



# RESEARCH PAPERS

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*Institut for Samfundsvidenskab og Erhvervsøkonomi*

**Research Paper no. 3/04**

**Social exclusion and inclusion in the  
Globalised City**

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**Research Papers from the Department of Social Sciences, Roskilde University, Denmark.**

**Working paper series**

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## **Abstract**

The paper – based on a Copenhagen case study in a EU research programme (1) - is about politics of inclusion at the meso level: urban policy and politics of inclusion in Copenhagen with reference to the American and European discourse on underclass and social exclusion in the City.

The argument in the paper is that contemporary urban policy in Denmark can be characterised by a duality between

1. Participatory empowering welfare oriented inclusion strategies, which targets deprived districts and neighbourhoods (politics of positive selectivism recognising increasing spatial inequality as a political issue) - based on notions of the multicultural and solidaristic City.
2. Neoliberalist/corporative market driven strategic growth strategies, which are based on notions of the Entrepreneurial City.

The tension between the two orientations represents the most important challenge for urban democracy and inclusive governance concerned with problems of overcoming social polarisation in the urban space.

The first part of the paper reviews contemporary social sciences and outlines a broader framework for the understanding of present forms of social exclusion and integration in the City.

The second part interprets the urban policy changes in a historical context with emphasis on how the transition towards a new post-industrial economy and urban form was mediated via political and institutional struggles over the form and content of urban policy in Copenhagen.

In the conclusion we discuss dilemmas for overcoming the dualism of present urban governance between neo-corporate growth regimes and participatory politics of social inclusion.

**Keywords: URSPIC, urban policy, Copenhagen, Participatory planning, The globalised City, social exclusion, social inclusion, empowerment, empowerment governance, Entrepreneurial City, World Social Forum.**

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## Preface

Thanks to the organisers and participants of World Social Forum, India 2004., which gathered 100.000 people in Mumbai in January, 2004.

WSF is one of the most promising global social movements of our time.

It is my hope that not least social scientists sharing values of global solidarity, recognition, democracy and who believes “Another world possible” should mobilised in the future for work and actions in the framework of the WSF and national and regional Social Forums.

## Introduction

This paper is about social struggles over citizenship and democratic participation in relation to urban policy and governance in Denmark and in Copenhagen in particular. The general point of departure is that the analysis of democratic participation and political citizenship cannot be separated from issues of (re)distribution and social citizenship – and urban policy is very useful to highlight this issue in empirical studies. The complexity of urban policy is clearly illustrated by the relationship between inclusive democratic governance and its linkages to different scales of politics and space ranging from neighbourhood to city, regional, national and transnational levels. The message of the paper is that contemporary urban democracy can be characterised by a striking duality between:

1. New urban entrepreneurial governance in the form of neo-elitist/corporative market driven strategic growth strategies, which target investors and operate on a transnational scale. This type of “growth governance” is based on notions of the entrepreneurial city.
2. The new urban social (“neighbourhood welfare”) governance consisting of empowering inclusion oriented community strategies, which target deprived districts and neighbourhoods and create a new democratic terrain open to social mobilisation. This “empowerment governance” (Fotel & Andersen 2003) trend is based on notions of the inclusive city. In many cases, it involves elements of deliberative democracy and politics of empowerment and inclusion.

The tension - and a possible mediation - between the elitist market orientation and the bottom-up welfare orientation presents a theoretical and empirical challenge to research dealing with the politics of empowerment and inclusion not only at the level of local government, but also at the regional, national and transnational levels.

The paper first outlines a broader framework for the understanding of present forms of social polarisation in the city. The American and European discourse on social polarisation in the city is related to the Danish context in order to highlight the specific features of the urban policy regime in Denmark - including the relation between welfare regimes and urban poverty.

The second part illustrates the duality of urban democracy and contextualises the regime changes emphasising how the transition towards a new post-industrial

economy and urban form was mediated via political and institutional struggles over the form and content of urban policy in Copenhagen from the late seventies till to day.

The concluding part discusses potentials for overcoming the dualism of present urban governance between neo-corporate growth regimes and participatory and community welfare oriented policies.

## **Social exclusion in the urban context**

Since the eighties, social exclusion in cities has become a central issue. Globalisation, industrial decline, migration, social exclusion and segregation are the keywords employed to explain processes of polarisation of the social geography (Madanipour et al. 1998).

In the United States, there has been a long-standing discourse and research interest in urban poverty. In the 1980's, the much debated concept of an urban "ghetto underclass" was developed to describe the inhabitants of urban inner city areas with high concentration of, among other phenomena, poverty, unemployment, crime, teenage pregnancy and lone motherhood (Wilson 1987). The underclass debate also crossed the Atlantic Ocean in the late 1980's (Macnicol 1987). While the underclass debate was heated in UK, it never gained the same hegemony in Continental Europe. Here, instead, the concept of social exclusion was at the centre of the mainstream discourse at least in the EU institutions (Silver 1994, Andersen & Larsen 1995a).

Wacquant (1996) dismisses the idea that there are ghettos in the large European cities on the same scale and segregated way as they exist in larger American cities. But he argues very convincingly that it is possible to point out a number of characteristics that have led to the development of what he terms as "advanced marginality" in the larger cities of Western nations.

"Advanced marginality" is characterised as follows. First, there is a breakdown of employee contracts – particular for male unskilled workers. Second, a functional separation from the macro-economical trends occurs in that better employment opportunities generally do not affect the job opportunities of the ghetto inhabitants. Third, a territorial fixation and stigmatisation occurs through a concentration of socially excluded people that develops within distinctive geographical areas. Fourth, alienation in relation to space occurs in that a consequence of the stigmatisation of an area can be that people loose connection and no longer feel safe, in the geographical area and the social and physical environment that this represents. Fifth, there is a loss of network resources and social capital, in that the majority of people in the ghetto are unemployed and outside mainstream society. This makes it difficult for people to support each other, and establish a social economy. Increasingly, the situation is "everyone for him/herself". Sixth, a symbolic fragmentation occurs in that the absence of a common method of expression, which symbolically can create spatial connectedness, accentuates the fragmentation of the new urban poor. Furthermore, there are no organisations that are powerful enough to represent the excluded. Hence, the physical space demonstrates and implements the exclusion and

suppression mechanisms that constitute the social space. Underprivileged housing areas collect the excluded and the suppressed, and thus intensify their exclusion and suppression.

## **Welfare regimes and social exclusion**

The possible negative impact of post-industrial urban development in terms of increased inequality and social exclusion depends, in part, on the efficiency of inclusion and redistribution policies. Entrepreneurial city strategies (see later) can have different impacts on social polarization and living conditions depending on the type of welfare regime and the broader regulatory framework in which such strategies are implemented (Moulat, Swyngedouw & Rodriques 2003).

In universalistic and re-distributive welfare state regimes like the Danish one, the relation between social class or market position and living conditions is to some extent decommodified (Esping Andersen 1990). Hence, for example, the impacts of socio-economic change and urban policy concerning labour and housing markets are, therefore, modified or “filtered” by the operation of the welfare state regime. In residual welfare state regimes like the British, where the “welfare state filter” or buffer between market position and living conditions is weak, the impact of urban policies on living conditions will be more direct. In much of the debate about the welfare state, the Social Democratic and social liberal forces argue that a strong universal welfare state is not only just but also functional with reference to the stimulation of economic growth; this is precisely because it “socializes” the costs of socio-economic (including spatial) change. In other words, the universalistic type of welfare state creates a regulatory framework, which modifies the possible socio-economic polarization effects of market forces.

As in most EU member states, the battle for full employment in Denmark was lost in the late seventies. In the eighties, the welfare state project became much more defensive. The advantages of the developed postwar welfare state, which to some degree emancipated the individual from the forces of the market, were translated into “disincentives” and “market imbalances” by the offensive neo-Liberal and neo-Conservative forces.

In 1982, a Conservative-Liberal coalition government came to power after a decade of Social Democratic rule, but the changes implemented were moderate and the overall welfare regime was still closest to the universalistic type. In a comparative perspective, the Danish case is an example of a relative stable regime. Unlike many other countries industrial relations are still heavily influenced by strong trade unions. The problem of the “working poor” is relative marginal and minimum wages have been kept at a relatively high level.

In the 1990's, the most important reorientations within the Danish Welfare regime were: 1) A strong emphasis on activation and education schemes for the unemployed, 2) the introduction (since the mid nineties) of experimental, bottom-up social action schemes targeted at deprived urban districts, and 3) a strong emphasis on regional strategic growth policy which embodied a new type of state led entrepreneurialism – this was particularly so in the Copenhagen Region (see later).



Even though there are, today, common trends in European countries concerning the concentration of socially excluded people in certain urban districts and the emphasis of community renewal in the overall policy approach, there are still major differences between the European welfare states. The specific way in which social and housing policy confronts social exclusion in cities depends on earlier policy traditions in each country, a path dependency in policy developments (Pierson 1998). The rhetoric about revitalising communities may be very similar in, for example Denmark and the UK, but existing socio-economic structures, institutions and actors shape the way in which urban restructuring is taking place. Different welfare regimes often approach the same phenomena with different means, or they apply the same governmental technology, for example “workfare”, in rather diverse ways (Larsen forthcoming).

During the past decade, most European welfare states have adapted some kind of workfare or activation policies in their overall employment policy. The new active line in labour market and social policy has been introduced under different names in the different European welfare states. These active measures have become of prime importance in reforming the welfare systems and in stimulating or forcing the labour market participation of the unemployed and other social benefit claimants (Berkel & Møller 2002). The apparent parallel international trend in workfare/activation policies does, however, not follow a common path, and activation policies do not lead in the same direction. It is often misleading to treat activation and workfare as one and the same thing, because workfare and activation in principle refer to rather different approaches and strategies (Larsen forthcoming). Most studies of workfare/activation broadly distinguish between two types of approaches, for example “work first” or “social investment”. In general, “work first” approaches are connected to liberal welfare states and the “social investment” approaches are especially linked to the Scandinavian welfare states. According to Barbier (2001), the two polar examples in Europe are the United Kingdom representing the purest form of workfare and Denmark representing the purest form of activation social investment type. The Danish activation approach aims, in principle, at improving the employability of those out of work by offering opportunities for training, better skills, work experience etc., while the workfare approach tends to restrict access to benefits, reduce levels of compensation and restrict the duration of payments (European Foundation 1999).

## **Socio-spatial polarisation and gender differences**

Although Denmark is, comparatively speaking, a relatively egalitarian society, a closer look at the social landscape shows increased spatial concentration of the less affluent, labour market excluded and otherwise marginalised groups. In particular, the City and Region of Copenhagen has crystallised this new social division (Munk 1998).

From 1995 to 1999 there was an increase at 25 per cent in the number of unemployed people participating in activation measures and in the same period the number of unemployed dropped considerably (from about 12 to 6 pct.). This development shows how strong the political commitment is to activate unemployed people. However, the activation policy has in recent years shown little success in

bringing the remaining long-term unemployed into the labour market. Many of those who remained unemployed during the employment boom are characterised by having other problems than being unemployed. At the same time, the economic recovery has to a large extent bypassed the deprived districts and their residents. That is to say, socio-spatial polarisation has grown in a period of increased economic growth. The gender and age composition of the long-term unemployed has also shifted and is now much more clearly concentrated among middle aged and elderly unskilled women and men. In particular, the elderly unskilled men seem to represent a new distinctive type of social exclusion (Andersen & Larsen 1998) that policy makers and welfare institutions have not been able to respond to. Whereas women's risk of economic impoverishment (in terms of lack of economic resources/income poverty) is still slightly higher than men's risk, the exposure to "hard core social exclusion" in terms of alcoholism, the breaking down of every day life routines and so forth is much greater among men.

One of several reasons for the change in the gender profile of social exclusion has to do with the (overlooked) fact that the most innovative policies of social empowerment were developed for and largely carried out by women. Whereas a range of experimental social action programmes targeted marginalized women, for example the successful daytime high schools, innovations with regard to excluded men have been more or less absent (Andersen & Larsen 1998). In fact, there is strong empirical evidence in Denmark that women – including low-income marginalized women – are more active in day care and school boards, local associations and community work and local politics than men (Andersen et al. 2003, Larsen 2003). In other words, a trend towards the "feminisation" of local politics can be observed.

## **Policy responses at the national level**

Since the mid nineties the political response to the new social division in urban areas has been a long-term social action programme targeted at "deprived" urban areas. According to the official "Social Atlas" five percent of the Danish population lives in deprived areas. Approximately half of which is located in Copenhagen.

Until 1993, urban policy has not been defined as a distinct policy-field. The design of the first multidimensional Urban Social Action Programme in 1993/94 was a manifestation of attempts to stimulate bottom-up empowerment orientation in deprived urban areas .

The programme was inspired by EU Poverty 3 (1989-1994), which emphasised experimental local action against social exclusion. It was the first time, in Denmark, that a large-scale urban programme was launched based on principles of multidimensional area-based action, participation (including participation of the Social Housing Associations) and partnership. The programme quickly became an innovative and experimental part of public planning and welfare policy. It had elements of a "politics of positive selectivism" and "social mobilisation" approach. In the implementation, the National Urban Committee ("Byudvalget") has, in the negotiations about project contracts with the Municipalities and Housing Associations, insisted that citizen participation and empowerment orientation in the projects should be taken seriously.

All the major parties supported the programme in parliament. One important background for this consensus in the Danish parliament was a long lasting and contradictory public discourse about social segregation and, in particular, about the emergence of “ethnic ghettos” in social housing estates. Social Democratic mayors in Municipalities with a large share of social housing estates argued in public that the proportion of ethnic minorities had reached a level that posed a major problem for the local welfare state. These mayors also accused the Liberal-Conservative Municipalities of being “free riders” with regard to the inclusion of immigrants and other socially excluded people. In this climate, a vague consensus about “something needs to be done” was gradually established in the Danish parliament, but the design of the content and institutional form of policy interventions was left to actors like the social housing associations, the Social Workers’ Union and civil servants in the ministries. Despite the “negative” point of departure in the public discourse - the negative labelling of social housing estates with ethnic minorities as a “burden” and some times with clear connotations of a “Muslim underclass” - what happened in the practical policy design process was a transformation to a broader social inclusion problematique that recognised the need for government resources to handle the growing spatial inequalities in a more holistic (physical, social and cultural) manner. As can be observed in many policy areas from the nineties up until the present, the policy design players very often use “communitarian rhetoric” as a tool to construct a temporary “beyond left and right slippery consensus”. This is done at the right time and place in order to give a policy field the image as being beyond ideological conflict. In the practical policymaking processes, where the crucial point first and foremost is to get money from the state budget, this can sometimes be an efficient strategy.

Compared with most other European countries, the formation of ethnic minority communities is a new phenomenon and the public discourse about the ethnic or “ghetto problem” in the nineties was the first of its kind in Denmark. The major reason for the willingness of the liberal and conservative forces to allocate additional resources to a range of regeneration and social action programmes in deprived areas was that they saw the new urban policy as a way handling ethnic tensions.

For the Social Democrats and leftist forces, the dominant rationality for supporting the creation of a new urban policy was the recognition of spatial inequality as a national political issue to which the state should allocate resources.

This part of urban policy has introduced the rhetoric of experimentation, participation and partnership with strong parallels to the campaign for making firms more socially responsible for creating a more encompassing labour market. In policy documents like “The City of the Future” (Ministry for Housing and Urban Affairs 1999) concepts like the “Inclusive City” (Young 1990), the “Creative City” and the “Green City” (which relate to the Agenda 21 movement) were introduced.

The “City of the Future” document underlines that social, cultural and economic problems of deprived districts should be addressed in a multidimensional and coherent manner. It is explicitly acknowledged that long lasting multidimensional programmes are necessary due to a lack of coherent planning in the past and the long-term impact of socio-spatial concentration of unemployment and social exclusion. Partnerships with the local companies are suggested as tools to improve

labour market integration of excluded groups. In practice, the latter effort has so far only played a marginal role in the implementation of the programmes.

Callaghan argues that ‘Community participation’ and ‘empowerment’ are increasingly expressed as the twin pillars of social policy interventions aimed at social inclusion and based upon synergetic partnerships between community groups, governmental bodies, statutory authorities and other organisational agents.”

Despite some common elements in the political rhetoric - namely the communitarian language of rights and duties, the active society etc. - it is extremely important to distinguish between the political content and outcome of the inclusion orientation in different regime contexts: 1) The neo-liberal/conservative welfare regime retrenchment context, and 2) the inclusion orientation in the Social Democratic context with welfare regime stability.

In the first case, more “government through community” (Rose 1996) to some extent replaces former citizenship rights and politics of redistribution. In the later case, the basic architecture of the welfare regime is not transformed and hence politics of inclusion and empowerment – for example local empowerment projects - is “added value” to existing welfare policy. As we will argue in the following, the new Danish urban policy was until 2002 (to a large extent) an example of what could be termed politics of positive selectivism with regard to spatial inequality.

However, as the new urban governance in Copenhagen illuminates, the economic growth policy and the area based social and housing policies are not well orchestrated and integrated. Instead of representing one inclusive face, they manifest themselves as two separate faces of the new urban governance, especially in Copenhagen. In the following, the social struggles in the last decades that led to the present two-faced urban governance regime in Copenhagen will be outlined.

## **From urban movements to city entrepreneurialism and community empowerment.**

The political, social and economic context in which the Copenhagen urban regime was transformed can briefly be summarised as follows (Andersen 2003). In the 1970's, the Social Democratic hegemonic urban regime, which had dominated the City Hall since the beginning of the century, was heavily challenged by the growing strength of the new urban movements and the New Left (Socialist Left Party and the Socialist Peoples Party) who held 30-40 percent of the seats in the city council. The “rainbow coalition” between militant working class segments, the new urban movements and new and old left political radicals created a unique “post-68” political climate in the city throughout the seventies. The new left forces heavily criticised the Social Democrats for a “top-down” authoritarian urban renewal and planning policy which was based upon the interest of the (imagined) “standard working and middle class family”, and, according to the new left, did not take “particularism”, the social and cultural diversity of the urban space into account. The urban movements successfully criticised the top-down planning in its rigid bureaucratic forms. In short, their nodal point was a welfare city in which a diverse

civil society and notions of direct democracy held a much stronger position vis a vis the monolithic City Hall administration.

The tensions between the City Hall and the new urban movements became manifest around 1980. The pinnacle of this dislocation was a weeklong fight between locals and the police that took place in the streets of Nørrebro in 1980. The event was provoked by the City Hall's decision to remove a popular playground ("Byggeren") in the area. In reality, the conflict was also about the authoritarian non-participatory style used in the implementation of urban renewal schemes. After this episode, the political climate deteriorated even more, and on the national political scene, the Municipality of Copenhagen was labelled partly "ungovernable". The popular Vilho Sigurdson from the Left-Socialist Party had controlled the department for urban planning, but from the mid-eighties, the authority of this important department was moved to the direct control of the Lord Mayor. The left claimed that this removal was illegal and a yearlong conflict took place in the courts in the mid-eighties about the administrative responsibility for urban planning. This unstable situation paralysed the Copenhagen urban planning system for years.

The political polarisation and institutional dislocation fused with growing budget deficits due to a shrinking tax-base caused by demographic change and industrial decline. Copenhagen was hit much harder than the rest of Denmark because the general employment crisis fused with a long-term trend that had existed since the sixties which saw a massive loss of manual industrial jobs. The level of public investments in Copenhagen was also shrinking compared to the rest of Denmark. This was in part due to a national decentralisation policy, which was the dominant paradigm until the late eighties. Furthermore, the municipalities outside Copenhagen have benefited most by the growth in high-paid service sector jobs, which indeed occurred in the last decades due to a growing number of commuters.

Due to the strength of the left-wing parties and the strong Social Democratic position the financial problems were not managed by dramatic cuts in welfare services but largely by accumulation of debt and low levels of public investments. The policy responses during the eighties consisted of three components: 1) Political pressure for additional state grants until the mid-eighties, 2) a gradual changed housing policy favouring middle and high income households, and 3) attempts to develop a coherent regional strategy for employment and infrastructure development within the framework of the regional authority the Greater Copenhagen Council (founded in 1974).

The Social Democratic national government in office until 1982 had recognised the need for serious negotiations. When the Conservative-Liberal government came into office in 1982, after a decade of Social Democratic rule, an expert commission appointed by the liberal home secretary was created. The commission pointed towards two negative self-perpetuating mechanisms of the socio-economic crisis: 1) Industrial decline, lack of new growth and employment sectors, and 2) an expensive demographic composition of the population (many elderly and young) including increasing concentration of socially excluded and other low income groups. Despite the political pressure, the system of municipal reimbursement and state grants remained almost unchanged. The result was a foreseeable increasing in municipal debt.

Since the City Hall had been run by the Social Democratic party from the beginning of the century, Social Housing and Municipal owned Housing had from this time been an important part of Social Democratic Housing Policy. Social Housing in Denmark dates back to the beginning of the century when the first Social Democratic controlled municipalities supported housing cooperatives, which became closely linked to the labour movement (Kolstrup 1996). The democratic tradition of self-governance in the housing co-operatives is regarded as a unique “social capital”, which constitutes one of the overlooked strengths of the Danish welfare regime (Munk 1998). In the eighties, the number of new social housing estates being built decreased, and since the late nineties it has stopped. Furthermore, the municipal owned houses were sold in the mid-nineties. As a way of improving the tax base, the Social Democratic leadership in a path-breaking alliance with the strengthened Liberal and Conservative members of the city council gradually accepted this strategic change in housing policy during the nineties. Hence, the social housing associations were now placed on the periphery. The political changes fused with market changes since the combination of inflation and regulation of tax reduction for private ownership from the sixties and onwards made the purchase of property very advantageous for upper working class and middle class households. The combined result of these changes was that the social geography in the metropolitan region became more polarised because middle-income residents left the social housing sector in which the share of low-income residents rapidly increased. Accordingly, some Copenhagen districts have gradually been gentrified, and the share of private ownership and private co-operative housing in these districts increased rapidly. Other districts with a great share of social housing estates moved from the middle to the bottom of the urban hierarchy.

## **The role of the regional level**

From the beginning, the Greater Copenhagen Council (GCC) was in a functional and financial crisis due to its diffuse legal status. It was also paralysed by struggles between the poor Social Democratic and leftist governed Copenhagen, and the richer Conservative-Liberal municipalities outside Copenhagen. It was finally closed down by the Conservative-Liberal government in 1987 (parallel to the abolition of the Greater London Council in the United Kingdom by the Thatcher government), and the metropolitan region was left without a political authority. The closure of the GCC only extended the problems of governing Copenhagen and the region.

It was in a context of lasting municipal budget deficits and the political administrative dislocation at the regional level that the national Conservative-Liberal government of the late eighties held a strong bargaining position vis a vis the Municipality of Copenhagen. As will be shown, it was in this economic, institutional and political context that the shift towards a more aggressive entrepreneurial city strategy took place.

## **The entrepreneurial turn**

After years of socio-economic decline and “ungovernability”, the new urban regime of “state led city entrepreneurialism” (Harvey 1989) emerged in the late 1980’s. The

new Social Democratic leadership gave up the former policy of confrontation vis a vis the state, and was less committed to taking the interests of low-income groups in housing policy into account. In the field of urban renewal a more participatory orientation based on ideas of communicative and incremental planning (Sehested 2002) occurred in the nineties.

The most path breaking change from the late eighties and onwards was, however, the linkage of the urban regeneration strategy to a Metropolitan regional growth strategy. The state-municipal growth alliance has been relative stable since the beginning of the 1990's when the national Social Democratic leadership was replaced by a more centre-oriented one, and when the Social Democratic Party came back into power in 1992 at the national level (after a decade of Liberal-Conservative rule). The Oerestad project (the creation of a new High-Tech profiled city district) became the flagship project in the implementation of the new strategy (Andersen 2003). The major change was the emphasis on urban (re)development as a strategic means to compete against other European city regions for investments in the transitions towards the globalised post-industrial economy and urban form.

In 1990, a Metropolitan Committee on traffic investments suggested the establishment of a Copenhagen Metro system and a costly large scale Urban Development Plan (UDP) for development of a huge new Copenhagen high-income and international business district - the Oerestad district. The clue in the plan was to suggest incremental planning, where the proceeds from the selling of land would be used to finance the Metro, and when it was finished (around 2003) the proceeds from the Metro would be channelled back to cover outstanding liabilities from the development.

From theoretical perspectives such as growth machine theory (Harding 1994), neo-Marxist regulation theoretical approaches (Jessop 1998) or regime theory (Stones 1993) this initial policy process could be seen as step in the formation of a neo-corporatist growth regime. Following Stones, a regime can be defined as a relative stable group with access to institutional resources that enable it to have a sustained role in making governing decisions. For the Liberal-Conservative government the Oerestad package was in line with the governments new public management orientation and attempts to introduce more "business-like modus operandi" in urban planning. The success of the Metropolitan growth regime in the initial phase was strongly related to introduction of quasi market governance instruments.

In the UDP design phase, in the beginning of the nineties, the Conservative Party was in government together with the Liberal party, while the Social Democratic Party was the largest party in the parliament and the dominant party in the Copenhagen City Council. At the political level, the key actors in the new path breaking State-Capital growth coalition were the leaderships of the Social Democratic and the Conservative party. Influential professionals in urban planning and opponents of the plan criticised it in the public discourse using terms such as "Elitist Corporate Planning" and "Politics of Gambling" .

Despite intense criticism the coalition was powerful enough to speed up the process of implementation. In 1992, a law on the institutional set-up and general terms for the project passed through parliament, where only the United Left and the Socialist People's Party voted against the law. Hence, the Danish UDP represents a clear case of "exceptionality" (Moulart, Swyngedouw & Rodriguez

2003) in relation to existing planning instruments and regulations. The new solution was criticised for being a hybrid. It consisted, on the one hand, of an autonomous private shareholder company, and, on the other hand, of a state-municipal partnership with a financial base in the form of a state guaranteed credit line of some 850 million Euro (which was later to be increased many times). The adherents argued that the Orestad Development Company combined “the best of two worlds”: Public control without the “snaring bonds” of politics and capable of operating on market terms. The critical voices argued that the project was not embedded in a coherent vision of a sustainable city of the future, the needs of the neighbourhoods, and that the whole idea of a “compact hyper growth district” was not sufficiently substantiated.

## **Governance dynamics in the phase of implementation**

The major problem of the UDP, evident around 1996/97, was the disappointingly low level of private investments. Therefore, the mobilisation of (semi)public partners to invest in the project became crucial. The irony is that in the design phase, the project was presented as more or less cost neutrality for public budgets, because urban rent and private investments would finance the development project. The growth coalition had to mobilise investments again, and in the implementation phase there was a massive increase in use of public credits and costly (re)directions of public investments to the UDP

One major problem in the implementation of large-scale UDPs is that the “point of no return” makes it difficult to redirect UDPs once they are set in motion. UDPs have a very strong element of “politics of gambling”, which tends to follow a logic of irreversibility.

In the Danish case, the growth coalition became successful in constructing the agenda as a choice between the defensive stagnation scenario and the offensive globalisation scenario. The critics, however, claimed that the presentation and calculation about benefits and risks were too optimistic and seductive.

## **New social urban governance: Community empowerment in deprived areas**

The other face of the new urban governance, as we have mentioned earlier, has been the initiatives and urban renewal programmes undertaken by the National Urban Committee established in 1993 with the purpose of addressing problems related to social housing estates.

The Urban Committee’s work has been an indicator of an administrative strategy where the government’s main goals are to be proactive against “ghettorization” and improve the quality of life in the city and housing areas. This strategy was combined with identifying the problems and solutions of the local participants and institutions. In line with these new trends in urban administration, the National Urban Committee launched a programme that utilised two strategies. Firstly, a local networking strategy aimed at improving living conditions for tenants and reducing social problems by mobilising locally based resources and initiatives. Secondly, a



strategy of an improved competitive position aimed at improving the locality's competitive position in the housing market so as to attract more resource-strong groups into the localities.

In general, the evaluation reports conclude that segregation processes have been contained or prevented from escalating due to the initiatives of the Urban Committee, even though the social problems have not yet been solved.

A common initiative in the housing estates has been the employment of housing estate counsellors. These counsellors became part of preventative social work attempting to strengthen the social life and networks in the estates. The cooperation, on a permanent basis, in the municipalities between the local welfare state and tenant's associations as well as other local participants and organisations has been one of the most important outcomes of the local network strategy launched by the Urban Committee (Andersen 1999a). Today, there are many more social activities in the estates and this has improved community life generally, making the estates better places to live. The programme has also resulted in a redirection of social work in some municipalities towards a more neighbourhood-oriented approach. But holistic orientated approaches targeted towards a neighbourhood as a whole rarely reach those with the greatest need for help. They require specially targeted efforts to benefit from these efforts.

The strategy of improved competitive position has led to important and very visible physical improvements of the housing estates. It has also been possible to lower rents in some of the housing estates. In combination with reduction in the visible social problems, the twofold strategy has improved the image of many housing estates. In effect, the characteristics of those that move into the estates have changed, and the frequency of moving out has decreased.

The evaluations show that the most successful parts of the programme are centred on community led socio-cultural projects, whereas the efforts to create efficient partnerships with the business community focusing on job creation programmes are much less successful. Therefore, a very important counterproductive factor for the deprived areas is that they have not experienced a decrease in unemployment to the same degree that less deprived areas have. Some of the initiatives from the National Urban Committee can therefore also be interpreted as initiatives to create housing areas where it is possible to live a decent life outside the labour market.

## **The inclusive and the entrepreneurial city - can they coexist?**

Present urban governance is characterised by ambivalence and conflicting agendas: The two faces of present Urban Policy and governance are:

1. The strategic growth orientation, which sets the dominating agenda at State, regional and city Hall level.
2. The mobilising and welfare oriented orientation expressed in "politics of positive selectivism and empowerment" and reinvented participatory planning instruments, which echoes the notions of deliberative democracy

(see Ulrich's chapter in this volume) supported by national funded social action programmes.

The missing links between the dominating strategy for economic growth and the programmes for social renewal and community empowerment in the deprived urban areas concerned with social sustainability and the avoidance of polarisation of the social geography constitute the most striking paradox in Danish - and EU - urban policy.

Seen from today's perspective, it is obvious that the urban movements in Copenhagen were much less powerful in influencing the orientation and management of growth policy and the larger revitalisation strategy. This part of the political landscape was excluded from the new powerful growth policy networks. On the other hand, the voice of community activist has re-entered the urban scene since the mid-nineties, not least due to the state initiated implementation of area based social action programmes in deprived districts inspired by former social renewal projects and by the EU Poverty 3 programme (Andersen & Larsen 1995b).

However, the limits of these action programmes are their localist and socio-cultural orientation. Structural socio-economic issues and the linkage to the broader revitalisation strategy are almost non-existent despite the fact that the national programme has a strong rhetoric about the necessity of such linkages. Hence, the social action and social renewal programmes for the deprived districts live a life of their own with marginal links to the city and regional entrepreneurial growth strategy. Thus, an ambiguous duality can be identified between the strategy for economic revitalisation dominated by neo-corporative, elitist governance and the area based programmes for the deprived districts influenced by ideas of urban planning such as social mobilisation (Friedman 1987) and community empowerment (Craig & Mayo 1995).

The different types of urban renewal programmes seem to have established two entirely different political and administrative forums of new urban governance. The separation of the economic and the social face of new urban governance are indeed not democratically inclusive since this way of governance does not secure the "inclusion of and attention to socially differentiated positions in democratic discussion" and it does not "tend to correct biases and situate the partial perspective of participants in the debate" (Young, 2003).

Furthermore, this type of governance expresses a type of recognition that is combined with negative redistribution effects, since the growth policy largely favours the work and income rich, and bypasses the work and income poor people and districts. Full citizenship rights are not completed with the recognition of people's needs and rights to political inclusion, since economic equality is a pivotal condition for political equality. Severe inequality restricts poorer people's capabilities of making the most of their political citizenship rights .

Since the late nineties, however, this duality was challenged by the Ministry of Housing and Urban Affairs (1999), which promoted a new holistic oriented urban policy. This political agenda to some extent echoes the participatory and welfare oriented planning paradigms of the seventies in order to avoid a market driven city entrepreneurialism and to (re) link economic, social, spatial and physical objectives and rationalities of urban development. At the state administrative level, this policy

orientation also follows an institutional logic because the Ministry of Urban Affairs and Housing wanted to challenge the monolithic role of the Ministry of Financial Affairs, which had the dominant role in the design of the Entrepreneurial City strategy including the flagship project of the Orestad.

## **New government - New ideology - New policy**

The change in the national government at the end of 2001, where the Liberal and the Conservative Party came into power, has, however, completely changed the political climate and institutional framework for the Danish urban policy. In general, the new government has favoured/upgraded the entrepreneurial side of urban policy and downsized the holistic and social dimensions. At the institutional level, the change has been very dramatic. The new government for the first time in Danish history abolished the Ministry of Urban Affairs. The abolition was a clear signal about less emphasis of the social dimension of urban policy: Physical planning was transferred to the Ministry of Business ("Erhvervsministeriet") and the "Kvarterløft" programme was transferred (with some budget cuts as well) to the new Ministry of Integration.

Compared to the initial holistic social action programmes in deprived neighbourhoods, this was a clear signal about redefining and reducing the issues about social cohesion and integration in deprived neighbourhoods to a question about ethnic related tensions in these neighbourhoods. The signals from the government with regard to urban policy are, therefore, that urban policy is no longer a comprehensive holistic district policy field, but should be split into separate entrepreneurial issues and ethnic issues. This will most likely lead to a further widening of the gap between the two faces of urban policy.

## **Conclusion**

Adequate inclusive and empowering policy responses should be directed at combating the polarising mechanisms in central arenas, such as the labour market, the housing market, social services and education. Macro level policies must, however, due to the complex and multidimensional forms of present exclusion mechanisms with regard to class, gender, ethnicity and social geography be combined with policy responses at the meso and micro level.

From the empowerment and social inclusion angle, we identify the challenge as on the one hand developing holistic policy objectives (taking social, ecological, aesthetic and economic considerations into account) in order to secure that Urban Programmes are part of a coherent inclusive (regional) socio-economic strategy. And on the other hand to (re)develop participatory policy instruments, which stimulates local participation/community empowerment and transparency of good practice and learning across the local, regional, national and transnational levels. In terms of governance, this includes efforts to include partners usually excluded from growth policy network - e.g. the third sector, social housing associations and agencies representing deprived neighbourhoods and socially excluded people.

From a social polarisation angle, the lack of collective action from the bottom is the major problem. The ability to organise collective action (empowerment) and political representation from the bottom - and therefore the presence of organised conflictive relationship and communicative “agora” between the affluent and the less affluent - is a condition for reaching sustainable development: Social inclusion and integration is impossible without both social conflict and truly democratic dialog based on a willingness to seriously listening to and taking others interests and perspectives into consideration in order to achieve a more just and cohesive society. The socially productive and transformative conflicts can be defined as conflicts which encourage the social learning of collective and individual actors and hence reduce transactions costs and enhance social capital; the norms and networks facilitating collective action for mutual benefit (Andersen 1999).

Empowerment is not entirely a matter of political will and disposal of social capital. Economic and material resources do matter – and so do politics of redistribution to empower the least privileged to enhance their political inclusion and participation. Generally speaking, this could be supported by a combination of universalistic social citizenship rights and politics of “positive selectivism” - including empowerment oriented urban social action programmes in deprived neighbourhoods. When they work well, they empower local actors and transform the public agencies in a more supportive direction and give rise to empowering or “inclusive” localism. But without more far-reaching changes in the socio-economic regime, which can break the trend towards polarisation of the social geography local empowerment strategies are likely to fail.

The remaining challenge is the development of a holistic and participatory form of government and governance with emphasis both on sustainable growth and on the (re)distribution of the total set of living conditions.. In Denmark, there were attempts to develop this type of planning in the late seventies and since the nineties these ideas have re-entered the discourse in the language of inclusion, but so far without linkages to the neo-corporative entrepreneurial discourse.

(1) This paper is in part based on work in the TSER-project: Urban Redevelopment and Social Polarisation in the City (URSPIC) , EU 4.th framework programme.

Information about the project is available at : : <http://www.ifresi.univ-lille1.fr> chose URSPIC.

Some of the publications from the URSPIC project are:

- **The Globalised City..** 2003. Frank Moulaert, Arantxa Rodríguez, Erik Swyngedouw (eds.) Oxford University Press

- Special issues of *Geografische Zeitschrift*, 2002 no.1. and *European Urban and Regional Studies*, ‘Social Polarization in Metropolitan areas: the role of new urban policy’. Vol. 8, 2 (April 2001).

Parts of the paper was also presented at the conference: Australian Social Policy Conference

2003 “Social Inclusion”. Sydney, July 9-11.th

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