approve the implementation of measures that are aimed at a reduction of consumption and a redistribution of wealth to the most severely disadvantaged. In the UK and Ireland, an implementation of such measures is further hindered by the structure of corporate governance, which unlike corporate structures in the rest of Europe aims primarily at short-term profit creation. Arguments that point out the long-term economic viability of sustainability are therefore less persuasive across the British Isles.

The success and overall well-being of a nation is still measured largely by economic growth. In the context of sustainability, the role of economic growth has been widely disputed, as it was linked to environmental damage on the one side but is also considered to be a prerequisite for the realization of a socially integrated and sustainable society on the other. It is now political belief that if our society can break the link between environmental damage and economic growth, we will achieve sustainability. It is however doubtful that economic growth significantly contributes to a socially inclusive society. The case of Ireland has shown that despite a significant economic increase, social inequalities remain relatively the same.

In the past, economic growth has largely occurred through an increase in resource throughput. This, together with the necessity to dispose of an increasing amount of waste material, has been disastrous for our environment, both depleting natural resources and polluting the biosphere. If we want to break the link between economic growth and environmental damage, we cannot only concentrate on a reduction of environmental pollutants but will also need to limit resource throughput. Economic growth could still be achieved through an increase in resource productivity. Yet, whilst national governments have taken some steps to limit the amount of environmental pollutants, they have failed to take action in order to limit natural resource depletion.

This is due in parts to a lack of public support, but is also due to increasing international competitiveness and investment. In the quest to attract and retain employment opportunities within their country, national governments have chosen not to implement measures that could be perceived as additional cost factors to private sector investors. The fear of losing investment to another country as a result of increasing financial burdens is historically validated: the manufacturing industry has almost completely relocated to lower cost countries, and was followed by those service industries which do not require personal customer contact. Other industries have moved away due to high environmental standards, choosing developing countries with virtually non-existent environmental legislation. National governments are therefore looking for international governing bodies to implement global measures that would make the fear of losing out to another country redundant.

It would seem that both the United Nations and the European Union could play a substantial part in the implementation of international measures, but as of today both institutions have taken more of a passive rather than proactive path. In the case of the United Nations, this can be attributed to a lack of legislative jurisdiction. Although measures can be adopted and made binding to all member states by the UN, it has no judicial arm with international jurisdiction which could enforce the physical implementation of such measures: The International Court of Justice can only solve disputes between states accepting its jurisdiction in any specific case, and its judgement can be ignored without any further consequences. Furthermore, agreements can be difficult to be reached on UN level, given that nearly all states are present within the council. The Kyoto Protocol, which represents the United Nations first implementation of binding measures, is unique in this context, but it has yet to be seen whether member states failing their commitments made under the protocol are willing to accept fiscal punishments imposed by the UN.

The European Union on the other hand is a comparatively much smaller body, and also consists of a judicial branch with European jurisdiction. As such, the European Union has the necessary legislative powers to implement binding measures, but only in areas falling under EU competence as inscribed in the treaties. Although the

implementation of sustainability falls into EU competence, legislative output has concentrated almost exclusively on the implementation of target values and benchmarks relating to measurable and quantifiable environmental issues. Environmental issues which are not directly quantifiable, as well as all other issues relating to sustainability, have been addressed only by guidance documents and recommendations.

As the main legislative institution of the European Union consists exclusively of ministers of the governments of each member state, the decision to opt against binding obligations on European level has to be attributed to a general reluctance to the imposition of obligatory target values at national level. This reluctance is borne out of the difficulty of implementing target values into national law. Self-imposed European target values enforced by law could result in failing nations having to pay fiscal damages, a cost that nations are trying to avoid. Whilst some environmental measures allow a proportional transfer of possible damages to the responsible polluter, it is virtually impossible to identify individual responsibility in case of, for example, failure to provide a socially inclusive society.

However, areas that have been addressed by European legislation have shown significant improvement or have seen an implementation of national measures that promise a positive outcome. On the other hand, areas that have not been targeted by European legislation have shown little improvement or have continued a deteriorating trend. This leads to the suggestion that European legislation has a significant impact on national sustainable developments, and further EU legislation should therefore be encouraged.

The few issues that are targeted by European legislation and relate to the transition to sustainability are governed by EU directives, which proscribe the attainment of a particular result without dictating the means of achieving that result. Failure to reach the obligatory targets will result in fiscal punishments. Ireland's case has however demonstrated that it is possible to implement statutory instruments which proscribe means which will ultimately lead to the attainment of sustainable goals. Such

statutory instruments do not carry target values and as such eliminate the possibility of fiscal punishments. The European legal instrument which would allow the implementation of means into national statute is the regulation, which has until today not been used to address issues relating to sustainability. In Ireland's case, the inclusion of developer obligations to provide a percentage of social housing within a development has to be seen as a good attempt to promote an inclusive society. It is however unfortunate that as a result of private sector pressure, this law has changed to a much softer approach. However, some authorities, such as the DDDA, are still insisting on the provision of social housing.

It is interesting to see that despite statutory clarity, the private sector will still attempt to find ways of not adhering to their obligations. This is only caused by the private sector's belief that higher profits can be achieved in the absence of these obligations. This belief is justified by consumer behaviour, as the prevailing negative image of socially-mixed developments still attracts premium rates for exclusively owner-occupied developments. It is therefore no surprise that the private sector will attempt to create a competitive advantage over their nearest contenders by finding loopholes in public policy.

Generally, in the absence of restrictive measures and in the presence of a consumer market, the private sector will satisfy consumer demand. Consumers predominantly select preferences according to convenience, habit, and image. A provision of sustainable public transport infrastructure for instance will therefore not lead to a reduction in private car travel if no measures are implemented which would restrict private transport. Private transport remains the preferred choice based on convenience. Equally, a provision of high density inner city housing will not lead to a reduction of urban sprawl as long as suburban greenfield sites continue to be developed in order to satisfy consumer demand.

The comparison between Glasgow and Dublin shows that a strategic and integrated approach is required to achieve results. Although both Cities claim to have taken such an approach, there are significant differences. Glasgow outlines its approach through various written strategies, to which development should adhere to. These

strategies are fairly general and allow significant room for interpretation. Fairly large areas are zoned for specific land uses, but the ultimate decision to enforce land use zoning lies with the planners. Generally, the master plan is not very detailed. Dublin's master plan on the other hand takes a much more realistic and inclusive approach. Areas are planned out in detail, taking into account small scale land uses and transport infrastructure. Areas in need for regeneration are given priority through fiscal incentives. The DDDA, which covers an area a tenth the size of Dublin, has produced an even more detailed strategic master plan, which is updated (and does indeed change) every 5 years. Dublin Corporation has continuously failed to update their master plan, suggesting that independent institutions managed similar to corporate institutions are indeed more effective. Understanding both the negative and positive aspects of an area makes for a much more successful development plan, and eliminates the sometimes wishful thinking which seems to have given birth to the Glasgow plan.

The case of Glasgow has shown that re-housing strategies are inappropriate, and simply shift problems into other areas. Yet, it seems that Glasgow has not learned much from experience. Recent housing strategies are simply a repeat of the approach taken 30 years ago, and are ironically presented under the same pretext: housing conditions are still blamed for many of the problems associated with urban deprivation. The spatial and social seclusion of areas seems to be perceived as a secondary issue, and as such no framework aimed at the dispersion away from the concentration areas through the integration of social housing into new developments exists. Indeed, there seems to be a lack of conviction on Scottish national level that socially mixed developments will solve the problems currently present in deprived areas. In a conference in 2006, Alisdair McIntosh, the Head of Regeneration Policy at the Scottish Executive, stated that further research into the benefits of mixed communities was needed.

In inner city areas, which have been subject to intensive private sector redevelopment, both cities have struggled to pursue an integrated approach, but Glasgow seems to have failed altogether. Although both Dublin and Glasgow rely on footloose and predominantly international investment to develop the large areas of

derelict land still present in each city, Dublin seems to have stronger control over this development. The result of the case studies suggests that this is due to perceived profitability and the level of market uncertainties. Both factors together provide a risk/return ratio, on which the private sector measures the desirability of developing on a speculative basis. In order to attract development, the public sector can aim to reduce risk factors, but to enable the public sector to direct development, perceived returns must be high enough to offset possible financial constraints caused by this intervention. Dublin still has certain physical advantages: the economy has been growing rapidly and steadily, the housing market is going strongly, and it is the capital and only metropolitan area of a nation and as such is ensured to receive central government attention. Whilst these aspects reduce investment risk factors, Dublin has further enhanced the perception of profitability through a series of fiscal incentives and the removal of investment restraints, such as the facilitation of land assembly and infrastructure provision. Glasgow on the other hand is dominated by market uncertainties and a lack of central government incentives. However, many positive aspects which reduce investment risk factors exist: three decades of compulsory purchase policy have left large amounts of connected land in public ownership, reducing the need for costly and time consuming land assembly. Furthermore, much undeveloped land is situated in prime locations, central and on the waterfront. These aspects should have given Glasgow's planning department sufficient grounds for negotiation, but fears of losing investment altogether and a lack of leadership resulted in the approval of less desirable options. The lack of transparency caused by the privacy of development negotiations makes a thorough assessment of development control impossible.

6.1 Thesis contributions to the debate on sustainable development

This thesis presents contributions to a theory concerned with the implementation of measures leading to sustainability in urban developments. It argues that despite the generally acknowledged importance of sustainability, private sector development is controlled insufficiently to achieve the goals described in the global blueprint for sustainable development, Agenda 21. Although the Agenda 21 program can be seen as a fairly comprehensive program for action, national policy has so far remained weak in the delivery of measures that would ensure a transition to sustainability. The overall aim of the thesis was to compile a comprehensive overview of predominantly economic but also social factors hindering the implementation of such measures, and to assess current national and international policy on their effectiveness to deliver sustainability. The physical impact of current policy is demonstrated in two case studies, Dublin and Glasgow.

The need for sustainability has been covered extensively by previous research; however, factors hindering the implementation of measures leading to sustainability have been largely neglected in current research. It is important to create a thorough understanding of the forces working against a given objective in order to generate measures that will ultimately lead to their successful attainment. In the context of sustainable development, this translates into the need to understand all elements that are required to change if sustainability is to be achieved, and what these changes would mean for the individual. The thesis therefore offers a comprehensive discussion of environmental, social and economic factors that have created the current trends that are proven to be unsustainable over a foreseeable period of time. Furthermore, it offers a discussion of factors that hinder the implementation of measures leading to sustainability.

The thesis has generated a comprehensive assessment of United Nations, European, Scottish and Irish policy dealing with factors related to the concept of sustainable development, and contributes to an understanding of how a global problem is dealt with on a local level. As such, this thesis has argued that local efforts are highly insufficient to deal with the pressing need to achieve sustainability, and that this can

be attributed to weak national policy. It has shown that even comprehensive public policy, such as displayed the case of Dublin, is insufficient to fully ensure the transition to sustainability, and that less comprehensive policy, such as displayed in Glasgow, has resulted in virtually no improvement in guiding development towards sustainability.

The thesis argues that this is due to a lack of public understanding of the issues involved in the concept of sustainable development, as sustainability is predominantly believed to be synonymous with climate change. The lack of comprehensive measures which would lead to sustainable development is however attributable to two key elements of market economics, consumer demand and production: As long as a market for unsustainable products exists, the private sector will provide. Equally, methods of production will continue to operate in the most cost effective way, and as long as resource costs do not incorporate external costs, resource throughput will continue in an unsustainable manner.

6.2 Limitations of the research

Sustainable development is still a fairly young concept, and has only been fully embraced by national governments within the past decade. Urban development is however a comparatively slow process, with individual developments taking several years from conception to completion. This is reflected in national and local target values, which often aim to achieve a given objective within a period ranging from five to twenty years. The assessment of national and local policy therefore had to be carried out on trends, which only indicate if a target is likely to be achieved or not. A lack of target values has further hindered the assessment of national and local policy, as certain areas are only required to show an improvement within a given period of time. It is impossible to assess if an area will show improvements within the next decades on trends alone. Policy therefore had to be assessed on the extent of the target value, as policy merely requiring a level of improvement has to be seen as insufficient. Due to the complexity of the issue, the research had to be limited to national and local policy of the UK and Ireland.

Furthermore, this research has been limited by the lack of transparency in planning control, especially in the case of Glasgow, and by the difficulty in fully understanding the forces behind the implementation of public policy and national legislation. To fully assess the extent of private sector control in the development process of the urban form, much greater transparency would be needed in planning and development control matters.

6.3 Recommendations

It is abundantly clear that national governments have no ambition to self-impose potentially costly obligatory target values. In the absence of international governing bodies independent from national governments, it is therefore unlikely that such measures will be imposed. The future role of the public sector in the transition to sustainability will therefore have to consist of a combination of consumer restrictions and private sector incentives. Consumer restrictions are however heavily debated, as the fundamental value of our society includes the freedom of choice. This makes the complete prohibition of unsustainable practice virtually impossible, unless severe reasons apply. There are some precedents for such restrictions: for instance, nationwide drought orders and hosepipe bans had been implemented across the UK following acute water shortage. There are, of course, many other restrictions and complete bans outside the field of sustainability, but these conform to the current social norm and are often health and safety related.

Restrictions which do not affect the general public generally find easy acceptance, such as bans on the usage of hazardous materials or even the usage of drugs. Restrictions which apply to more common practices, such as smoking in enclosed public places, are generally more difficult to implement and are often branded as measures advocating communist ideologies. The problem with restrictive measures aimed at the achievement of sustainability is that they affect virtually every member of our society, which makes such measures highly unpopular with the general public. A democratically elected government is therefore unlikely to implement absolute restrictions, but can significantly influence consumer choice without the physical enforcement of legislative measures through targeted fiscal incentives and taxation.

The implementation of taxation with the aim of influencing consumer choices has to be based on sufficient and understandable grounds. In the case of private car travel for instance, it is argued that further taxation will make the use of a private car only attainable to the rich, and will enhance social divisions even further. One of the reasons which sustain this argument is that there is currently no clear link between taxation and the overall goal which it aims to achieve. If an increase in tax is justified by the need to attain a specific goal, then tax revenue generated through this increase should also contribute to the attainment of this goal. In the UK, petrol sales alone generated the second largest tax revenue through petrol tax amounting to £23.3 billion in the tax year 2004/05, in addition to VAT revenue on petrol sales estimated at £2 billion. The annually increasing tax has been justified by the need to increase the attractiveness of public transport, however, UK wide spending on public transport, estimated at around £3 billion,⁴⁴⁷ stood in no relation to the amount of revenue generated through taxation.

It is therefore recommended that consumer choice should be directed through a combination of fiscal incentives, physical restrictions, the provision of real alternatives and the creation of a clear link between taxation and objective. As such, people need to be rewarded for living a sustainable lifestyle, financially disadvantaged for living beyond sustainable means and restricted in living excessively unsustainable. Real alternatives have to be provided for current consumer preferences that are deemed to be unsustainable.

One of the measures that should be mainstreamed into public policy is the internalisation of external costs. In order to justify such measures, the external costs of unsustainable practices have to be thoroughly analyzed and calculated. Social exclusion for instance has substantial external costs: a study conducted for the British Medical Journal concluded that the financial cost of antisocial behaviour in children, which is concentrated in and caused by socially excluded areas, is up to 10 times higher when compared to a group with no conduct problems, in individual cases as

⁴⁴⁷ 1999/00 the Public Transport Fund supports 79 projects across Scotland with over £175 million. Total public transport spending for 2001–02 in England came to about £2.2 billion. Correct figure to be provided.

high as a third of a million pounds in a 20 year period.⁴⁴⁸ Similar to the polluter-pays principle adopted by many EU governments, such costs should be transferred to developments that inhibit socially inclusive development. This will put financial restraints on developments that are otherwise perceived as the most profitable option, and should lead to a shift towards more inclusive developments.

A very efficient way to maximising resource efficiency through the internalisation of external costs could be achieved by shifting the tax base away from labour to resource-throughput. Decreasing the cost of labour and increasing the cost of resources will give the private sector sufficient incentives to use resources in a sustainable manner, whilst simultaneously increasing employment opportunities. These measures require a significant shift in public attitude and a general acceptance of the pressing need to achieve sustainability; however, such measures need to be thoroughly looked at given the urgency of the problem.

Measures which should be looked at and implemented in the more imminent future are the mainstreaming of local governance and the possibility of a transfer of the executive arm of Local Authorities to an independent body governed in a corporate manner. The case of Ireland has shown that the removal of beurocratic burdens combined with the creation of governing bodies able to mirror private sector efficiency can lead to a more efficient creation and implementation of sustainability strategies. Whilst such measures alone will only lead to development which goes towards sustainability, further measures of national level, such as the shift of the tax base, are required in order to fully achieving sustainability.

6.4 Further Research

In order to ensure the complete global transition to sustainability, several areas require significant further research. The thesis has highlighted problems associated with the creation and implementation of science-founded target values and thresholds. There is currently very little understanding of the balance of our

⁴⁴⁸ Scott, S. et.al. (2001) "*Financial cost of social exclusion: follow up study of antisocial children into adulthood*" in British Medical Journal, 2001;323:191 (28 July) available online at <http://www.bmj.com>

ecosystem, and of all the effects human development has on its balance. Science-founded target values will have to be based on a thorough understanding of our environment, and much further research is needed within this area. Furthermore, it is instrumental to apply target values and thresholds on a global level, but there is currently an insufficient legal basis for the implementation and enforcement of obligatory target values. The role of the UN will have to be significantly strengthened before such values can be implemented on an international level. In order to create confidence into UN based governance, further research is needed to demonstrate that the strengthening of the role of the UN and the implementation of global target values will not have an adverse affect on individual nations but will equally benefit each of the member states. It is furthermore important that nations fully submit themselves to the supremacy of the International Court of Justice, which should play an important role in ensuring that target values are reached. Further research is needed to demonstrate the viability of the supremacy of the IFC.

It is also necessary to demonstrate the effects of European targets and thresholds on the European economy. Europe has the necessary powers to implement and enforce such values, but it seems that fears of a loss in international competitiveness hinder the implementation of such measures. Research is therefore needed demonstrating the economic viability of European measures, which should create the necessary confidence to ensure national governments approve of such measures.

Further research should also be carried out into the viability of creating cross-sector consumer markets for sustainable living. In the past, the private sector has achieved to sell entire lifestyle packages by pointing at desirable factors. Sustainable living has many factors which are desirable in our modern day and age. Increasing alienation and individualism have left people craving for a sense of belonging, which in the past was provided by community living. The community is one of the many aspects which sustainable living aims to re-establish, and research could demonstrate the presence of an increasing market for sustainable living for which the private sector could provide.

All of the above measures should be accompanied by an intense information campaign on a global, national and local level. There is a severe need to reduce consumption levels, and people should be made aware of the consequences if this is not achieved in the near future. A clear curriculum should be adopted in all educational institutions that should cover all aspects of sustainability, and further research is needed to find ways of ensuring that the generations which no longer attend educational institutions are made equally aware of the consequences of failing to achieve global sustainability. It has to be clear what can be done individually. If a greater understanding of the issues relating to sustainability is achieved, it is likely that the acceptance of necessary measures will become the social norm. This in turn would facilitate the implementation of national measures.

Cities, which are not only home to half of the world's global population but are also our most lasting legacy, should be the focal point of our efforts to achieve sustainability. Further research is needed on how urban structures can be made truly sustainable, and pilot projects should be created demonstrating truly sustainable living. Such pilot projects should be based on a thorough understanding of all issues relating to sustainability, so that we can ensure that current development will benefit not only us but will equally benefit future generations.

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