6 Reshaping the Urban Policy Inheritance

A lot happened to urban initiatives during the Thatcher years. There is no easy way to divide these developments into manageable but distinct chapters. We will therefore make a basic distinction between the policies which the post-1979 Conservatives inherited and those they created. This is entirely a distinction of convenience; we recognise that there is no hard and fast distinction between the two sets of initiatives. As we shall see, even those programmes which the Conservatives inherited were often fundamentally restructured to reflect Thatcherite preoccupations. In this chapter we will examine the reshaping of the policy inheritance. We will consider five areas which each impacted, to a varying extent, on urban problems:

- Regional policy.
- The urban programme.
- Urban regeneration.
- Housing policy.
- Employment-related initiatives.

Regional policy

The accepted aim of regional policy was to redistribute jobs more equitably within Britain and to prevent the employment-based inequalities between northern and southern Britain. During the early 1970s questions were voiced increasingly regarding its effectiveness. It appeared that, rather than addressing the fundamental causes of regional employment inequalities, it was simply an attempt to ameliorate differences (Parsons, 1986). Furthermore, its impact was challenged; Ashcroft and Taylor (1979, p. 43) concluded that: ‘the success of the redistribution of industry component of regional policy has been very heavily dependent upon the rate of industrial expansion in the economy as a whole’.
At best it appeared that the incentives which formed the essence of regional policy encouraged the creation, in the declining regions, of branch plants of multinational companies. When the economic downturn of the 1970s came, this branch plant economy crumbled. The branch plants were the first to be closed down following decisions taken in corporate headquarters located elsewhere (Massey, 1984, pp. 100–7). Additionally, the mid-1970s saw the emergence of a generalised unemployment problem which tended to overshadow regional imbalances in job opportunities.

**Regional policy under Thatcher**

The shortcomings of regional policy were well recognised by the time the first Thatcher government was elected in 1979 (see Parsons, 1986; Smith, 1989, ch. 4; Prestwich and Taylor, 1990). Its position was made even more precarious by the election of a government that drew upon a neo-liberal prioritisation of the role of the market, defined state intervention as illegitimate and questioned not only the practical effectiveness of state intervention but in addition argued that it made matters worse by not creating ‘real jobs’. As Smith (1989, p. 97) notes: ‘regional policy did not fit in with the new Conservative philosophy’. It is hardly surprising that the death of an interventionist regional policy seemed imminent after the Conservative victory in 1979. What made it seem even more likely was the appointment of Sir Keith Joseph to the position of Secretary of State at the Department of Industry, the department responsible for regional policy.

However, there was no outright abolition of the system. Instead, a process of reform took place. This apparent preference for reform rather than revolution may be attributed to the element of pragmatism in Thatcherism that we identified in Chapter 5: throughout the 1980s there remained major regional disparities in unemployment levels (Table 6.1). Even when unemployment appeared to be falling (between 1986–9), it still finished the period almost twice as high in percentage terms in the North as in the South. Such differences implied a justification for some form of regional policy. Yet more pragmatically, to have abolished regional policy altogether would have meant that Britain would no longer have been able to apply for funds from the European Community’s European Regional Development Fund (ERDF). This would have